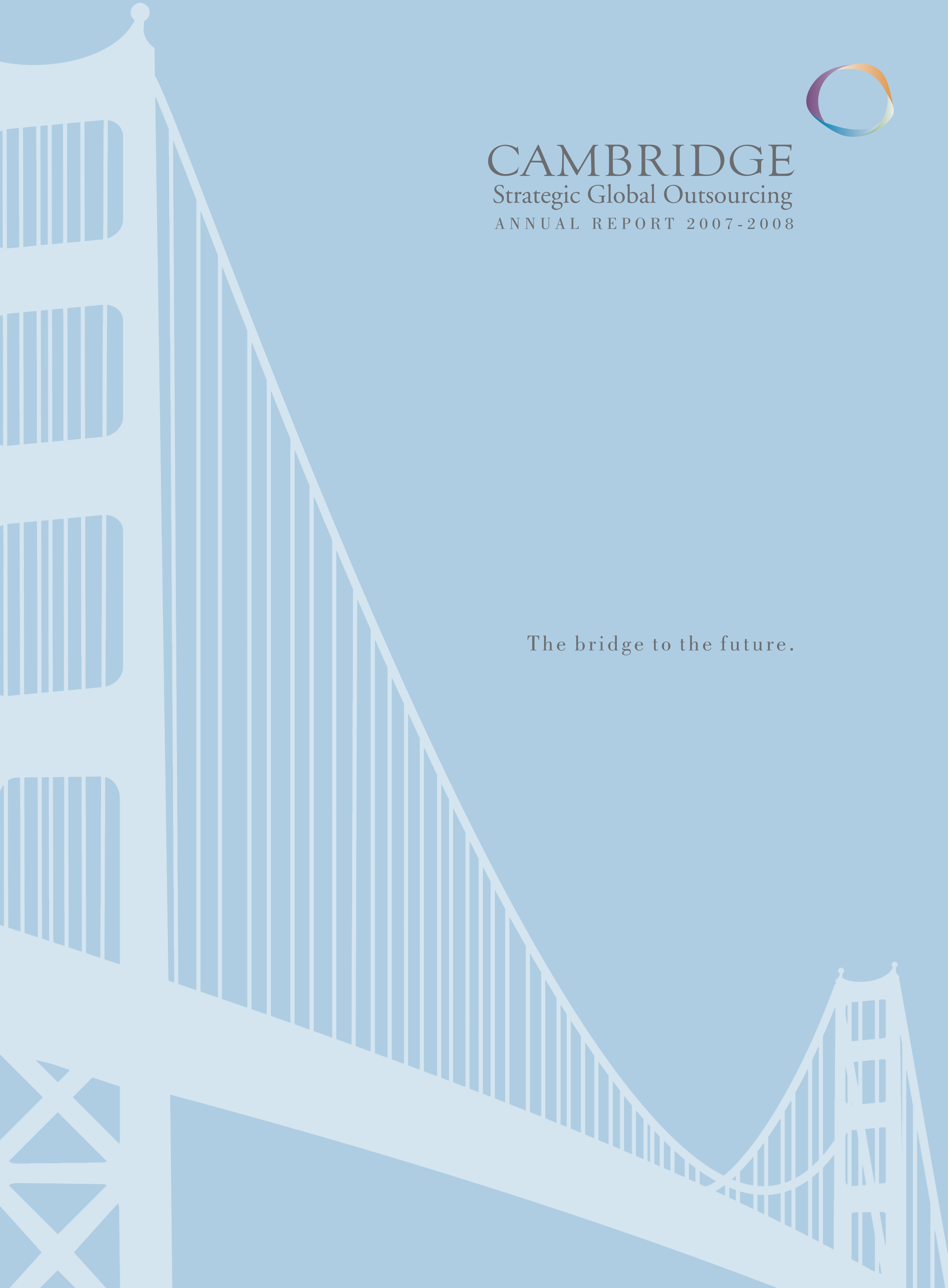

CAMBRIDGE
Strategic Global Outsourcing
ANNUAL REPORT 2007-2008

The bridge to the future.

CONTENTS

BOARD OF DIRECTORS

Christopher A Sinclair - Executive Chairman

Satyen Patel - Executive Vice Chairman

Dilip Keshu - Whole Time Director

Shobhan Thakore - Director

Kunal Kashyap - Director

Jan Verplancke - Director

David Greenberg - Director

Eugene P Beard - Director

COMPANY SECRETARY

V. Viswanathan

STATUTORY AUDITORS

S.R Batliboi & Associates
UB City, Canberra Block, 12th & 13th Floor
No 24 Vittal Malya Road, Bangalore -560001, Karnataka

Registered Office

SJR I-Park Plot 13,14,15
EPIP Industrial Area
Phase I, Whitefield
Bangalore 560066
Karnataka
Phone +91 80 30540000
Fax +91 80 41157394
Email : compliance@cambridge-asia.com
Website:www.cambridgeworldwide.com

Registrar and Share Transfer Agent

Karvy Comuputershare Private Limited,
Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081

Phone +91 040-23420816
Fax +91 040-23420814
Email : ksreddy@karvy.com
Website : www.karvy.com

DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Seventh Annual Report and the Audited Statement of Accounts of the Company for the financial year ended March 31, 2008.

Financial Results

The performance of the Company for the financial year ended March 31, 2008 is summarized below:

Particulars	March 31, 2008 (Rs. in Million)	March 31, 2007 (Rs. in Million)
Consolidated Revenues	12,363.09	14,698.14
Sales & Other Income	1,806.34	1,726.96
Total Expenditure	1,544.70	1,580.54
Profit before Interest, Depreciation and Tax	261.63	146.42
Finance Costs	143.40	197.95
Depreciation & Amortisation	36.35	45.94
Profit before Tax	81.88	-97.47
Income Tax (including deferred tax)	38.71	13.84
Profit after Tax	43.17	-111.31
EPS (Rs)	0.40	-1.06

Review of Operations

During the financial year 2007-08, the consolidated revenue of your company were Rs.12363/- million as against Rs14698/- million during the previous year. Thus, there is a reduction in growth by 15.89%. At a stand alone level the total revenue of the Company amounted to Rs.1782/- million as against Rs.1709/- million in the previous year. During the year the Company has earned profit before interest, depreciation and tax of Rs.261.63/- million as against Rs146.42/- million in the previous year. The Company has earned a net profit of Rs43.17/- million as against a net loss of Rs111/- million in the previous year.

Outlook

The Management has outlined growth strategies both of its ITO and BPO segments for the year ahead. Your company continues to wins new engagements while increasing the scope of its existing relationships in ITO and BPO segments.

In terms of revenue, the USA continued to be the largest market and contributed 70% of the consolidated revenues followed by Australia at 17% and the balance 13 % from Europe and Asia. On a line of business basis, the BPO segment contributed 72.8% to consolidated revenues while the ITO business contributed 27.2%.

The BPO segment grew by 1.3% while the ITO segment grew by 12% YOY (US Dollar terms) net of discontinued operations.

In line with the growing need of business and our expansion plan, the company has started Business Process Outsourcing operations in Shimoga, Karnataka. Your company is facing lesser pressure on currency and wage front. The company continues to strengthen its leadership teams and build on its delivery capabilities and strong HR processes.

Dividend

Your Company is not proposing to declare any dividend this year.

Increase in Paid up Share Capital

Your Company has issued equity shares of Rs. 10/- each fully paid 12017 equity shares of Rs. 10/- each fully paid , 15,903 equity shares of Rs. 10/- each fully paid and 24000 equity shares of Rs.10/- each fully paid, to employees pursuant to Scandent Employee Stock Option Plan 2004, and Scandent Employee Stock Option Plan 2005 (Program 1), Cambridge Employee Stock Option Plan 2006 (Program 1). Further, 61,58,986 equity shares were allotted pursuant to conversion of Convertible Bonds worth Rs. 133,65,00,000/- to Indopark Holdings Limited and the paid up capital has increased to Rs. 111,34,13,830/- comprising of 11,13,41,383 equity shares of the face value of Rs. 10/- each fully paid-up from Rs. 105,13,05,770/- comprising of 10,51,30,577 equity shares of the face value of Rs. 10/- each fully paid-up.

Scheme of Amalgamation and arrangement

Your Company concluded the Scheme of Amalgamation and arrangement with Cambridge Integrated Services India Private Limited (Transferor No. 1) and Matrixone India Limited (Transferor No. 2) with your Company (Transferee Company), approved by Hon'ble Karnataka High Court vide their order dated March 20, 2008 and the salient features of the Scheme are as follows:

(a) The Scheme will be effective from the Appointed Date of April 1, 2008, in so far as the merger of the Transferor Company No. 1 into the Transferee Company is concerned and from Appointed Date of April 1, 2007 in so far as the merger of the Transferor Company No. 2 into the Transferee Company is concerned.

(b) The entire assets and liabilities of the Transferor Company No. 1 and Transferor Company No. 2 will be taken over by the Transferee Company from the respective Appointed Dates.

(c) Transferor Company No.1 and Transferor Company No. 2 are wholly owned subsidiaries of the Transferee Company, upon the Scheme being sanctioned by the Hon'ble High Court of Karnataka at Bangalore and the transfers having been effected as provided hereinabove both Companies will be dissolved without winding-up. Accordingly there will be no issue and allotment of shares of Cambridge Solutions Limited to the shareholders of Transferor Company No. 1 and Transferor Company No. 2 upon this Scheme becoming effective.

(d) The Scheme will be effective from Appointed Date of April 1, 2007 and October 1, 2007 in so far as the reduction of share capital of Transferee Company is concerned whereby the Miscellaneous Expenditure will be written off and the investments in Cambridge Integrated Services Group Inc, USA will be written down respectively in order to reflect true valuation and operational results of the Transferee Company and to enhance and unlock the shareholders value of the Transferee Company.

(e) The Scheme further provides for reorganization of reserves of the Applicant/ Transferee Company by revaluation of all or such of its existing investments, as it considers relevant and appropriate, at their respective fair values as on March 31, 2008 or the Effective Date of the Scheme, whichever is earlier.

(f) All past, present and future costs, charges levies, duties and expenses in relation to or in connection with or incidental to the Scheme or the implementation thereof shall be borne by the Transferee Company. Such costs incurred by the Transferee Company will be adjusted against General Reserves, if any, or balance of Profit and Loss Account in the books of accounts of the Transferee Company upon the Scheme becoming effective.

Human Resources

1. *Hiring Campaign*

This year your company has revamped hiring strategy taking a cue from the long term associations and introduced 2 new hiring campaigns – *Cambridge Calling*. These referral based programmes proved to be highly successful, both in terms of attracting the right candidates and rewarding the ones with a token of appreciation, both monetary and non-monetary, from the Organization. Over 70% of talent acquisitions were in 6 specific technology groups, as a result of focused growth as a company.

As your Company continue to maintain PCMM Level 3 standards, the process maturity observed in 2007-08 has led to establish a new target of achieving Level 4 for 2008-09.

2. *Career Management*

To support a diversified workforce and dynamic external factors, the human resources team has re-organized themselves to focus on business unit specific needs and functional specific needs. As an endeavor to help people in realizing their career aspirations, your Company established a dedicated Resource Management Team which caters to resource utilization and deployment.

In association with the Training & Development Team, addresses career management goals. In 2007-08, trained and sponsored 100+ campus hires for SCJP, Microsoft .NET and Oracle Certifications. The fresh graduates achieved a 100% pass out, with an average of 90% score. Your Company also sponsored Insurance Domain, MatrixOne and Six Sigma Green Belt Certifications to various teams.

Also identified managerial potential in some of the key managers and sponsored them for executive MBA programs from leading Indian Institutes.

3. *Total Rewards Management*

2007-08 saw its highest Rewards and Recognitions, both internal and external. While the top management recognized over 200 talents with awards such as **Pat on the Back**, **Process Champ** and **Customer Centricity**, clientele across the world showered deserving team members with accolades and appreciations.

4. *Social Initiatives*

Like every year, your Company, irrespective of color, caste, creed, gender and race, came together to help those in need. Moving beyond the boundary wall, your Company extended support to various child care causes. And this year your Company found itself to be a true family, when people all around the world stepped forward to help a family of a fellow colleague. The response was awe-inspiring.

In 2008-09, your Company venture into newer geographies and complex project assignments. Human resource philosophy focuses on constant process improvement to meet newer expectations and strive to balance between changing workforce demands and volatile economic conditions, while your Company positioning itself to deliver excellence to all the existing and prospective customers.

Subsidiary Companies

Your Company has 19 subsidiary companies Scandent Group GmbH, Germany, Cambridge Solutions Europe Limited, UK (Formerly Scandent Network Europe Ltd., UK), Cambridge

Solutions PTE Ltd. Singapore (Formerly Scandent Group Pte Ltd, Singapore), Scandent Group Sdn, BHD, Malaysia, Indigo Markets Ltd, Bermuda, Indigo Markets Europe Ltd, UK, Indigo Markets (Singapore) Pte Ltd, BWH SARL, France, Cambridge Integrated Services Australia Pty Ltd., Australia, Cambridge Integrated Services Victoria PTY LTD, Australia, Cambridge Solutions PTY LTD. Australia, Scandent Group Inc., USA, Cambridge Integrated Services Group Inc., USA, Cambridge Galaher Settlements & Insurance Services, USA, Process Mind Services Inc., USA, Ecomm Solutions Corp., USA, ProcessMind Holdings Mauritius Limited, Mauritius, Nexplicit Infotech India Private Limited, Cambridge Integrated Services India Private Limited.

Matrixone India Limited has been merged with your Company effective from April 1, 2007 vide Hon'ble Karnataka High Court order dated March 20, 2008, hence the same has not been shown as subsidiary of your Company.

As per Section 212 of the Companies Act 1956, your Company is required to attach Directors' Report, Balance Sheet and Profit & Loss Account of these subsidiaries. Your Company had got approval from the Government of India for an exemption from such attachment as it presents the audited consolidated financial statements of the Company and its subsidiaries in the annual report. Your Company believes that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition as is done globally. Accordingly, the Annual Report does not contain the financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. The accounts of these subsidiary Companies along with related information, is available for inspection during business hours at your Company's Registered Office.

Employee Stock Option Plans

Cambridge Solutions Corporation Limited Employee Stock Option Plan 2006.

Your Company had announced an Employee Stock Option Plan (ESOP), i.e., Cambridge Solutions Limited Employee Stock Option Plan (ESOP), 2006 (hereinafter referred to as "ESOP 2006"), in due compliance with SEBI (ESOS & ESPS) Guidelines, 1999 and any amendment thereto, which was approved by the shareholders.

Scandent Employee Stock Option Plan 2005:

Your Company had announced an Employee Stock Option Plan (ESOP), i.e., Scandent Solutions Corporation Limited Employee Stock Option Plan (ESOP), 2005 (hereinafter referred to as "ESOP 2005"), in due compliance with SEBI (ESOS & ESPS) Guidelines, 1999 and any amendment thereto, which was approved by the shareholders by way of postal ballot.

Scandent Solutions Corporation Limited Employee Stock Option Plan 2004 :

Your Company had announced an Employee Stock Option Plan (ESOP), i.e., Scandent Solutions Corporation Limited Employee Stock Option Plan (ESOP), 2004 (hereinafter referred to as "ESOP 2004"), in due compliance with SEBI (ESOS & ESPS) Guidelines, 1999 and any amendment thereto, which was approved by the shareholders by way of postal ballot.

Scandent SSI IT Services Employee Stock Option Plan 2004:

In pursuance of the Scheme of Arrangement for demerger of the IT Services Business of SSI Limited and the Company, your Company has introduced the Scandent SSI IT Services - Employee Stock Option Plan 2004, in due compliance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and any amendment thereto, which was approved by the shareholders by way of postal ballot.

All the above schemes are administered by the Remuneration Committee, constituted as per SEBI Regulations. Pursuant to Clause 12.1 of SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines 1999, the details of options granted under the above schemes are given in Annexure 1.

Corporate Governance Report

The importance of Corporate Governance Report has always been recognized by your Company and in order to enhance customer satisfaction and stakeholder value, the Company continues to benchmark its corporate governance practices with the best in the industry, in line with international norms.

Your Company is following the Corporate Governance like optimum combination of Executive and Non-Executive Directors, Independent Directors, throughout the year and your company is ensuring full compliance with regard to constitution of Committees like Audit Committee, Investor Grievance Committee, etc .

A detailed Corporate Governance Report in line with the requirements of Clause 49 of the listing agreement regarding the Corporate Governance practices followed by the Company and the Practicing Company Secretary's Certificate indicating compliance of mandatory requirements along with Management Discussion and Analysis Report are given as part of the Annual Report.

Directors' Report

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

Directors

David Greenberg and Eugene Beard retire by rotation and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors, based on the representation received from the Operating Management, hereby confirm that:

1. in the preparation of the annual accounts, the accounting standards have been followed and that there are no material departures;

2. they have, in selection of accounting policies consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit or loss of the Company for the year ended on that date;

3. they have taken proper and sufficient care, to their best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

4. they have prepared the annual accounts of the Company on a going concern basis;

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988, is given in the Annexure 2 included in this report.

Particulars of employees

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, in pursuance to Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all the members of the Company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company.

Fixed Deposits

Your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 and as such no amount of principal or interest was outstanding as of the balance sheet date.

Acknowledgements

Your Directors thank the Company's clients, vendors, investors and bankers for their support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

Your Directors thank the Government of India particularly the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Software Technology Parks – Bangalore and Chennai, the Reserve Bank of India, the State Governments, and other Government Agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board of Directors,

Chairman

Date : June 17, 2008
Place : Bangalore

ANNEXURE 1

Cambridge Solutions Limited Employee Stock Option Plan 2006

Description			Year ended March 31, 2008
(a)	Total No. of options granted	Program I Program II	60,000 Options 39,27,946 Options
(b)	Options granted during the year	Program I Program II	NIL 18,70,000 Options
(c)	Exercise Price	Program I Program II	Rs. 10/- per share 20,000 @ Rs. 126.05 per share 200,000 @ Rs. 125.40 per share 1,150,000 @ Rs.92.75 per share 500,000 @ Rs. 56.90 per share
(d)	Options Vested (Net of Forfeited options) during the year	Program I Program II	60,000 options 433,648 options
(e)	Options Exercised during the year	Program I Program II	24,000 Options Nil
(f)	Total shares arise as a result of exercise of options during the year	Program I Program II	24,000 Shares Nil
(g)	Options lapsed during the year	Program I Program II	Nil 1,247,000 Options
(h)	Variation of terms of options		Nil
(i)	Money realized by exercise of options during the year	Program I Program II	Rs. 240,000/- Nil
(j)	Total Number of options in force	Program I Program II	36,000 Options 26,80,946 Options
(k)	Employee-wise details of options granted during the year to		
	(i) Senior Managerial Personnel		Table 1
	(ii) any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year		Table 1A
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your company at the time of grant.		Nil
(l)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option		0.40
(m)	Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS		Refer Table 2
(n)	Weighted average exercise price and weighted Average fair value of options	Program 1 : No grants during the year Program 2 : Rs. 87.01 and Program 1 : No grants during the year Program 2 : Rs. 44.58	
(o)	Description of the method and significant assumptions used during the year	Black Scholes Model and refer Table 3	

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

Table 1

Sl. No.	Employee	ESOP 2006 - No of Options (Program 2)
1	Kumar Sivaraman	70,000

Table 1A

Sl. No.	Employee	ESOP 2006 - No of Options (Program 2)
1	Hemant Agarwal	200,000
2	Peter Imbrogno	250,000

Table 2

Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS

(In Rupees)

	Year ended March 31, 2008	Year ended March 31, 2007
Net Income as reported	43,174,950	-111,312,539
Net Income available for equity shareholders	43,174,950	-111,312,539
Add: Stock based employee compensation expenses Included in reported income	3,716,867	9,142,229
Less : Stock based employee compensation expenses determined under Fair Value based method net of tax effects	38,436,252	29,313,527
Proforma Net Income	8,455,565	-131,483,837
Reported Earnings per Share (including share capital pending allotment)		
Basic	0.40	-1.06
Diluted	0.40	-1.06
Proforma Earnings per share		
Basic	0.08	-1.25
Diluted	0.08	-1.25

Table 3

Assumptions used to calculate Fair Market Value in accordance with SEBI Guidelines on ESOP

Particulars	Program II
Dividend Yield	0.00%
Expected Life	4 - 5 Years
Riskfree Interest Rate	7.74% to 7.76% (June 19, 2007 grant) 7.36% to 7.44% (July 06, 2007 grant) 7.26% to 7.31% (Oct 30, 2007 grant) 7.26% to 7.31% (Jan 31, 2008 grant)
Volatility	53.10 % (June 19, 2007 grant) 52.77% (July 06 , 2007 grant) 51.36% (Oct 30, 2007 grant) 52.42 % (Jan 31, 2008 grant)
Market Price	Rs. 126.05 (June 19, 2007) Rs.125.40 (July 06, 2007) Rs. 92.75 (Oct 30, 2007) Rs. 56.90 (Jan 31, 2008)

Scandent Solutions Corporation Limited Employee Stock Option Plan 2005

	Description		Year ended March 31, 2008
(a)	Total No. of options granted	Program I Program II	1,85,000 Options 4,52,473 Options
(b)	Options granted during the year	Program I Program II	Nil Nil
(c)	Exercise Price	Program I Program II	Rs. 10/- per share Market price
(d)	Total Options Vested (Net of Forfeited options)	Program I Program II	1,85,000 Options 57,700 Options
(e)	Options Exercised during the year	Program I Program II	10,803 Options Nil
(f)	Total shares arising as a result of exercise of option during the year	Program I Program II	10,803 shares Nil
(g)	Options lapsed during the year	Program I Program II	Nil 49,000 Options
(h)	Variation of terms of options		Nil
(i)	Money realized by exercise of options during the year	Program I Program II	Rs. 108,030 /- Nil
(j)	Total Number of options in force	Program I Program II	5,000 Options 98,500 Options
(k)	Employee-wise details of options granted during the year to		
	(i) Senior Managerial Personnel		Nil
	(ii) any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year		Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your company at the time of grant.		Nil
(l)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option		0.40
(m)	Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS		Refer Table 1
(n)	Weighted average exercise price and weighted Average fair value of options for current year grant	No Options were granted during the year.	
(o)	Description of the method and significant assumptions used during the year	No Options were granted during the year.	

Table 1

Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS

(In Rupees)

	Year ended March 31, 2008	Year ended March 31, 2007
Net Income as reported	43,174,950	-111,312,539
Net Income available for equity shareholders	43,174,950	-111,312,539
Add: Stock based employee compensation expenses included in reported income	3,716,867	9,142,229
Less : Stock based employee compensation expenses determined under Fair Value based method net of tax effects	38,436,252	29,313,527
Proforma Net Income	8,455,565	-131,483,837
Reported Earnings per Share (including share capital pending allotment)		
Basic	0.40	-1.06
Diluted	0.40	-1.06
Proforma Earnings per share		
Basic	0.08	-1.25
Diluted	0.08	-1.25

Scandent Solutions Corporation Limited Employee Stock Option Plan 2004

Description		Year ended March 31, 2008
(a)	Total No. of options granted	4,77,268 Options
(b)	Options granted during the year	Nil
(c)	Exercise Price	Rs. 10/- per share -
(d)	Total Options Vested (Net of Forfeited Options and reissued options)	4,53,313 Options
(e)	Options Exercised during the year	12,017 Options
(f)	Total shares arising as a result of exercise of options during the year	12,017 Shares
(g)	Options lapsed during the year	3762 Options
(h)	Variation of terms of options	Nil
(i)	Money realized by exercise of options during the year	Rs. 120,170 /-
(j)	Total Number of options in force	45 Options
(k)	Employee-wise details of options granted during the year to	
	(i) Senior Managerial Personnel	Nil
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your company at the time of grant.	Nil

Description	Year ended March 31, 2008
(l) Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option	0.40
(m) Impact of employee compensation cost calculated : as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS	Refer Table 1
(n) Weighted average exercise price and weighted Average fair value of options	No options were granted during the year.
(o) Description of the method and significant assumptions used during the year	No options were granted during the year

Table 1

Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS

(In Rupees)

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Proforma Net Income	8,455,565	-131,483,837
Reported Earnings per Share (including share capital pending allotment)		
Basic	0.40	-1.06
Diluted	0.40	-1.06
Proforma Earnings per share		
Basic	0.08	-1.25
Diluted	0.08	-1.25

Scandent SSI IT Services Employee Stock Option Plan 2004

Description	Details
(a) Total No of options granted	70,892 Options
(b) Options granted during the year	Nil
(c) Exercise Price	Rs. 128.24/- per share -
(d) Total Options Vested (Net of Forfeited Options)	14,019 Options
(e) Options Exercised during the year	Nil
(f) Total shares arise as a result of exercise of option	Nil
(g) Options lapsed during the year	39,734 Options
(h) Variation of terms of options	Nil
(i) Money realized by exercise of options	Nil

Description		Details
(j)	Total Number of options in force	3,900 Options
(k)	Employee-wise details of options granted during the year to	
	(i) Senior Managerial Personnel	Nil
	(ii) any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your company at the time of grant.	Nil
(l)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option	0.40
(m)	Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS	Refer Table 1
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(o)	Description of the method and significant assumptions used during the year	No options were granted during the year

Table 1

Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS

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Basic	0.40	-1.06
Diluted	0.40	-1.06
Proforma Earnings per share		
Basic	0.08	-1.25
Diluted	0.08	-1.25

For and on behalf of the Board of Directors,

Chairman
Date: June 17, 2008
Place: Bangalore

Annexure 2

1. Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

The operations of your Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption by using energy efficient computer terminals.

B. Technology Absorption

As your Company progresses, necessary R & D activities will be initiated to meet the technology requirements for the future.

C. Foreign Exchange Earnings and Outgo

Total Foreign Exchange Earnings and Outgo

(in Rupees)

		2008	2007
(i)	Total Foreign Exchange earned	1,725,662,435	1,665,022,958
(ii)	Total Foreign Exchange used	769,608,253	874,946,638

For and on behalf of the Board of Directors,

Chairman
Date : June 17, 2008
Place: Bangalore

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Worldwide, the IT & ITeS sector's strong growth momentum has continued - fueled by a healthy economic environment – in several key markets across the world. But some sectors in the US economy have suffered, especially in mortgage related banking activities. During the year, growth and innovation-led strategies helped propitiate a positive business sentiment and corporate performances were suitably rewarded by the capital markets.

According to the Worldwide Services Spending Forecast, a report published by International Data Corporation (IDC), in February 2008, total spend on IT services in 2007 was estimated at USD 495 billion, a growth of 6% over last year. Outsourcing was the fastest growth segment in 2007, estimated to have grown by 7.4%. Looking ahead for 2008, Forrester Global IT 2008 Market Outlook predicts that IT spends in US, the largest market for Indian IT firms, would slowdown from 6.2% growth in 2007 to 2.8% growth in 2008. However, for a three year period of 2007 – 10, IDC in a report estimates that worldwide IT services spends would grow to USD 588 billion by 2010 reflecting a CAGR of 6%.

According to NASSCOM Strategic Review Report 2008 the offshore IT spending during the period 2006-11 would grow at a CAGR of 17%. Further, according to this report the IT and ITES exports of India in fiscal 2008 was USD 40 billion, a growth of 29% over previous year.

India is a leading destination for BPO services. The proven track record and client relationships of established Indian IT services companies, favourable wage differentials, availability of a large, high quality, English speaking talent pool and a regulatory environment more friendly to investment are facilitating India's emergence as a global outsourcing hub. According to IDC, worldwide BPO spend is estimated to increase from $421 billion in 2006 to $677 billion in 2011, representing a CAGR of 10%

According to NASSCOM strategic review 2008, the market for IT services and products in India is estimated to grow by 43% in USD terms in 2008.

The IT services market is estimated to account for 37% of the domestic IT industry. The growth in IT services market is estimated to be around 44% in USD terms. The key verticals driving the growth of IT services market are retail, BFSI, telecom and manufacturing. The domestic IT packaged software market is expected to account for 10% of the domestic IT market.

With this backdrop of industry growth, your Company, Cambridge Solutions, has laid down a sound, practical strategic business platform to enhance its stakeholders' value in a sustainable and predictable manner.

Your Company has grown from a modest Rs 605 million in revenues in FY 2003 to Rs 12,363 million in FY 2008. In terms of geographic split, the Americas contributed over 70% of the revenue contribution at Rs 8,671 million and Australia was at 17% (up from 13.1% last year). The latter experienced growth at 30% YoY on the back of new contract wins and client bonuses paid for excellence in performance. The rest of the world, comprising of Europe and Asia together accounted for the balance Rs 1,608 million, and these geographies grew at a rapid pace of over 25% from Rs 1,289 million last year.

On a line of business basis, the BPO segment contributed 73% to consolidated revenues. The India BPO operations grew 74% YOY (US Dollar terms) while the International BPO operations, Australia operations climbed up by 22% & US BPO operations declined by 7% (US Dollar Terms) YOY. IT Services contributed 27% of the consolidated revenues and grew by 12% YOY (US Dollar terms) net of discontinued operations.

BPO was focused on three core competencies -Banking, Insurance, and Finance and Accounting, all non-voice processing activities, delivered through an integrated global delivery model.

Banking Whole sale	Banking Retail	Finance & Accounting	Insurance
Anti Money Laundering	Debit & Credit cards	Accounts payable	Auto liability
Credit Operations	Mortgage & Auto loans	Accounts receivable	General liability
Payments	Personal loans	Financial accounting	Health
Security Services	Portfolio Management	Financial reporting	Life & Annuity
Trade Services	Savings/checking	Taxation	Product liability
Treasury Operations			Professional liability
			Property
			Re- Insurance
			Workers compensation

For management review purposes, the Company has classified its operations into three major geographies, i.e. USA, Australia and Rest of the world (ROW).

BPO USA operations, by far the largest segment (52% of the consolidated revenues) posted revenues of Rs 6,476 million in FY08.

The Company expanded its BPO USA operations in the insurance / claims and risk management business. It has gained new offices and clients in Ohio- making Cambridge second largest provider of workers' compensation claim management services in the states. Our facilities footprint has expanded into northern California, Louisiana, and Maryland. New clients included an Ohio-based Consumer product company, the nation's leading humanitarian organizations, a premier public transport service in California and a major credit card company, to name a few.

BPO US has successfully expanded services to and renewed substantial existing clients, including several of the largest credit card companies in the world, a prominent business to business office supply company, one of the foremost rental car companies, and a major airline.

Heavy investments were made in the USA business operations. The sales force was also augmented, and a major restructuring exercise was undertaken at all levels to optimize costs. Initiatives are ongoing in this segment to develop more efficient operating models with a view to enhance market positioning. Significant progress has also been made in tackling the industry-wide problem of rapid turnover. Through employee recognition, work-life balance, and extensive training for job enrichment, employee turnover is now below 15% for all positions and below 10% for senior level jobs, while competitors still experience a 20-25% annual employee "churn".

BPO Australia operations are also focused on the claims processing market, through the State government insurance programs. This business segment posted excellent growth for the year. This operation has been ranked number one continuously for the last three years, in terms of service providers in one of the particular States and hence garners performance linked bonuses. The operations has gained strong foothold in the other major client that started on Jan 1, 2006 and has gained significant momentum in the term of performance and incentive fee earnings. Currently the Company has only two major clients in Australia.

The Australian BPO is being supported by the US BPO arm of the group in terms of stablising its operations and building up a self reliant platform to tap the self insurance and Com Care markets. The platform is expected to launch by middle of the next year and reap substantial benefits over the years. During the year an advance pricing agreement resulting in a limited risk model accepted and signed.

BPO India operations contributed Rs 491 Million to the overall FY 2008 revenues and grew by 88% on YoY basis. Most of the work done is in the Insurance space, Banking & Finance and Accounting verticals. The India BPO team has been involved in numerous cross selling deals between ITO and BPO, indicating the picture of a truly integrated offering. During the year, the India BPO operations opened another new facility in Shimoga-Karnataka.

The ITO business, which operates in all of the Company's BPO geographies and into several other countries, constitutes about 27% of the consolidated revenues, Rs 3,388 million. The ITO division verticals are:

Manufacturing & Logistics
Public Sector
Banking & Financial Services
Insurance and
Emerging markets such as Media & Entertainment and Real Estate

The Manufacturing and Logistics vertical was the biggest contributor at 75%. The Manufacturing vertical grew at over 54% YoY in FY 2007. Demand was strong across all the ITO verticals. The Logistics unit grew 40% on YoY basis and the company signed a multi-million deal spanning several years with one of its marquee clients.

In terms of service offerings, Application Development, Support and Maintenance services continued to do well while the others demonstrated robust growth. The strengthening of a "soup to nuts" or comprehensive, integrated Engineering Services to ERP through Product Lifecycle Management offering continued to attract clients in FY 2008.

The Emerging Markets division contributed Rs 493million of revenues. The Real Estate line of business in this division grew 114% and the company's focus in this area landed it a BPO deal with one of the largest real estate management firm in the world.

A part of the Public Sector vertical, pertaining to the business that focused on State Government work under the Albion brand in the Americas, was sold. This business, like all the verticals of the ITO division, witnessed traction last year, but also demanded huge working capital, straining the Company's balance sheet. Accordingly, a decision was taken to free up the management time and cash resources in order to focus on the core areas of strength for the Company. The company did not sell the Public Sector services that are executed in countries like Singapore and the US which are not Human Health Services oriented (which was what Albion focused on). The Company continued to do well in penetrating new accounts in certain ministries of the Singapore Government.

In terms of the client profile, the Company has 55 "Million Dollar" clients across the ITO and BPO segments of which many are from the Fortune 500 category. In ITO, the top ten clients contributed 59% of the revenues, down from 65% last year, exhibiting less concentration of client risk. Some client relationships have now spanned over ten years giving solidity to the credentials of the Company's performance and relevance.

Consolidated Financials

(Rs Million)	FY 2008	FY 2007
Revenues	12363	14698
Other Income	313	363
Operating expenses	11732	13682
Exceptional Item	0	47
EBITDA	944	1426
EBITDA margins	7.6%	9.7%
PBT	161	567
PAT	-87	657
Net Margins	-0.70%	4.50%

Standalone Financials

(Rs Million)	FY 2008	FY 2007
Revenues	1782.3	1709.1
Other Income	24	17.9
Operating expenses	1544.7	1580.5
EBITDA	261.6	146.4
EBITDA margins	14.7%	8.6%
Finance Costs	143.4	197.9
Depreciation & Amortisation	36.4	45.9
PBT	81.9	-97.5
PAT	43.1	-111.3
Net Margins	2.4%	-6.5%

The detailed of stand alone Expenses analysis is as in the table given below:-

Operating expenses	FY 2008 (Rs Million)	% of Revenue	FY 2007 (Rs Million)	% of Revenue
Employee Costs				
Salaries, Allowances, Bonus	500.0	28.1%	423.1	24.8%
Contribution to PF	23.3	1.3%	23.6	1.4%
Gratuity & Leave Encashment	9.5	0.5%	11.5	0.7%
ESOP Charge	21.1	1.2%	42.8	2.5%
Staff Welfare	26.1	1.5%	13.4	0.8%
Recruitment	19.6	1.1%	11.6	0.7%
	599.6	33.6%	526.0	30.8%
Less: Adjustments pursuant to Cambridge-India Merger Scheme	(17.4)	-1.0%	-	
Total Employee Cost	582.2	32.7%	526.0	30.8%
Project Work Expenses	772.0	43.3%	834.2	48.6%
Other Expenses				
Travel	90.9	5.1%	82.7	4.8%
Rent	59.3	3.3%	46.8	2.7%
Communication	28.4	1.6%	27.4	1.6%
Power & Fuel	21.2	1.2%	20.3	1.2%
Insurance	2.6	0.1%	3.2	0.2%
Rates & Taxes	0.7	0.0%	1.0	0.1%
Rapairs & Maintainence				

Operating expenses	FY 2008 (Rs Million)	% of Revenue	FY 2007 (Rs Million)	% of Revenue
--Computer equipment	7.1	0.4%	6.4	0.4%
--Others	9.8	0.5%	7.1	0.4%
Legal & professional	21.9	1.2%	34.6	2.0%
Printing & Stationary	3.1	0.2%	4.1	0.2%
Business Promotion	2.4	0.1%	3.6	0.2%
Exchange loss / (gain)	116.6	6.5%	7.1	0.4%
Director's sitting fees	0.3	0.0%	0.5	0.0%
(Profit) / loss on sale of fixed assets	(1.2)	-0.1%	(3.9)	-0.2%
Provision for bad & doubtful debts	(181.1)	-10.2%	(31.0)	-1.8%
Miscellaneous	8.5	0.5%	10.4	0.6%
Total other expenses	190.6	10.7%	224.1	13.1%
Total	1,544.7	87.6%	1,580.5	92.5%

Loans - The Company raised Rs 1,599 million worth of new term loans during the year. It repaid part of the loans amounting to Rs 1,570 million. As of year end, the Company has Rs 1,817 million of term loans outstanding of which 28 % are to be paid by March 31, 2009.

Fixed Assets - The Company added Rs 366 million worth of fixed assets during the year of which Intangible assets constitute 25%.

Debtors - As on March 31, 2008 debtors of Rs 1447 million stand in the books of accounts of which Rs 193 million are pertaining to over 180 days (last year, Rs 169 million were in excess of 180 days).

Investments - The Company made additional investments of Rs 29 million in Big E Real Estate Inc. during the year.

Cash & bank balance - Cash and bank balances at the year end is Rs 335 million.

Loans & Advances given - Loans and advances balance at the year end is Rs 448 million, of which Rs 17 million is due from related parties.

Future Opportunities

Cambridge continues to see good business growth in IT outsourcing. The ITO division has been growing at a healthy rate of 17% YoY (in US dollar terms); and of particular importance is the willingness of clients to move work offshore. Being a service provider which comprehensively covers customer needs with a value proposition aimed at the CXOs, increasingly, Cambridge has been witnessing the growing trend of integrating both BPO and ITO for its customers. This has provided the much needed single window services to clients which deepen the existing relationships, thus transforming Cambridge's position into that of a strategic partner with customers versus a vendor.

Manufacturing and Logistics continue to drive Cambridge's portfolio. The Company has demonstrated expertise in next generation service offerings in this space. The PLM Services is slated for a high growth trajectory and your Company's established leadership in this line of business will help grow it to the next level in coming years. The suite of offerings that combines with PLM, Engineering Services and ERP has been complementary and has been identified as a key area of growth. It is therefore well positioned to exploit the trend in this segment. This, combined with the traditional service offerings should provide a platform for increased customer acquisitions.

Cambridge operates in certain niche spaces in BFSI like Forex management, securities and commodities exchanging including trading, order routing and management. Increased demand for customization, support as well as new development has been driving growth and is expected to continue.

Cambridge's portfolio of key accounts has continued to grow, thus providing an opportunity for a variety of services to provide to each new customer. The strategy of aligning with customers to build lasting relationships has helped the Company to increase wallet-share by cross selling and up selling service offerings.

In continuing its search for attractive business growth, the Company has identified emerging business areas which could potentially provide competitive advantage through early entry. One such sector is real estate and could potentially transform into a vertical given the appetite for selling comprehensive offerings.

In addition to the application development space, application integration work continues to grow. The Company realizes it has significant advantages in this space and expects to continue to pursue aggressive growth in it.

Cambridge will continue to invest and expand its presence in India and continue to integrate the global delivery model which adds immense value to the customers.

The enduring relationships that have been built over the years have been good growth contributors. This is expected to continue as a growth strategy and the Company will focus on building more such relationships.

It shall continue to leverage expertise through an integrated business model that has a business domain and architecture skills.

The Company shall provide comprehensive training program which strengthens the behavioral and technical training to continue to build the organization.

Threats and Risks Management

In the BPO Insurance arena, with the soft insurance market taking hold in the USA, some companies are considering or have decided to become fully insured, look for alternative market options, or have gone in-house with their P&C claims management programs. However, companies choosing this road run the risk of losing control over their program costs and results. What may seem like a cost effective measure may actually have long term effects on a Company's bottom line. In order to gain ground in this highly competitive world market, it is important for CFOs and risk managers to recognize the need for balance between procedural claims administration and outcomes-driven claims management services.

Cambridge has found the ultimate balance, not only by providing superior processes for managing claims that are documented, measured and audited, but also by bringing outcomes-driven best practices to each and every claim.

Even as the market cycle has made outsourced claims processing a less favorable option in recent years, companies that are truly committed to long-term expense control and growth strategies have stayed the course. Many CFOs and risk managers who understand the benefits of the outsourced / self-insured market have turned to Cambridge to have an added advantage over their competitors. This advantage equates to sustained results in their claims program - including improved employee return to work initiatives and lower overall loss costs.

Many insurance companies and other alternative risk transfer companies have also turned to Cambridge to support their back office claims operations - further evidencing the continuing need for outsourced claims management services.

Other than the possibility of slow down in the insurance market, the Company also faces several business risks besides political, economy, industry and currency related risks, as applicable to all corporates operating in the sector.

Geographic Risk

In terms of geographic risk, the Company derives almost 70% of its revenues from the Americas and hence any downturn in that geography could impact the Company's operations. The International operations of the Company, which cover almost 9 countries, are subject to compliance of local laws and complications in staffing, managing and protection of intellectual property rights.

Talent Risk

Being a people asset firm, the performance of the Company depends on its ability to acquire, manage, motivate and retain the best people resources. Deviation in any of the variables can impact the intellectual pool of the Company and could lead to disruption of services and business delays.

Client Concentration Risk

The Company has taken suitable measures to ensure that no particular client contributes over 10% to its overall consolidated revenues so as to avoid the risks of client concentration. Overall, the top five clients contribute 37% to the consolidated revenues and may not impact the business in case any one of them witnesses a slow down on their ITO and BPO spend.

Internal Control Systems and their adequacy

As part of Internal Controls and Risk Management, the Company has taken the following measures

- Identification of various risks - business, operational, financial and compliance- facing the Company
- Identify root causes for these risks
- Evaluate the controls existing to mitigate these risks
- Assess the effectiveness of these controls
- Ascertain the desired level of controls required to manage and control these risk
- Workshop conducted by external consultants to brief the Company personnel about these risks and percolated down to the next levels

Human Resources Report

To continue to achieve its short-term goals and long-term success, the Company has built its Human Resources Strategies around four cornerstones - Growth, Quality, Frontline Focus and Integrity. The first cornerstone, Growth, is Cambridge's lifeblood, generating the company's energy, excitement, and providing career opportunities for its people.

As a knowledge-based ITO and BPO service organisation, the second cornerstone, Quality, is paramount. The awards and accolades that the Company has received in servicing its customers, represent independent external endorsements illustrating Cambridge's commitment in providing the highest quality services, solutions and products to its many satisfied customers.

The third distinguishing cornerstone, Frontline Focused, is based on Cambridge's belief that frontline employees are the key to achieving ongoing quality standards and long-term customer satisfaction. While many companies only focus their Human Resource initiatives around the top 10% of employees or those in leadership positions, Cambridge puts the majority of its developmental investment into building its frontline capabilities; knowing that these employees have a real and immediate impact on programme success. With a consistent Frontline Focus, Cambridge gives its customers the assurance of delivering on our service promises and making the "Cambridge Way" of doing business a reality. Of equal importance to sustaining existing business, Cambridge frontline employees also play a critical role in identifying new growth opportunities with existing customers and market contacts.

The last cornerstone, Integrity, is the over-arching value that binds the Company together in a global workplace. At Cambridge, Integrity means "doing what we said we would do, when, and how we promised to do it."

Using the four cornerstone strategy, Cambridge's Human Resource goals are to continue to focus on recruiting and staffing with only the best candidates in the market, to further develop its employees' skills and competencies, to create greater opportunities for personal growth and career development, to reward and recognize and to provide a great work environment.

A Business Case Study: Driving Quality by developing skills and competencies (Claims Sector; USA)

Cambridge has achieved significant success in the USA claims sector through a strategic investment in its people. In the highly competitive claims business, the Company has succeeded in keeping employee attrition levels well below the industry average. Employee recognition and extensive training for job enrichment have worked to provide exciting career opportunities for employees. In turn, low attrition has improved the customers' experience through the consistent and predictable delivery of service quality.

In the claims business, service quality ultimately comes down to the capabilities and commitment of the claims professional. The Company places extraordinary emphasis on building and retaining what it feels is the most qualified and experienced team, with an average tenure of 15 years, one of the industry's highest.

In anticipation of continued growth and to ensure that the professional staff can continue to provide high quality service levels, the Company has focused its efforts on training and developing its frontline claims professionals. As a result of its rigorous training programs, all professionals are firmly grounded in the Company's proven best practices, focused on optimal outcomes and claims cost savings and dedicated to delivering exemplary client service for years to come.

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CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08

(as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to the highest standards of corporate governance in all its activities and its processes. The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for its shareholders. The Company believes that good corporate governance lies not merely in drafting a code of corporate governance but in practicing it.

The Company has put in place good corporate governance and confirms its compliance as contained in Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

a. Composition of Board of Directors:

The Board of Directors as on March 31, 2008 comprises of 8 Directors of which 5 are Non-Executive. The Chairman is Executive and the Board comprises of 50% of independent directors. The number of Independent Directors i.e. those who do not have any material pecuniary relationship with the Company is four. The number of Non-Executive Directors is 5, which is more than 50% of the total number of Directors. The composition of Board is in conformity with Clause 49 of the listing agreement entered into with the Stock Exchanges.

The Composition is as under:

Name of the Director	Position	Category
Christopher A Sinclair	Executive Chairman & CEO	Executive Director
Satyen Patel	Executive Vice-Chairman	Executive Director
Dilip Keshu	Whole-Time Director	Executive Director
Shobhan Thakore	Director	Non-Executive Independent Director
Kunal Kashyap	Director	Non-Executive Independent Director
Eugene Beard	Director	Non-Executive Independent Director
David Greenberg	Director	Non-Executive Director
Jan Verplancke	Director	Non-Executive Independent Director

b) Meeting and Attendance of each Director:

There were seven board meetings held during the year ended March 31, 2008 and the gap between two board meetings does not exceed four months. These were on May 07, 2007, June 19, 2007, July 30, 2007, September 07, 2007, October 30, 2007, November 15, 2007 and January 31, 2008.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the Companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2008 have been made by the Directors:

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of directorships and the Committee Chairmanships/memberships held by them in other Companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 Companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees includes only Audit and Shareholders/Investor Grievance Committees.

Name of the Director	Attendance Particulars	No of Directorships and Committee Membership/ Chairmanship		
	Board Meetings	Other Directorships in public companies only	Committee Memberships**	Committee Chairmanships**
Mr. Christopher A Sinclair	7	-	-	-
Mr. Satyen Patel	3	-	-	-
Mr. Dilip Keshu	5	-		
Mr. Shobhan Thakore	4	6	-	2
Mr. Kunal Kashyap	3	2	1	1
Mr. Eugene Beard	6	-	-	-
Mr. David Greenberg	3	-	-	-
Mr. Jan Verplancke	2	-	-	-

** Only two committees, namely Audit Committee, Shareholders/Investor Grievance Committee have been considered.

3. AUDIT COMMITTEE:

i. The Audit Committee was constituted on November 10, 2004, in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

ii. The details of the Audit Committee Meeting are as follows:

There were 5 Audit Committee meetings held during the year ended March 31, 2008. These were on May 31, 2007, June 19, 2007, July 27, 2007, October 30, 2007 and January 31, 2008. The Audit Committee meetings are attended by CFO and wherever required the operational heads are invited. The Company Secretary acts as secretary to the committee.

iii. The broad terms and references of Audit Committee are as follows :

The powers and role of the Audit Committee are as laid down under Clause 49 (II) (C) & (D) of the Listing Agreement and Section 292A of the Companies Act, 1956 and as described under Audit Committee Charter are as follows:

- Overview of the Company's financial reporting process and the disclosure of its appointment and removal of Statutory Auditors and fixation of their Audit fees and fees for other services rendered.
- Review of Statutory Audit Firm and discussion with Statutory Auditors before the audit commences, the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Review of performance of Statutory Auditors
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - o Any change in accounting policies and practices
  - o Disclosure of related party transactions
- Matters to be financial information to ensure that the credible information is disclosed
  - o Recommending included in the Directors Responsibility Statement to be included in the Directors' Report
  - o Qualifications in the draft audit report, if any
  - o Compliance with listing and other legal requirements relating to financial statements.
  - o Going concern assumption
  - o Compliance with accounting standards
  - o Significant adjustments to financial statements arising out of audit findings
  - o Major accounting entries involving estimates based on the exercise of judgment by the management
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing the adequacy of internal audit function and discussion with regard to any significant audit findings and follow-ups thereon.
- Review of the findings of any internal investigations by the internal auditors into matters, where there is a fraud or irregularity.

- Review of performance of Internal Auditors.
- Looking into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (incase of non-payment of declared dividends) and creditors.

iv. The Audit Committee has been constituted in accordance with Clause 49 (II)(A) of the Listing Agreement and the following are the details of the members of the Audit Committee:

Sl. No	Name of the Director	Category	No of Meetings during the Period	
			Held	Attended
1.	Christopher A Sinclair (Member)	Executive Director	5	3
2.	Shobhan Thakore(Member)	Independent Director	5	4
3.	Kunal Kashyap (Chairman)	Independent Director	5	4

v. The last Annual General Meeting of the Company was held on September 19, 2007 and the Chairman of the Audit Committee was not present at the Annual General Meeting of the Company due to his ill health.

4. REMUNERATION COMMITTEE :

i. The Company constituted a Remuneration Committee vide its Board of Directors Meeting held on November 10, 2004 with majority of its members being Independent Directors.

ii. The broad terms and reference of the Committee are as follows:

a. To determine and recommend to the Board, the amount of remuneration payable to the Directors of the Board.

b. The recruitment and remuneration of senior officers just below the board level.

c. To administer the Company Stock Option Plans including the review of grant of options to eligible employees under various Stock Option Plans in due compliance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.

d. Such other matters, as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

iii. The composition of the Remuneration Committee and details of meeting attended by the Directors are as follows:

Sl. No	Name of the Director	Category	No of Meetings during the Period	
			Held	Attended
1.	Christopher A Sinclair	Executive Director	3	3
2.	Shobhan Thakore	Independent Director	3	3
3.	Kunal Kashyap	Independent Director	3	3

iv. Remuneration of Directors :

None of the Directors is in receipt of any remuneration for the Financial Year 2007-08, other than Sitting Fees.

No Options were issued to any of the Directors during the year 2007-08:

Shareholding of the Non-Executive Dirctors in the Company as on 31.03.2008

Sl. No	Name of the Director	No. of equity shares of Rs.10/- each held
1.	Shobhan Thakore	12,000
2.	Kunal Kashyap	12,000

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

i. The Investors Grievance Committee is constituted on November 10, 2004.

ii. The composition of the Investors Grievance Committee and details of meeting attended by the Directors are as follows:

Sl. No	Name of the Director	Category	No of Meetings during the Period	
			Held	Attended
1.	Dilip Keshu	Executive Director	4	3
2.	Kunal Kashyap	Independent Director	4	4
3.	Shobhan Thakore	Independent Director	4	4

iii. The Committee has been constituted towards the following:

a. Review the reports submitted by RTA.
b. To redress the shareholders' complaints.
c. Quarterly status of shareholders' complaints and the status of their disposal. Shobhan Thakore, the Non-Executive Independent Director is heading the Committee.

iv. Mr. V. Viswanathan, the Company Secretary is the Compliance Officer. His Contact details are as follows:
Address: SJR I-Park, Plot 13, 14, 15.
EPIP Industrial Area, Phase I
Whitefield, Bangalore 560066, India.
Phone +91 080 3054 0000
Fax - +91 080 41157394
Email: compliance@cambridge-asia.com

Details of Complaints received and redressed:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	2	2	Nil

6. General Meeting:

6.1 ANNUAL GENERAL MEETING

The details of date, time, location and special resolutions at Annual General Meeting (AGM) held in last 3 years are as under :

Date	Time	Venue	Special Resolutions Passed	Directors' Attendance at AGM
September 19, 2007	11 AM	Sathya Sai Samskruta Sadanam, No.20, Hosur Road, Bangalore - 560 029	Nil	1. Satyen Patel 2. Shobhan Thakore
September 20, 2006	11AM	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029.	a. Approval of ESOP 2006 and grant of option under the same b. Grant of ESOPs to the employees of subsidiary company	1. Christopher A Sinclair 2. Satyen Patel 3. Dilip Keshu 4. Shobhan Thakore 5. Kunal Kashyap
September 29, 2005	3 PM	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	a. Shifting of Company's Register of Members to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited. b. Alteration in the Articles of Association of the Company. c. Approval from shareholders towards delisting shares from ASE and MSE d. Appointment of Mr. Dilip Keshu as the Managing Director/Whole Time Director of the Company e. Increase in limit for investment by FIIs in the shares of the Company under Portfolio Management Scheme.	1. Christopher A Sinclair 2. Satyen Patel 3. Dilip Keshu 4. Shobhan Thakore 5. Kunal Kashyap

6.2. Extraordinary General Meeting :

An extraordinary general meeting was conducted on December 17, 2007.

6.3 Postal Ballot :

There was no postal ballot during the year 2007-08

6.4 Court Convened Meetings:

A Court Convened meeting of members of the Company was held on January 22, 2008 at 10 AM at the registered office of the Company at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I, Whitefield, Bangalore 560066 in terms of Order dated December 14, 2007 of the Hon'ble High Court of Karnataka towards the approval of the members towards the Amalgamation and Arrangement of Cambridge Integrated Services India Private Limited and MatrixOne India Limited with Cambridge Solutions Limited.

7. DISCLOSURES:

i. There are no materially significant related party transactions of the Company with key managerial personnel, which have potential conflict with the interest of the Company at large.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the period from April 01, 2007 to March 31, 2008: NIL

iii. The Company does not have a Whistle Blower policy.

iv. The Company has not adopted a treatment different from that prescribed in Accounting Standard.

v. There are no pecuniary relationship or transactions between non-executive directors and the Company

vi. Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49: The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement

vii. Details of compliances and that of non-compliances of non-mandatory items:

a. Chairman's Office:

The Company has an executive chairman and hence the question of maintaining of Chairman's office does not arise.

b. Remuneration Committee:

The Board has set up a remuneration committee to determine the company's policy on specific remuneration packages. The remuneration committee has three directors . Two independent directors and an executive director. There is no designated chairman as such. Mr. Shobhan Thakore, a member of remuneration committee was present at previous Annual General Meeting.

c. Shareholders Rights:

The Company displays its quarterly, half yearly and that of annual results in its website www.cambridgeworldwide.com and publish the same in widely circulated newspapers. The Company has not sent its half yearly results to each of the shareholders in the FY 2007-08.

d. Training of Board members:

No formal training programs have been conducted

e. Mechanism for evaluation of Board Members:

The Company is in the process of evolving a mechanism for evaluation of Board Members

f. Whistle Blower Policy:

The Company does not have a whistle Blower policy.

8. MEANS OF COMMUNICATION:

The quarterly, annual financial results of the Company, are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed format within 48 hours of the conclusion of the Board Meeting, in which they are considered, generally in all the editions of "The Financial Express" The National English daily, circulating in the whole or substantially the whole of India and in "Udaya Vani", the newspaper published in regional language, where the registered office of the Company is situated.

The details of financial information are also available at www.cambridgeworldwide.com

All the official news releases are also published on the Company's website. The financial statements and all other information disseminated to analysts/ institutional investors are also posted on Cambridge's website.

The following results were published as detailed below :

Financial Results (2007-08)	Date of Board Meeting	Date of Publication	Name of the Newspaper
Q4 results for the period ended March 31, 2008	June 17, 2008	June 19, 2008	"Financial Express" and "Udaya Vani"
Q3 results for the period ended December 31, 2007	January 31, 2008	February 02, 2008	"Financial Express" and "Udaya Vani"
Q2 results for the period ended September 30, 2007	October 30, 2007	November 01, 2007	"Financial Express" and "Udaya Vani"
Q1 results for the period ended June 30, 2007	July 30, 2007	August 01, 2007	"Financial Express" and "Udaya Vani"

9. GENERAL SHAREHOLDER INFORMATION :

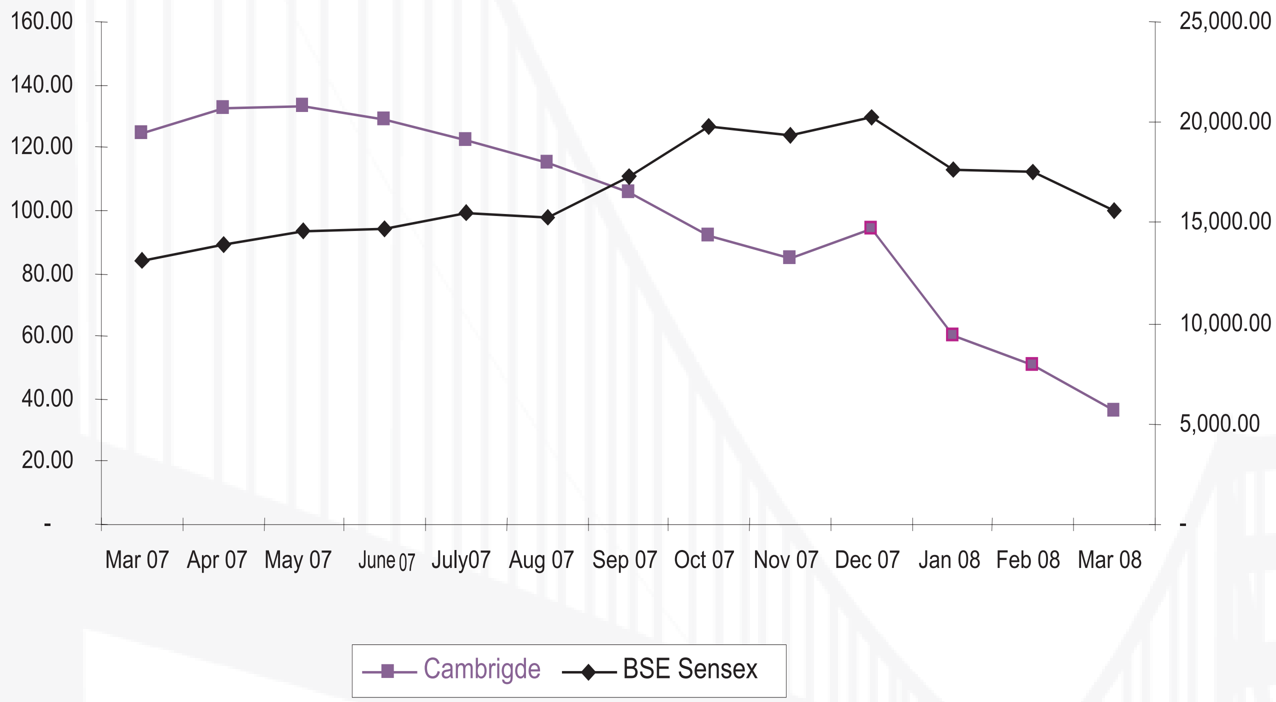
i.	Annual General Meeting Day and Date	:	Monday 29, September 2008
	Time	:	11.00 A.M.
ii.	Financial Year 2008-09		
	First quarterly results	:	July 2008
	Second quarterly results	:	October 2008
	Third quarterly results	:	January 2009
	Annual results for the Year ending	:	June, 2009
	Financial Year	:	March
	Annual General Meeting	:	September
iii.	Date of Book Closure	:	September 23, 2008 to September 29, 2008 (Both days inclusive)
iv.	Dividend payment date	:	NIL
v.	Listing on Stock Exchanges	:	The National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Madras Stock Exchange and Ahmedabad Stock Exchange Limited
vi.	Stock Code	:	National Stock Exchange of India Ltd: CAMBRIDGE
		:	Bombay Stock Exchange Ltd. : 532616
vii.	ISIN No.	:	INE 692G01013

viii. Market Price data

Month 2007-08	Quotation at National Stock Exchange		Quotation at Bombay Stock Exchange	
	High	Low	High	Low
Apr-07	149.50	119.20	145.10	118.30
May-07	137.90	120.00	146.00	123.50
Jun-07	147.75	124.50	144.00	124.50
Jul-07	131.50	117.50	132.00	114.40
Aug-07	134.00	102.50	135.00	102.00
Sep-07	123.00	95.60	123.00	102.50
Oct-07	106.90	78.30	109.00	81.25
Nov-07	96.00	78.20	95.95	79.90
Dec-07	101.90	84.20	103.70	80.00
Jan-08	99.00	54.05	99.90	48.65
Feb-08	62.00	47.30	62.00	47.15
Mar-08	53.00	34.00	53.35	34.60

ix. The Company has paid the listing fees to each of the above Stock Exchanges, where its securities are listed for the Financial Year 2008-09. Further, the Company has also paid the custodial fees for the FY 2008-09 to NSDL and that of CDSL.

x. Performance of share price in comparison to BSE Sensex



xi. Registrar and Share Transfer Agent:

Karvy Comuputershare Private Limited,
Plot No.17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081.
Phone +91 040-23420816
Fax +91 040-23420814
Email : ksreddy@karvy.com
Website : www.karvy.com

xii. Share Transfer System:

Shares sent for transfer in physical form are normally registered by our Registrars and Share Transfer Agents within 15 days of receipt of the documents, if the same are found in order. Shares under objection are returned within two weeks.

xiii. Distribution of shareholding:

Distribution Schedule as on 31.03.2008

Share holding of nominal value	Share Holders		Share Amount Nominal Value	
Rs.	Number	% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
Upto 5000	25340	91.17	27,509,330.00	2.4707%
5001-10000	1231	4.43	9,680,680.00	0.8694%
10001-20000	597	2.15	9,107,050.00	0.8179%
20001-30000	184	0.66	4,634,380.00	z 0.4162%
30001-40000	89	0.32	3,186,540.00	0.2861%
40001-50000	75	0.27	34,65,550.00	0.3067%
50001-100000	107	0.38	8,142,310.00	0.7312%
100001 and above	169	0.62	1,047,687,990.00	94.0969%
Total	**27793**	**100.00**	**1,113,413,830.00**	**100.00%**

Categories of shareholding as on 31.03.2008

Category	No. of Shares held	% of shareholding
Promoters	68,307,557	61.35%
Mutual Funds and UTI	6,775,555	6.09%
Banks, Financial Institutions, Insurance Companies.	433,382	0.39%
FIIs	1,932,478	1.74%
Private Corporate Bodies	5,148,689	4.62%
India Public	7,533,690	6.77%
NRIs/OCBs	17,938,466	16.11%
Others	3,271,566	2.93%
Grand Total	**111,341,383**	**100.00%**

xiv. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. 84,236,347 Equity Shares aggregating to 75.66% of the total Equity Capital is held in dematerialized form as on 31.03.2008, of which 69.93% (77,858,530 Equity Shares) of total Equity Capital is held with NSDL and 5.73% (6,377,817 Equity Shares) of total Equity Capital with CDSL as on 31.03.2008. The Company's shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

xv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding GDRs/ADRs/Warrants. The Company has not issued any outstanding convertible bonds during the current year. However the Convertible Bonds worth Rs. 1,336,500,000/- were issued on March 14, 2006, which are converted into 6158986 equity shares of Rs. 10/- each with a premium of Rs. 207/- per share on September 07, 2007.

xvi. Plant locations:

In view of the nature of the Company's business viz., Information Technology (IT) Services and IT enabled Services, the Company operates from various offices in India and abroad but does not have any manufacturing plant.

xvii. Address for Correspondence:

Registrar and Share Transfer Agent:

Karvy Comuputershare Private Limited,
Plot No.17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081.
Phone +91 040-23420816
Fax +91 040-23420814

Investor Relation Centre:
Mr. Pradeep Chaudhry
Cambridge Solutions Limited
SJR I-Park, Plot 13, 14, 15.
EPIP Industrial Area, Phase I
Whitefield, Bangalore 560066
India.
Phone +91 080 3054 0000
Fax +91 080 4115 7394

xviii. No. of Shareholders as on 31.03.2008 : 27,796

xix. No. of shares traded during 2007-08:

BSE: 11,197,424 Shares
NSE: 12,086,956 Shares

xx. Compliance Certificate by Company Secretary :

The Company has obtained a certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreements executed with Stock Exchanges, which is annexed herewith.

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

The Members
Cambridge Solutions Limited
(Formerly known as Scandent Solutions Corporation Limited)
SJR I Park, Plot 13, 14, 15,
EPIP Industrial Area, Phase I,
Whitefield
Bangalore -560066

Registration No of the Company	:	L72200KA2002PLC030072
Nominal Capital (Rs)	:	125,00,00,000

I have examined all relevant records of Cambridge Solutions Limited for the Purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited for the financial year ended 31.03.2008. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of records produced, explanations and information furnished, I certify that the Company had complied with:

a) All the mandatory conditions of the said Clause 49 of the Listing Agreement
b) The following non mandatory requirements of the said clause 49

   Item (2) of Annexure ID-Remuneration Committee

P.S.M. CHARI
Company Secretary in Practice
Membership No, 8088
Certificate of Practice No 4503

Date : June 17, 2008
Place : Bangalore

CEO/CFO CERTIFICATION

We, Christopher A Sinclair, the Executive Chairman and Chief Executive Officer and Pradeep Chaudhry, the Chief Financial Officer of the Company to the best of our knowledge and belief, certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee:

   (i) There are no significant changes in the internal control over financial reporting during the year.

   (ii) There are no significant changes in the accounting policies during the year.

   (iii) There are no instances of significant fraud of which we have become aware or our involvement therein of the management or an employee having a significant role in the Company's internal control over financial reporting.

e. We further declare that all Board members and senior personnel have affirmed compliance with the code of conduct for the current year

CHRISTOPHER A.SINCLAIR
EXECUTIVE CHAIRMAN

PRADEEP CHAUDHRY
CHIEF FINANCIAL OFFICER

Place : Bangalore
Date : June 17, 2008

To

The Members of Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited)

1. We have audited the attached Balance Sheet of Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited) ('the Company') as at March 31, 2008 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion, we draw attention to :

   a. Note 29 to the financial statements. As at March 31, 2008, the Company has net receivables (after eliminating payables) from Scandent USA (formerly Albion Inc.) and Cambridge Network Europe Limited (formerly Scandent Network Europe Limited), its wholly owned subsidiaries, of Rs 731 million (net of payable of Rs 199 million) and Rs 166 million (net of payable of Rs 156 million), respectively. The Company based on the future funding plans believes that these dues will be recovered /converted to equity in due course.

   b. Note 2 to the Financial Statements. On the Scheme becoming effective, the Company shall revalue such existing investments as it considers relevant at their respective fair values as on March 31, 2008 or the effective date of the scheme, whichever is earlier, and shall recognize the difference between the book value and the fair value of investment, as General reserve, which would be utilised by the Company for meeting such costs, as it deems necessary. The scheme is effective from April 17, 2008, i.e., the date of filing with the Registrar of Companies. The Company, based on a legal opinion, believes that the adjustment needs to be effective as on March 31, 2008 and has accordingly, effected the revaluation of investments and consequent utilization of General reserve as of March 31, 2008.

4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;

b. in the case of the profit and loss account, of the profit for the year ended on that date; and

c. in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No.: 93283

Place : Bangalore
Date : June 17, 2008

Re: Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited) ('the Company')

i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The Company has a regular program of physical verification of fixed assets in a phased manner such that all categories of fixed assets are physically verified over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, during the year, fixed assets have been physically verified by the management and as informed, no material discrepancies were identified on such verification.

There was no substantial disposal of fixed assets during the year.

ii) Considering the nature of business of the Company, Clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) pertaining to physical verification of inventory and records maintained for inventory are not applicable to the Company.

iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Accordingly, Clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the year, the Company has made improvements in its internal control system with respect to tracking time for billing purposes for it to be commensurate with the size of the Company and the nature of its business at the year end. During the course of our audit, weakness noticed in the internal control system, have been rectified as at the balance sheet date.

Considering the nature of business of the Company, the Clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 (as amended) to the extent pertaining to internal control system for purchase of inventory and sale of goods is not applicable to the Company.

v) According to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

ix) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it, have *generally* been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

According to the records of the Company, the dues outstanding of income-tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount [Rs in millions]	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Transfer pricing adjustment - Reduction in carry forward of losses	126.33	AY 2003-04	Commissioner of Income-tax (Appeals)
Income Tax Act,1961	Income tax payable on Transfer pricing adjustment	3.01*	AY 2004-05	Commissioner of Income-tax (Appeals)

* Net of Rs 2.81 million paid to the Income-tax authorities.

According to the information and explanation given to us, there are no dues of sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash loss in the current year and the immediately preceding financial year.*

xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiary companies from banks; the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

xvi) Based on information and explanations given to us by the management, term loan were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has given a loan of Rs 576 million to its subsidiary out of short-term funds.*

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) *During the year ended March 31, 2003, the Company had issued unsecured 11 per cent Debentures amounting to Rs 150 million, which were fully redeemed during the year ended March 31, 2008. Further, during the year ended March 31, 2006, the Company had issued unsecured 5.22 per cent Convertible Bonds amounting to Rs 1,336.50 million, which were converted into fully paid equity shares during the year ended March 31, 2008. The Company had not created any security/ charge in respect of debentures and bonds issued.*

xx) The Company has not raised money by public issues.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No.: 93283

Place : Bangalore
Date : June 17, 2008

BALANCE SHEET AS AT MARCH 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formerly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	Notes	2008	2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	5	1,113,413,830	1,051,305,770
Reserves and surplus	6	1,378,866,880	713,572,002
		2,492,280,710	1,764,877,772
Loan Funds			
Secured loans	7	631,354,252	930,293,407
Unsecured loans	8	-	1,426,500,000
		631,354,252	2,356,793,407
TOTAL		**3,123,634,962**	**4,121,671,179**
APPLICATION OF FUNDS			
Fixed Assets	9		
Gross block (at cost)		206,569,836	202,627,394
Less: Accumulated depreciation		161,645,329	150,730,229
Net block		44,924,507	51,897,165
Capital work-in-progress		5,873,440	6,368,235
(including capital advances of Rs Nil (2007 -- Rs 494,795)			
		50,797,947	58,265,400
Intangible Assets, net	10		
Gross block (at cost)		32,642,678	21,668,414
Less: Accumulated amortisation		24,616,782	15,592,934
Net block		8,025,896	6,075,480
Investments	11	2,228,653,431	2,391,668,776
Deferred Tax Asset	12	-	30,007,312
Current Assets, Loans & Advances			
Sundry debtors	13	424,662,496	1,369,861,654
Cash and bank balances	14	75,503,926	44,815,501
Other current assets	15	107,017,450	12,398,218
Loans and advances	16	1,187,411,790	643,659,863
		1,794,595,662	2,070,735,236
Less: Current Liabilities & Provisions			
Current liabilities	17	868,110,194	451,734,802
Provisions	18	92,330,563	78,578,371
		960,440,757	530,313,173
Net Current Assets		834,154,905	1,540,422,063
Miscellaneous Expenditure	19	2,002,783	21,809,483
(to the extent not written off or adjusted)			
Profit & loss account		-	73,422,665
TOTAL		**3,123,634,962**	**4,121,671,179**

The accompanying notes 1 to 37 form an integral part of the Financial Statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formerly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	Notes	2008	2007
INCOME			
Revenues	20	1,782,349,377	1,709,089,771
Other income	21	23,989,801	17,867,222
		1,806,339,178	**1,726,956,993**
EXPENDITURE			
Employee Costs	22	582,162,082	525,960,873
Other Operating Cost	23	962,542,288	1,054,579,825
Profit Before Depreciation, Amortisation, Finance cost and Taxes		**261,634,808**	**146,416,295**
Depreciation	9	27,328,929	36,211,204
Amortisation	10	9,023,848	9,729,949
Finance cost	24	143,399,155	197,943,999
Profit / (Loss) for the year before tax		**81,882,876**	**(97,468,857)**
Provision for current tax	26	2,400,000	5,200,000
Deferred tax charge	12 & 26	30,007,312	4,385,955
Fringe benefit tax	26	6,300,614	4,257,727
Profit / (Loss) for the year		**43,174,950**	**(111,312,539)**
Net profit/(loss), at the beginning of the year		(73,422,665)	-
Amounts deducted from General reserve	6	-	37,889,874
Profit and Loss account, end of the year		**(30,247,715)**	**(73,422,665)**
Weighted average number of equity shares used in computing earnings per Share	27		
Basic		108,628,471	104,971,435
Diluted		108,696,470	104,971,435
Earnings / (Loss) per share [Equity shares, par value Rs 10 each (Previous year : Rs 10)]			
Basic		0.40	(1.06)
Diluted		0.40	(1.06)

The accompanying notes 1 to 37 form an integral part of the Financial Statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CAMBRIDGE SOLUTIONS LIMITED
(formerly SCANDENT SOLUTIONS CORPORATION LIMITED)

1 Background

Incorporation and History

Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited), ('Cambridge' or 'the Company'), was incorporated on February 1, 2002 and is a part of the Scandent Group. Scandent Group is promoted by individual investors and venture capital investors and is engaged in rendering software development and related services and information technology enabled services. Cambridge and its subsidiaries have operations principally in India, United States of America ('USA'), United Kingdom ('UK'), Australia, Germany, France, Singapore, Malaysia and Japan.

On December 29, 2003, Cambridge entered into a definitive agreement with SSI Limited ('SSI') for merger of the Information Technology division of SSI ('SSIIT') into Cambridge. As a part of the arrangement and pursuant to the Group's strategy to consolidate its operations in India; Erstwhile Scandent Group Inc., USA ('Scandent USA'), Cambridge Network Europe Limited (formerly Scandent Network Europe Limited, UK) ('Cambridge UK'), Cambridge Solutions Pte Limited, Singapore (formerly Scandent Group Pte Limited) ('Cambridge Singapore'), Scandent Group GmbH, Germany ('Scandent Germany') and Crescent Infosystems Private Limited ('Crescent'), were transferred as subsidiaries from Scandent Group Ltd, Mauritius ('Scandent Mauritius') to the Company effective March 31, 2004.

The Company assumes significant risks and rewards of significant contracts vesting in India. Under the arrangement, the subsidiaries retain stipulated percentage of the revenues earned, from contracts arranged by them for marketing services and cost plus mark-up for onsite efforts on contracts undertaken by them.

Pursuant to the Scheme of arrangement for de-merger of Information Technology division of SSI Limited ('SSIIT') and its merger in the Company ('the SSIIT merger Scheme'), sanctioned by the Honourable High Court of Judicature at Karnataka and the Honourable High Court of Judicature at Madras, assets and liabilities of SSIIT were transferred and vested in the Company with effect from July 2, 2004.

The Company, on October 1, 2004 converted to a public limited company and changed its name from Scandent Network Private Limited to Scandent Solutions Corporation Limited. On June 19, 2006, the Company has changed its name to Cambridge Solutions Limited.

Pursuant to a Scheme of Amalgamation ('the Cambridge Merger Scheme') sanctioned by the Honourable High Court of Judicature at Karnataka on March 13, 2006, Cambridge Services Holdings LLC ('Cambridge LLC') merged with the Company. Cambridge LLC, a Delaware Corporation, was a Scandent Group company holding investments in Cambridge Integrated Services Group Inc ('CISGI') and Cambridge Integrated Services Victoria PTY Limited ('Cambridge Australia') which were acquired by Cambridge LLC on November 30, 2004 from Aon Corporation, USA. These entities are engaged in providing Business Application outsourcing services. Under the Cambridge Merger Scheme, with effect from April 1, 2005, the assets and liabilities of Cambridge LLC vested with the Company in consideration of 69,960,000 equity shares of the Company issued at par and 4,797,507 equity shares issued at par to certain key employees and Affiliates ('Award holders') of Cambridge LLC.

2 Merger of Matrix One India Limited and Cambridge Integrated Services India Private Limited

On January 3, 2008, the Company filed a Scheme of Amalgamation and Arrangement for merger of Cambridge Integrated Services India Private Limited ('CISIPL') and Matrix One India Limited ('Matrixone') with itself ('Cambridge-India Merger Scheme' or 'the Scheme') with the Honourable High Court of Judicature at Karnataka. The Scheme was approved by the Honourable High Court of Judicature at Karnataka vide order dated March 20, 2008 and filed with Registrar of Companies ('RoC') on April 17, 2008 (i.e., the effective date of the Scheme). The Scheme has, accordingly, been given effect to in these financial statements.

2.1 Pursuant to the terms of the Scheme:

2.1.1 Matrixone merged with the Company with effect from April 1, 2007 (i.e., the appointed date), without consideration, and the following assets and liabilities vested with the Company.

Particulars	Amount in Rs million
Share Capital [50,000 Equity shares of Rs 10 each]	0.5
Total	**0.5**
Current Assets	16.66
Current Liabilities	(23.42)
Profit & Loss Account	7.26
Total	**0.5**

Matrixone is a wholly owned subsidiary of the Company and is engaged in the development of computer software and related services and purchase and sale of software licenses. The merger has been accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in Matrixone and the value of net assets acquired under the Scheme amounting to Rs 7.16 million have been adjusted to the Profit and loss account of the Company.

2.1.2 The merger of CISIPL with the Company will be recorded on the appointed date, April 1, 2008, without any consideration. CISIPL is a wholly owned subsidiary of the Company and is engaged in the business of providing export oriented Information Technology Enabled Services ('ITES') and related services.

As on April 1, 2008, the assets and liabilities of CISIPL are as follows:

Particulars	Amount in Rs million
Share Capital [6,285,620 Equity shares of Rs 10 each and 178,449 Equity shares of Rs 5 each]	63.75
Securities Premium	5.96
Profit & Loss Account	26.65
Secured Loans	86.16
Unsecured Loans	68.87
Total	**251.39**

Particulars	Amount in Rs million
Fixed Assets & Intangible Assets (net)	256.48
Deferred Tax Asset	7.02
Current Assets	242.45
Current Liabilities	(254.85)
Miscellaneous Expenditure	0.29
Total	**251.39**

The merger of CISIPL would be accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in CISIPL and the value of net assets acquired under the Scheme amounting to Rs 102.60 million will be adjusted to the General reserve / Profit and loss account of the Company on the appointed date.

2.1.3

i) The Securities premium account as at April 1, 2007 amounting to Rs 587.13 million has been reduced to Rs 541.65 million after adjusting the following amounts:

Particulars	Amount in Rs million
Miscellaneous Expenditure:	
-- Deferred upfront/ processing fee for loans	20.83
-- Deferred interest on 11% debentures	0.98
Deferred employee stock compensation expense	23.67
Total	**45.48**

ii) In accordance with the above adjustment being made effective April 1, 2007, the following corresponding amounts, charged to Profit and Loss account during the year have been reversed and the balance of Rs 7.24 million has been reduced from carrying value of Deferred upfront / processing fee for loans - Rs 0.97 million and Deferred employee stock compensation expense – Rs 6.27 million.

Particulars	Amount in Rs million
Miscellaneous Expenditure:	
-- Deferred upfront/ processing fee for loans	19.86
-- Deferred interest on 11% debentures	0.98
Deferred employee stock compensation expense	17.40
Total	**38.24**

2.1.4 The Securities premium account as at October 1, 2007 amounting to Rs 1,815.22 million has been reduced to Rs 783.16 million after adjusting the carrying value of investment in the shares of CISGI amounting to Rs 1,032.06 million. Consequently, the carrying value of investments as at March 31, 2008 has reduced from Rs 1,284.10 million to Rs 252.04 million.

2.1.5

i) On the Scheme becoming effective, the Company shall revalue such existing investments as it considers relevant at their respective fair values as on March 31, 2008 or the effective date of the Scheme, whichever is earlier, and shall recognize the difference between the book value and the fair value of investment, as General reserve, which would be utilised by the Company for meeting such costs, as it deems necessary. The Company, based on a legal opinion, believes that the adjustment needs to be effective as on March 31, 2008 and consequently revalued the following investments basis the respective fair values and recorded the difference between the fair valuation and carrying value of investments, amounting to Rs 527.31 million as General reserve.

a) Revalued its investment in Cambridge Australia as at March 31, 2008 from Rs 240.63 million to Rs 878.01 million,
b) Revalued its investment in Indigo Markets Limited, Bermuda (‘IM Bermuda’) as at March 31, 2008 from Rs 109.62 million to Rs Nil,
c) Revalued its investment in Scandent Germany as at March 31, 2008 from Rs 0.5 million to Rs Nil.

ii) The General reserve on revaluation of investments, as above, has been utilised to write off certain loans and advances to related parties amounting to Rs 38.36 million. Consequently, as at March 31, 2008, the balance of General reserve, on revaluation of investments stands reduced to Rs 488.95 million and the Profit for the year is higher by Rs 38.36 million.

2.1.6 Expenses of Rs 9.67 million incurred in executing the Scheme have been adjusted against the General reserve.

2.2 The adjustments considered with the Securities premium, recording of General reserve on revaluing investments and the consequent utilisations are not as per the General Accepted Accounting Principles. Had the Scheme not been given effect to in the financial statements, the carrying value of investments would have been higher by Rs 504.80 million (refer note 2.1.4 and 2.1.5(i)), General reserve would have been lower by Rs 479.23 million (refer note 2.1.5(ii) and 2.1.6), Securities premium would have been higher by Rs 1,077.54 million (refer note 2.1.3(i) and 2.1.4) and the Profits for the year would have been lower by Rs 86.27 million (refer note 2.1.3(ii), 2.1.5(ii) and 2.1.6)

3 Shareholding pattern

On March 14, 2006, the Company made a preferential allotment of Rs 1,337 million 5.22 per cent Convertible Bonds ('Bonds') to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co., mandatorily convertible at the end of eighteen months from the date of issue or earlier, at the option of the debenture holder, in issue of equity shares of the Company at a conversion price of Rs 217 per share. During the year, the Company has redeemed these bonds by issuing 6,158,986 equity shares of Rs 10/-each at a premium of Rs 207/- per share to the Indopark Holdings Limited. Subsequently, such shares were transferred to Scandent Holdings Mauritius Limited ('SHML'). The following table details the number of shares and the percentage of shareholding of the Company.

Name of the Shareholders	31-Mar-08	31-Mar-07
Scandent Mauritius	-	13,178,571
	-	(12.54%)
Scandent Mauritius Limited ('SML')	-	48,970,000
	-	(46.58%)
SHML	68,307,557	-
	(61.35%)	-
AON Minet Pension Scheme	17,490,000	17,490,000
	(15.71%)	(16.64%)
UTI India Technology Venture Unit Scheme	1,052,717	1,052,717
	(0.95%)	(1.00%)
SSI	1,052,717	1,052,717
	(0.95%)	(1.00%)
Reliance Capital Trustee Company Limited	4,755,955	4,616,955
	(4.27%)	(4.39%)
Others	18,682,437	18,769,617
	(16.77%)	(17.85%)
Total	**111,341,383**	**105,130,577**
	(100%)	**(100%)**

4 Significant Accounting Policies

4.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. These financial statements are prepared on a stand alone basis.

4.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4.3 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. The cost of fixed assets comprises their purchase price and any other directly attributable costs of bringing the assets to their working condition for intended use.

Based on the useful life estimated by the management, depreciation is provided under the straight line method at the rates mentioned below. For assets taken on lease, refer Note 4.6 below.

Assets	Rate (per cent)
Computers	33.33
Vehicles	20.00 – 50.00
Office equipment	20.00
Furniture and fixtures	20.00

The above rates are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than or equal to Rs 5,000 are fully depreciated in the year of acquisition.

4.4 Intangible Assets

Intangible assets comprise of computer software held for use in business/administrative purposes. Computer software is amortized over an estimated useful life of two years.

4.5 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment (if any), depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.6 Leases

i. Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

ii. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and loss account on a straight-line basis over the lease term.

4.7 Revenue recognition

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from software development on fixed price contracts is recognized as per proportionate-completion method.

Revenue from maintenance contracts are recognized ratably over the term of the maintenance contract on a straight-line basis.

Commission income for identifying and coordinating customer for sale of licenses or service contracts are recognized on acceptance, at the contracted rates.

4.8 Project work expenses

Project work expenses represents amounts charged by subsidiaries on cost plus basis for the software development and related services for the contracts undertaken by the Company, amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognized on an accrual basis.

4.9 Foreign currency transactions

i. ***Initial Recognition***

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. ***Conversion***

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. ***Exchange Differences***

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences arising in respect of fixed and intangible assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

4.10 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of the investments.

4.11 Retirement and other employee benefits

Retirement benefit in the form of Provident fund is a defined contribution scheme. The Company contributes the employer's share of the Provident Fund and the Employees' Pension Scheme with the Regional Provident Fund Commissioner and charges all such amounts to the Profit and loss account on an accrual basis.

Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation performed as at the balance sheet date and is unfunded as at March 31, 2008. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

Short term compensated absences are provided for based on estimates.

4.12 Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in 'Guidance Note on Accounting in respect of Minimum Alternative Tax' issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

4.13 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.14 Earnings / (loss) per share

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during all the years, presented, is adjusted for capital reduction.

For the purpose of calculating diluted earnings / loss per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.15 Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

4.16 Miscellaneous expenditure

Miscellaneous expenditure comprises of Deferred interest on 11 per cent Debentures and cost of arranging long term loans and guarantees. Interest on 11 per cent Debentures is amortised pro-rata over the period from August 1, 2002 to the maturity of the 11 per cent Debentures, i.e. July 31, 2007. Cost of arranging long-term loans and guarantees are amortized, over the period of the loan, commencing from the date of the first draw-down of the related loan or guarantee, on weighted average basis.

4.17 Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognized on the basis of generally accepted accounting principles and in accordance with the guidelines of Securities and Exchange Board of India, and, are measured as the excess of the market value of the Company's stock on the stock options grant date over the amount an employee must pay to acquire the stock and recognized in a graded manner on the basis of weighted period of services over the vesting period of equity shares. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

4.18 Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

5 Share capital

	2008	2007
Authorised capital		
125,000,000 (2007 -- 125,000,000) Equity shares of Rs 10 each	1,250,000,000	1,250,000,000
Issued, subscribed and paid-up capital		
111,341,383 (2007 -- 105,130,577) Equity shares of Rs 10 each fully paid up	1,113,413,830	1,051,305,770

(i) Pursuant to the SSIIT Merger Scheme, the share capital of the Company as at March 31, 2004 had been reduced from Rs 328 million to Rs 132 million and the capital reduction of Rs 196 million had been utilised to adjust the debit balance of equivalent amount in the Profit and Loss account of the Company as at March 31, 2004.

(ii) On December 28, 2005, the Company made a preferential allotment of 1,025,227 equity shares to Scandent Mauritius at a premium of Rs 210 per share.

(iii) During the year ended March 31, 2006, the Company had allotted 355,953 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company. Of these 10,119 equity shares of Rs 10 each have been allotted at a premium of Rs 118.75 per share and balance of 345,834 equity shares have been allotted at the face value of Rs 10 and, the stock compensation adjustment of Rs 20,750,040 with respect to 345,834 equity shares has been transferred to Securities premium account.

(iv) The Company in the previous year had allotted 259,614 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company at the face value of Rs 10 and the corresponding stock compensation adjustment of Rs 32,324,934 has been transferred to Securities premium account.

(v) Pursuant to the Cambridge Merger Scheme, on June 29, 2006, the Company issued 69,960,000 equity shares at par to the shareholders of Cambridge LLC and 4,797,507 equity shares at par to the Award holders of Cambridge LLC.

(vi) During the year, the Company has allotted 51,820 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company at the face value of Rs 10 and the corresponding stock compensation adjustment of Rs 5,610,789 has been transferred to Securities premium account.

(vii) During the year, the Company has issued 6,158,986 equity shares of Rs 10 each at a premium of Rs 207 per share to Indopark Holdings Limited by redeeming the 5.22 % convertible bonds and corresponding premium of Rs 1,274 million has been transferred to Securities premium account. [Also refer 8(ii)].

(viii) As at March 31, 2008, out of the above, Scandent Holding Mauritius Limited ('SHML'), holding 68,307,557 Equity shares of the Company, is the holding company.

(ix) Particulars of employee stock option on unissued share capital have been specified in Note 31.

6 Reserves and surplus

	2008	2007
Capital reserve	5,700,900	5,700,900
Debenture Redemption Reserve [Refer Note (ii & iii) below]		
Balance, beginning of the year	90,000,000	129,786,577
Less: Transfer to General reserve on redemption of debentures	(90,000,000)	(39,786,577)
Balance, end of the year	-	90,000,000
Securities premium		
Balance, beginning of the year	587,133,676	506,195,370
Add: Share premium on Employee Stock Options exercised during the year [Refer Note 5(vi) and 6(vi)]	29,917,238	80,938,306
Add: Share premium on Allotment of Shares to Indopark Holdings Limited [Refer Note 5(vii)]	1,274,910,102	-
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(i) and 2.1.4]	(1,077,544,175)	-
Less: Share issue expenses	(1,336,500)	-
Balance, end of the year	813,080,341	587,133,676
Stock compensation adjustment [Refer Note 31]		
Gross balance, beginning of the year	58,849,613	131,458,144
Additions during the year	-	8,329,775
Less: Amount transferred to securities premium on exercise of options [Refer Note 5(vi) and 6(vi)]	(29,917,238)	(80,938,306)
Less: Amount transferred to share capital pending allotment	-	-
Less: Reversal on forfeiture of stock options granted	(225,720)	-
Balance, end of the year (gross)	28,706,655	58,849,613
Less: Deferred employee stock compensation expense [Refer Note (i) below]	(494,836)	(28,112,187)
Balance, end of the year (net)	28,211,819	30,737,426
General reserve [Refer Note 1 & 2]		
Balance, beginning of the year	-	9,631,642
Add: Transfer from Debenture redemption reserve	90,000,000	39,786,577
Less : Adjustment for employee benefits provision, net of deferred tax of Rs Nil (2007 -- Rs 3,562,067)	-	(11,528,345)
Less : Expenses incurred towards Cambridge-India Merger Scheme [Refer Note 2.1.6]	(9,667,708)	-

		2008	2007
Less : Debit balance of Profit and Loss account [Refer Note (v) below]		-	(37,889,874)
		80,332,292	-
Addition during the year, pursuant to revaluation of Investments [Refer Note 2.1.5(i)]	527,309,584		-
Less : Transferred to Profit and loss account as per the Scheme [Refer Note 2.1.5(ii)]	(38,356,056)	488,953,528	-
Balance, end of the year		569,285,820	-
Profit and Loss account	(30,247,715)		
Less : Adjustment pursuant to merger of Matrixone with the Company [Refer Note 2.1.1]	(7.164,285)	(37,412,000)	-
		1,378,866,880	713,572,002

(i) Deferred employee stock compensation expense [Refer Note 31]

	2008	2007
Stock compensation expense outstanding at the beginning of the year	28,112,187	62,554,248
Addition during the year	-	8,329,775
Less: Stock Compensation expense amortised during the year	(21,118,996)	(42,771,836)
Less: Forfeitures	(225,720)	-
	6,767,471	28,112,187
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]	(6,272,635)	-
Closing balance of deferred employee stock compensation expense	494,836	28,112,187

(ii) As discussed in Note 8(i), on August 1, 2002, the Company had issued 11 per cent Debentures amounting to Rs 150 million repayable at par at the end of 5 years from the date of issuance. During the previous year, the Company had redeemed debentures amounting to Rs 60 million and the excess of debenture redemption reserve over the balance of debentures of Rs 39.7 million has been transferred to General reserve. Further, during the year the Company has redeemed the entire debentures outstanding, amounting to Rs 90 million. Accordingly, upon redemption of debentures, balance in debenture redemption reserve is transferred to General reserve.

(iii) As discussed in Note 8(ii), the Company has issued Rs 1,336.50 million 5.22 per cent Convertible Bonds to be redeemed by issue of equity shares at the end of 18 month period. In accordance with the clarification of Department of Company affairs vide circular no. 6/3/2001 - CL.V. The Company had not created Debenture Redemption Reserve. During the year, the Company has redeemed these bonds by issue of equity shares. [Refer note 5(vii) and 8(ii)].

(iv) Pursuant to Cambridge Merger Scheme, stock compensation adjustment of Rs 121.26 million towards Awards granted by Cambridge LLC under the Cambridge Equity Plan has been transferred to the Company, to be amortised over the remaining vesting period. Accordingly, during the year, the Company has recorded stock compensation expense of Rs Nil (2007 -- Rs 33.64 million), net of Rs 17.40 million (2007 -- Rs Nil) adjusted pursuant to Cambridge-India Merger Scheme [Refer note2.1.3(ii)].

(v) During the previous year General reserves balance of Rs 37.89 million has been deducted by the Debit balance of Profit and Loss account.

(vi) During the year, the employee stock compensation cost of Rs 24 million (2007 -- Rs 49 million) pertaining to Restricted units of Cambridge LLC [Refer note 31 (v)] has been transferred to Securities premium account.

	2008	2007
7 Secured loans		
From Banks:		
Cash Credit facility	35,329,425	35,230,574
Working Capital Facility	405,409,755	439,973,797
External Commercial Borrowings	-	76,282,500
Term loan from Banks	178,411,457	364,557,291
	619,150,637	916,044,162
From Others:		
Loans for purchase of fixed assets	12,203,615	13,996,445
Finance lease obligation	-	252,800
	12,203,615	14,249,245
	631,354,252	930,293,407

(i) On May 15, 2005, the Company entered into a letter of arrangement for a cash credit facility with UTI Bank for a tenor of one year, which was subsequently renewed on March 20, 2008 for a term of two months. As per the terms of the arrangement, UTI bank will provide cash credit upto Rs 35 million to meet the working capital requirement of the Company at an interest rate of the prevailing UTI prime lending rate minus 3 percent. The credit is secured by a first pari-pasu charge on all the current assets of the Company, both present and future, except receivable from Scandent USA (formerly Albion), first pari-pasu charge on the movable fixed assets of the Company, both present and future and personal guarantee of one Director, corporate guarantee of Cambridge UK and SHML. As of March 31, 2008, the Company has availed a loan of Rs 35 million (2007-- Rs 35 million) and the same is repayable within one year.

(ii) On March 24, 2005, the Company entered into a Working Capital Dollar loan agreement with EXIM Bank. As per the terms of the agreement, EXIM bank has sanctioned US$ 4 million to meet the Company's working capital requirements at interest rate of LIBOR (6 months) plus 300 basis points. The facility was to be repaid by the Company in bullet repayment at the end of two years from the date of draw down. During the year, the Company has renewed the facility for a further period of two years at an interest rate of LIBOR (6 months) plus 325 basis points. The facility is secured by first pari-pasu charge on current assets of the Company including receivables, both present and future (excluding receivables from Scandent USA (formerly Albion)), collateral security by way of first pari pasu charge on all movable fixed assets of the Company, except those specifically charged, irrevocable and unconditional personal guarantee of one Director and irrecoverable corporate guarantee of Cambridge UK, Cambridge Singapore, Scandent USA (formerly Albion), CISIPL and SHML. As at March 31, 2008 the Company has availed the entire facility of Rs 160 million (US$ 4 million) [March 31, 2007 -- Rs 174 million (US$ 4 million)] and amounts repayable within one year is Rs Nil (2007-- Rs Nil).

(iii) On December 14, 2006, Yes Bank Ltd has sanctioned an overdraft of Rs 50 million to meet the working capital requirements of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari pasu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable Corporate Guarantee of SHML. As at March 31, 2008 the Company has availed facility of Rs 47 million (2007 -- 50 million) and the same is repayable within one year.

(iv) On January 16, 2007, State Bank of India had sanctioned Export Packing Credit facility of Rs 220 million equivalent US$ Loan to meet the working capital requirements of the Company at an interest rate of 6 month Libor plus 1% for a period of 12 months. The loan is secured by way of hypothecation of all the receivable, present and future on pari pasu charge with EXIM bank, UTI Bank and Yes Bank, and Corporate Guarantee of SHML. The loan is repayable on demand. As at March 31, 2008, the Company has fully availed the facility and the balance outstanding is Rs 198 million (2007 -- Rs 215 million.).

(v) On December 15, 2004, the Company availed External Commercial Borrowings of US$ 2.75 million from CTB to finance investment in Scandent USA, at an interest rate of six months LIBOR plus 175 basis points. The loan is repayable at the end of 36 months in a single bullet installment. The loan is secured by exclusive charge by way of hypothecation of all the receivables of the Company both present and future arising from its operations in USA, personal guarantee of one of the Director, corporate guarantee of Scandent USA (formerly Albion), corporate guarantee of SHML and exclusive charge of the movable fixed assets of the Company procured from the part of loan proceeds. As of March 31,2007, the Company had availed Rs 76 million (US$1.75 million) which was fully repaid in December 2007.

(vi) On December 31, 2004, UTI Bank has sanctioned loan facility of Rs 247 million to meet its normal operation & capital expenditure requirements, at an interest rate of prime lending rate minus 4% per annum. As per the agreement, the loan was repayable in five equal half yearly installment of Rs 49.5 million each commencing from February 2007. Subsequently, the Company had renegotiated the terms of repayment to thirty two equal installments payable monthly from July 2006. The loan is secured by first pari pasu charge on all current assets and movable fixed assets of the Company, both present and future, except receivable of Scandent USA (formerly Albion), and collateralsecurity by way of unconditional personal guarantee of one Director and corporate guarantee of Cambridge UK and SHML. Further, the Company is required to maintain liquidity reserve equivalent to one installment as a fixed deposit with the Bank. As at March 31, 2008, the Company had fully availed the loan and had repaid twenty one installments. The balance outstanding as on March 31, 2008 is Rs 85 million (2007 -- Rs 178 million). The amount repayable within one year as on March 31, 2008 is Rs 85 million (2007 -- Rs 92.82 million).

(vii) On March 23, 2006, Yes Bank Ltd had sanctioned a loan of Rs 280 million to repay some of the existing loans of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari pasu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of SHML. The loan is to be repaid in twelve equal quarterly installments without moratorium from June 2006. As at March 31, 2008, the Company has availed the entire facility and has repaid eight installments. The balance outstanding as on March 31, 2008 is Rs 93 million (2007 -- Rs 187 million). The amount repayable within one year as of March 31, 2008 is Rs 93 million (2007 -- Rs 93 million).

(viii) On September 12, 2007, Yes Bank Ltd had sanctioned a short term loan of Rs 120 million at an interest rate of 12% per annum to meet its working capital requirements. The loan was secured by way of first pari pasu charge on the current assets, movable fixed assets and receivable of the Company, both present and future and by corporate guarantee of SHML. The loan was repayable within a period of six months. During the year, the Company had availed the entire facility and has fully repaid the loan on January 4, 2008.

(ix) On April 24,2007 a short term loan was taken from Infrastructure Leasing and Financial Services Limited ('IL&FS') of Rs 220 million at an interest rate of 16 % to finance the working capital requirements of the Company. The loan is to be repaid as a bulle the end of 6 months. The Loan is secured by way of hypothecation of receivables of the Company and corporate guarantee of SHML. As per the terms of the loan, the proceeds from the sale of Government business of Scandent USA (formerly Albion) will be utilized to make the repayment of the loan. The entire facility has been repaid amount on April 30, 2007.

(x) The Company has obtained vehicles under a financing arrangement. The loan is repayable over two to four years and are secured by assets taken against these loans. As at March 31, 2008, Rs 12 million (2007 -- Rs 14 million) was outstanding against the financing arrangements and the amount repayable within one year is Rs 5.3 million (2007 -- Rs 5.2 million).

(xi) The Company obtained computers and office equipment on finance lease. These leases range for a period of two to three years and are secured by the assets acquired under these leases. During the year, the Company has fully repaid the outstanding amount as on March 31, 2007.

		2008	2007
8	**Unsecured loans**		
	Nil (2007 -- 900,000), 11 per cent Debentures of Rs 100 each	-	90,000,000
	5.22 per cent Convertible Bonds	-	1,336,500,000
		-	1,426,500,000

(i) On August 1, 2002, the Company issued 1,500,000, 11 per cent debentures pursuant to the agreement entered into for acquisition of rights to a contract to render software services for a specified term to a particular customer. The debentures are repayable at par at the end of five years from the date of issuance. Interest on the debentures is payable at annual rests. In April 2006, the Company has redeemed debentures of Rs 60 million before its maturity. Further, during June 2007, the outstanding debentures of Rs 90 million have also been redeemed before its maturity and the Company had also obtained a waiver of interest payable of Rs 20.19 million.

(ii) On March 14, 2006, the Company issued convertible bonds of Rs 1,337 million to Indopark Holdings Limited carrying a coupon rate of 5.22 per cent per annum, net of income tax deducted at source, payable in advance. The bonds are convertible into fully paid equity shares not later than 18 months from the date of allotment at a conversion price of Rs 217 per equity share (i.e. a premium of Rs 207), such price being derived as per SEBI guidelines. During the year the Company redeemed the 5.22% convertible bonds by issuing 6,158,986 equity shares of Rs 10 each at a premium of Rs 207 per share to the Indopark Holdings Limited.

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9. Fixed assets

	Gross Block (at cost)				Depreciation				Net Block	
	As at April 1, 2007	Additions	Deletions	As at March 31, 2008	As at April 1, 2007	For the year	Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Leasehold Improvements	14,873,698	-	-	14,873,698	14,873,698	-	-	14,873,698	-	-
Computers	133,145,245	9,335,576	11,497,478	130,983,343	107,059,421	15,485,106	11,492,451	111,052,076	19,931,267	26,085,824
Vehicles	23,011,641	10,718,330	10,118,515	23,611,456	9,105,280	6,946,970	4,921,378	11,130,872	12,480,584	13,906,361
Office Equipment	16,206,614	1,782,720	10,664	17,978,670	9,403,016	2,073,905	-	11,476,921	6,501,749	6,803,598
Furniture and fixtures	15,390,196	3,732,473	-	19,122,669	10,288,814	2,822,948	-	13,111,762	6,010,907	5,101,382
Total	**202,627,394**	**25,569,099**	**21,626,657**	**206,569,836**	**150,730,229**	**27,328,929**	**16,413,829**	**161,645,329**	**44,924,507**	**51,897,165**
Prior year	**247,902,495**	**37,145,038**	**82,420,139**	**202,627,394**	**190,392,582**	**36,211,204**	**75,873,557**	**150,730,229**	**51,897,165**	

(i) Computers and office equipment include assets taken under finance lease. The gross book value and net book value of such assets have been disclosed in table below.

	Gross Block (at cost)		Net Block	
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Computers	-	4,505,966	-	-
Office Equipments	-	808,300	-	241,826
	-	5,314,266	-	241,826

10. Intangible assets

	Gross Block (at cost)				Amortisation				Net Block	
	As at April 1, 2007	Additions	Deletions	As at March 31, 2008	As at April 1, 2007	For the Year	Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Computer Software	21,668,414	10,974,264	-	32,642,678	15,592,934	9,023,848	-	24,616,782	8,025,896	6,075,480
Total	**21,668,414**	**10,974,264**	**-**	**32,642,678**	**15,592,934**	**9,023,848**	**-**	**24,616,782**	**8,025,896**	**6,075,480**
Prior year	**14,615,861**	**7,052,553**	**-**	**21,668,414**	**5,862,985**	**9,729,949**	**-**	**15,592,934**	**6,075,480**	

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		2008		2007
11 Investments (Unquoted, at cost, unless otherwise stated, fully paid-up)				
Non-trade(Long term):				
215,000 (2007 -- 215,000) Equity Shares of Rs 10 each in Globsyn Technologies Ltd		8,600,000		8,600,000
Less : Provision for diminution in value of investment		(8,600,000)		(8,600,000)
In Subsidiary Companies (Long term):		-		-
2,300,000 (2007 - 2,300,000) Ordinary shares of Singapore Dollar 1 each in Cambridge Singapore		678,150		678,150
2,664,278 (2007- 906367) Ordinary share of GBP 1 each in Cambridge UK [Refer note 11 (i)]		222,193,797		79,008,797
8,073,267 (2007 - 8,073,267) Shares of USD 1 each in Scandent USA (formerly Albion) [Refer Note 11 (ii)]	810,629,786		810,629,786	
Less: Provision for diminution in value of investment [Refer note 11 (ii) below]	(445,690,159)		(445,690,159)	
	364,939,627			364,939,627
2,760,000 (2007 - 2,760,000) Common stock of USD 0.001 each in Scandent USA [Refer note 11 (ii)]	78,106,953			78,106,953
Advance paid towards purchase of Shares in Scandent USA [Refer Note 11 (ii)]	233,742,832	676,789,412		233,742,832
Nil (2007 - 49,990) Equity shares of Rs 10 each in Matrix One India Ltd ('Matrix one') [Refer note 11(iii)]		-		400,001
Euro 25,600 (2007- Euro 25,600) share capital in Scandent Germany	452,100		452,100	
Less : Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note 11 (iv)]	(452,100)	-	-	452,100
12,000 (2007 - 12,000) Common shares of USD 1 each in Indigo Market Ltd. Bermuda ('IM Bermuda')	109,620,316		109,620,316	
Less : Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note 11 (iv)]	(109,620,316)	-	-	109,620,316
100 (2007 - 100) Ordinary shares of Australian Dollar 0.05 each in Cambridge Australia	240,625,000		240,625,000	
Add : Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note 11 (iv)]	637,382,000	878,007,000	-	240,625,000
1,000 (2007 - 1,000) common units of USD 0.01 each in CISGI [Refer Note 11 (v) below]	2,384,375,000		2,384,375,000	
Less: Adjustment to the value of investment pursuant to the Cambridge Merger Scheme [Refer note 11(v)a]	(1,925,400,000)		(1,925,400,000)	
Less: Adjustment to the value of investment pursuant to the Cambridge-India Merger Scheme [Refer note 11 (v)b]	(458,975,000)	-	-	458,975,000
Advance paid towards purchase of Shares in CISGI [Refer Note 11 (v) c below]	825,120,000		825,120,000	
Less: Adjustment to the value of investment pursuant to the Cambridge-India Merger Scheme [Refer note 11 (v)b]	(573,084,928)	252,035,072	-	825,120,000
6,285,620 (2007 - Nil) Equity shares of Rs 10 each and 178,449 (2007 - Nil) Equity shares of Rs 5 each in Cambridge Integrated Services India Private Ltd [Refer Note 11 (vi) below]		198,950,000		-
		2,228,653,431		2,391,668,776

(i) During the year the Company had made additional investment of Rs 143.18 million in Cambridge UK towards 17,57,911 shares which were allotted on May 9, 2007.

(ii) a) During the previous year, the Company made an additional investment of Rs. 234 million in Scandent USA. Further, on April 24, 2007, Scandent USA, merged into Albion Inc at a consideration equal to its book value of Rs. 312 million (including shares pending allotment of Rs 234 million). Subsequent to the merger, Albion Inc changed its name to Scandent Group Inc [hereafter referred to as Scandent USA (formerly Albion)]. The consideration for the merger, was to be received by the Company in the form of 1,856,795 equity shares of Scandent USA (formerly Albion) resulting in total investment in Scandent USA (formerly Albion) of 9,930,062 shares amounting to Rs 1,122,479,571. As at March 31, 2008, the Company is yet to receive 1,856,795 shares and accordingly continues to disclose investment in Scandent USA (formerly Albion), investment in Scandent USA and Advance paid towards purchase of shares in Scandent USA, separately under investments. Subsequently, on May 29, 2008, Scandent USA (formerly Albion) has issued 1,856,795 equity shares of USD 1 each to the Company.

b) Pursuant to the Scheme of Demerger of SSIT with the Company as at March 31, 2005, diminution in the value of investment amounting to Rs 445,690,159 was transferred to the Company. As at March 31, 2008, the accumulated losses in Scandent USA (formerly Albion) exceeded the share capital as at March 31, 2008. The management is confident of generating greater business, and improving profitability by utilising offshore work force and by bringing in cost efficiencies. Accordingly, management considers such diminution to be temporary in nature and has not provided for further diminution in the value of investments.

(iii) Pursuant to the Cambridge-India Merger Scheme, Matrixone India Limited merged with the Company at Nil consideration. Accordingly, the investment value has been reversed. [Also Refer Note 2.1.1]

(iv) Pursuant to the Cambridge-India Merger Scheme, the Company revalued its investments on the basis of fair valuation resulting in increase in value of investment in Cambridge Australia amounting to Rs 637,382,000 and decrease in value of investment in Scandent Germany and IM Bermuda amounting to Rs 452,100 and Rs 109,620,316 respectively. Also refer note 2.1.5(i).

(v) a) Pursuant to the Cambridge Merger Scheme, investment in Cambridge Australia and CISGI were transferred to the Company. Cambridge LLC had acquired these investments for a consideration of $121 million (or Rs 5,306 million) of which $61 million (or Rs 2,681 million) was paid by CISGI by taking a loan from a bank. Accordingly, investments have been recorded in the books of Cambridge LLC at $60 million (or Rs 2,625 million) and consequently, recorded by the Company at the same value. Further, in accordance with the terms of the Cambridge Merger Scheme, excess of net asset transferred to the Company over the par value of equity shares issued amounting to Rs 1,925 million has been utilised to reduce the carrying value of investments in CISGI.

b) Pursuant to Cambrigde-India Merger Scheme, Share premium as at October 1, 2007 has been reduced by Rs 1,032,059,928 with a corresponding adjustment to carrying value of investment in CISGI amounting to Rs 458,975,000 and reduction of advance paid towards purchase of Shares in CISGI amounting to Rs 573,084,928. [Refer Note 2.1.4]

c) During the previous year, the Company had made additional investment of Rs 825 million in CISGI. The Company had remitted $ 18 million to Scandent USA as unsecured loan which was subsequently transferred to CISGI and converted to investment in CISGI. As at March 31, 2008, these shares were pending allotment to the Company and has accordingly been disclosed as Advance towards purchase of share capital. Subsequent to the year end, in May 2008, these shares have been alloted and registered in the name of the Company.

(vi) On October 22, 2007, the Company purchased 6,285,620 Equity shares of Rs 10 each and 178,449 Equity shares of Rs 5 each in CISIPL from Processmind Holdings Mauritius Limited (a step-down subsidiary of the Company) ('PHML'), for a consideration of Rs 199 million. These shares were allotted to the Company during the year. Pursuant to the Cambridge-India Merger Scheme, CISIPL would merge with the Company with effect from April 1, 2008. [Refer Note 2.1.2].

12 Deferred Tax Asset (Refer Note 26)

	Deferred tax asset/(liability) as at April 1,2007	Transitional Adjustment for employees benefits	Current period credit/ (charge)	Deferred tax asset/(liability) as at March 31, 2008
Depreciation	21,866,708	-	(21,866,708)	-
Employee retirement benefits	8,140,604	-	(8,140,604)	-
	30,007,312	-	(30,007,312)	-
Previous year	30,831,200	3,562,067	(4,385,955)	30,007,312

13 Sundry debtors

	2008	2007
Debts outstanding for a period exceeding six months (Unsecured)		
Considered good	17,832,978	9,725,717
Considered doubtful	10,578,147	191,632,652
Other debts (Unsecured)		
Considered good	406,829,518	1,360,135,937
	435,240,643	1,561,494,306
Less : Provision for doubtful debts	10,578,147	191,632,652
	424,662,496	1,369,861,654

	2008	2007
Dues from companies under the same management		
Scandent USA (formerly Albion)	45,114,275	292,590,150
Indigo Markets Europe Ltd (‘IM Europe’)	2,633,688	14,083,594
Indigo Markets Singapore Pte Ltd (‘IM Singapore’)	599,851	28,602,762
Scandent Germany	-	7,538,607
Cambridge UK	258,420,718	300,591,440
Scandent USA	-	840,247,327
CISGI USA	11,047,708	13,967,980
IM Bermuda	-	769,361
Ecomm Solutions Corp	2,801,098	3,054,787
	320,617,338	1,501,446,008
Less: Provision for Doubtful debts	4,719,722	187,127,021
	315,897,616	1,314,318,987

(i) During the year, the Company received Rs 152 million (2007 -- Nil) from Scandent USA (formerly Albion), Rs 5 million (2007 -- Rs 19 million) from IM Europe and Rs 26 million (Rs 12 million) from IM Singapore against debtors which were provided for in July 2004 pursuant to the SSIT Merger Scheme and accordingly has written back provision for doubtful debts amounting to Rs 183 million (2007 --Rs 31 million).

14 Cash and bank balances

	2008	2007
Cash on hand	166,131	166,236
Balances with scheduled banks:		
-- Current accounts	51,527,221	2,757,731
-- Fixed deposit account	23,706,284	41,793,521
Balances with other banks		
-- Current accounts		
China Trust Commercial Bank	104,290	98,013
(Maximum balance held during the year: Rs 184,194,478 (2007 -- Rs 9,103,206))		
	75,503,926	44,815,501

(i) Fixed deposits include Rs 1 million (2007 - Rs 1 million) kept as margin money for the guarantee extended by a bank in favour of the Assistant Commissioner of Customs to procure capital assets without payment of duty and Rs 11 million (2007 - Rs 11 million) maintained as liquidity reserve as per the terms of the loan agreement with UTI bank (refer Note 7(vi)).

(ii) Current account balance and fixed deposit balance includes Rs 0.24 million (2007 -- Rs 0.24 million) and Rs Nil (2007 -- Rs 21 million), respectively received by preferential allotment of 5.22 per cent Convertible Bonds. [Refer Note 33]

		2008	2007
15	**Other Current Assets**		
	Unbilled revenues	107,017,450	12,398,218

		2008	2007
16	**Loans and advances (Unsecured)**		
	Considered good		
	Dues from related parties		
	Loans and advances	1,028,032,065	462,541,589
	Expenses receivable	44,846,758	62,105,685
		1,072,878,823	524,647,274
	Advances recoverable in cash or kind or for value to be received	25,301,881	53,359,539
	Deposits	55,218,385	46,934,739
	Advance tax	34,012,701	18,718,311
		1,187,411,790	643,659,863
	Considered doubtful		
	Dues from related parties		
	Loans and advances	741,375,287	741,375,287
	Less: Provision for doubtful loans & advances	(741,375,287)	(741,375,287)
		-	-
		1,187,411,790	643,659,863

(i) As at March 31, 2008, the entire loans and advances balance of Rs 1,814 million (2007 -- Rs 1,266 million) due from related parties is interest free and repayable on demand.

(ii) Pursuant to the Cambridge-India Merger Scheme, the Company has withdrawn Rs 38.36 million from General reserve and adjusted the same against the receivables from Atindia and Seabulk.

Dues from companies under the same management:	Maximum amountv due at anytime during the year	Balance as at March 31, 2008
Scandent USA (formerly Albion)	1,650,147,800	1,630,238,253
CISIPL	114,864,589	76,367,174
Cambridge Australia	10,962,762	10,962,762
Cambridge Singapore	271,836	271,836
Cambridge UK	73,245,830	64,052,353
Cambridge Solutions Pty Ltd., Australia	1,155,994	1,139,803
CISGI	22,126,092	22,126,090
IM Bermuda	445,583	445,583
IM Europe	6,572	6,572
Nexplicit Infotech India Pvt Ltd	20,647,281	8,643,684
Scandent USA	397,859,381	-
		1,814,254,110
Less: Provision for Doubtful loans and advances		741,375,287
		1,072,878,823
Dues from other related parties		
Atindia Management Services Private Limited (‘Atindia’)	4,639,993	-
Seabulk Software India Private Limited (‘Seabulk’)	33,716,063	-
Dues from SHML	5,758,617	-

	Maximum amount due at anytime during the year	Balance as at March 31, 2007
Dues from companies under the same management:		
Scandent USA (formerly Albion)	682,447,009	682,289,290
CISIPL	91,293,534	19,304,652
Cambridge Singapore	23,705,128	23,705,128
Cambridge UK	84,362,204	84,362,204
CISGI	1,038,837	1,038,837
IM Bermuda	158,450	158,450
IM Europe	6,572	6,572
Matrixone	24,223,899	13,744,975
Nexplicit Infotech India Pvt Ltd	1,240,000	1,240,000
Scandent USA	1,251,361,325	397,859,381
		1,223,709,489
Less: Provision for Doubtful loans and advances		741,375,287
		482,334,202
Dues from other related parties		
Atindia Management Services Private Limited	4,639,993	4,639,993
Seabulk Software India Private Limited	33,716,063	33,716,063
Dues from SHML	6,228,901	3,957,017

17 Current liabilities

	2008	2007
Sundry creditors	127,598,028	131,158,777
Dues to related parties		
- Advances received	34,691,404	8,841,555
- Expenses payable	411,360,953	171,296,641
- Others	161,878,500	-
Interest accrued but not due		
- on 11 per cent debentures	-	20,190,616
- on loans	2,706,240	1,873,171
Advance from customers	110,368,914	96,723,675
Other liabilities	19,506,155	21,650,367
	868,110,194	451,734,802

(i) As at March 31, 2008, based on the information available with the Company, there are no dues to suppliers who are registered as micro, small or medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

(ii) Amounts due to related parties include Rs 161,878,500 payable to Processmind Holdings Mauritius Limited towards acquisition of shares of CISIPL.

	Balance as at March 31, 2008	Balance as at March 31, 2007
Dues to related parties		
Scandent USA (formerly Albion)	198,609,836	-
Cambridge Singapore	55,913,050	12,710,080
Cambridge UK	155,897,615	55,140,812
IM Bermuda	42,887	46,772
IM Singapore	1,103,470	1,094,278
Process Mind Inc	161,878,500	-
Scandent Germany	34,485,499	31,779,789
Scandent USA	-	79,366,465
	607,930,857	180,138,196

18 Provisions

Provision for taxation	48,127,572	38,859,101
Provision for gratuity	18,334,515	13,516,926
Provision for compensated absences	25,868,476	26,202,344
	92,330,563	78,578,371

(i) Movement during the year (Figures in brackets are in respect of previous year)

Description	Opening Balance	Transitional adjustment for employee benefits	Charge during the year	Used during the year	Closing Balance
Provision for Gratuity	**13,516,926**	**-**	**6,525,977**	**1,708,388**	**18,334,515**
	(12,109,834)	(-)	(3,731,139)	(2,324,047)	(13,516,926)
Provision for compensated absences	**26,202,344**	**-**	**2,981,226**	**3,315,094**	**25,868,476**
	(7,373,677)	(15,090,412)	(7,771,916)	(4,033,661)	(26,202,344)

19 Miscellaneous Expenditure

	2008	2007
Deferred interest on 11 per cent debentures	984,000	6,560,000
Less: Amortised during the year [Refer Note 24]	(984,000)	(5,576,000)
	-	984,000
Deferred upfront/processing fee for loans	20,825,483	14,402,509
Add : Upfront/processing fee incurred during the year	21,396,816	17,455,406
Less: Amortised during the year [Refer Note 24]	(39,252,911)	(11,032,432)
	2,969,388	20,825,483
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]	(966,605)	-
	2,002,783	20,825,483
	2,002,783	21,809,483

20 Revenues

	2008	2007
Revenue from software development and related services		
- Time and material contracts	1,459,285,477	1,505,792,202
- Fixed price contracts	232,487,461	148,164,642
- Annual maintenance contracts	74,123,774	46,231,149
- Commission	15,584,903	8,548,763
- Licence Sale	867,762	353,015
	1,782,349,377	1,709,089,771

			2008	**2007**
21	**Other income**			
	Interest - Bank deposits		2,853,494	10,641,423
	(Gross of Tax deducted at source of Rs 648,495 [2007-- Rs 2,418,408])			
	Miscellaneous Income		47,606	2,402,809
	Amounts written back		21,088,701	4,822,990
			23,989,801	17,867,222
22	**Employee Costs**			
	Salaries, allowances and bonus		499,977,823	423,151,310
	Contribution to provident fund		23,310,465	23,554,198
	Gratuity and leave encashment		9,507,203	11,503,055
	Employee stock compensation expense [Refer Note 31]		21,118,996	42,771,836
	Staff welfare		26,095,250	13,357,951
	Recruitment and relocation		19,554,474	11,622,523
			599,564,211	525,960,873
	Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]		(17,402,129)	-
			582,162,082	525,960,873
23	**Other Operating Cost**			
	Project work expense			
	- subsidiaries		698,586,428	802,356,532
	- non-subsidiaries		73,364,580	31,842,374
	Travel		90,903,333	82,740,001
	Rent		59,344,788	46,854,558
	Communication		28,428,879	27,410,475
	Power and fuel		21,177,404	20,325,413
	Insurance		2,613,660	3,248,342
	Rates and taxes		738,670	1,047,936
	Repairs and maintenance			
	-- Computer equipment		7,103,777	6,433,665
	-- Others		9,793,296	7,118,440
	Legal & professional		21,902,313	34,558,491
	Printing & stationery		3,118,672	4,076,402
	Business promotion		2,368,517	3,562,952
	Exchange loss /(gain), net		116,623,644	7,095,914
	Directors' Sitting Fees		289,348	460,000
	(Profit) /loss on sale of fixed assets		(1,234,917)	(3,949,214)
	Provision for bad and doubtful debts (net) (Refer Note 13(i))		(181,054,505)	(31,030,834)
	Amounts written off	38,356,056		
	Less: Amount withdrawn from General reserve [Refer Note 2.1.5(ii)]	(38,356,056)	-	-
	Miscellaneous		8,474,401	10,428,378
			962,542,288	1,054,579,825
24	**Finance cost**			
	Interest on 11 per cent debentures		1,128,994	10,315,982
	Interest on 5.22% Convertible Bonds		40,117,430	88,203,890
	Amortization of deferred interest on 11% debentures [Refer Note 19]		984,000	5,576,000
	Amortization of loan arrangement and processing fees		39,252,911	11,032,432
	Interest - others		80,995,019	78,102,722
	Bank charges		1,763,679	4,712,973
			164,242,033	197,943,999
	Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]		(20,842,878)	-
			143,399,155	197,943,999

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25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
(i)	Cambridge Integrated Services India Private Limited	Subsidiary company	Reimbursement for use of office facilities and other office services such as maintenance, communication expenses, etc. (net balance)	(822,395)	-	(3,237,396)	-
			Unsecured loan given / Payments for reimbursements	111,875,000	-	152,550,000	-
			Unsecured loan taken	-	-	(48,000,000)	-
			Payments received against loan and advances	(64,100,000)	-	(82,307,000)	-
			Revenue from software development and related services	19,425,174	-	-	-
			Loans & advances	-	76,367,174	-	19,304,652
			Guarantees given by the related party	-	-	-	174,360,000
			Guarantees taken by the related party	-	81,367,397	-	80,000,000
(ii)	Atindia Management Services Private Limited	Company in which a Director of the Company is interested	Write off of loans & advances pursuant to Cambridge-India Merger Scheme (refer Note 2.1.5(ii))	(4,639,993)	-	-	-
		(till January 13, 2006)	Loans & advances	-	-	-	4,639,993
(iii)	Matrixone	Subsidiary company	Charge for common cost incurred	-	-	22,884,658	-
			Expenses paid on behalf of the Company	-	-	(7,010,189)	-
			Expenses receivable	-	-	-	13,744,975
(iv)	Scandent USA	Subsidiary company	Project work expenses	(46,571,795)	-	(668,700,430)	-
			Expenses paid on behalf of the related party	-	-	5,790,637	-
			Advance towards purchase of shares	-	-	233,742,832	233,742,832
			Revenue from software development and related services	60,896,053	-	1,000,548,576	-
			Provision for doubtful advances	-	-	-	(91,760,000)
			Provision for doubtful debts	-	-	(6,596,474)	(11,148,461)
			Debtors	-	-	-	840,247,327
			Loans & advances	-	-	-	382,505,300
			Expenses receivable	-	-	-	15,354,081
			Expenses payable	-	-	-	(79,366,465)
			Guarantees given by the related party	-	-	-	250,642,500

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25 Related Party Disclosures *(Contd.)*

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
(v)	Cambridge UK	Subsidiary company	Expenses paid on behalf of the related party	337,535	-	1,470,574	-
			Revenue from software development and related services	352,861,480	-	327,165,398	-
			Project work expenses	(137,805,956)	-	(120,214,559)	-
			Expenses paid on behalf of the Company	-	-	(79,718)	-
			Investment made	143,185,000	-	77,652,500	-
			Debtors	-	258,420,718	-	300,591,440
			Provision for doubtful debts	-	(167,736)	889,566	(167,736)
			Expenses receivable	-	2,412,642	-	2,249,194
			Loans & advances	-	61,639,711	-	82,113,010
			Expenses Payable	-	(155,897,615)	-	(55,140,812)
			Guarantees taken by the related party	-	7,993,000	-	-
			Guarantees given by the related party	-	280,287,550	-	387,481,199
(vi)	Cambridge Singapore	Subsidiary company	Expenses paid on behalf of the related party	5,808,737	-	10,953,242	-
			Expenses paid on behalf of the Company by the related party	(2,303,783)	-	(640,711)	-
			Revenue from software development and related services	26,862,366	-	2,480,789	-
			Project work expenses	(14,085,501)	-	-	-
			Advance Received	-	(34,691,404)	-	(8,841,555)
			Loans & advances	-	271,836	-	269,571
			Expenses receivable	-	-	-	23,435,557
			Expenses Payable	-	(21,221,646)	-	(3,868,525)
			Guarantees given by the related party	-	159,880,000	-	174,360,000
(vii)	CISGI, USA	Subsidiary company	Revenue from software development and related services	59,729,471	-	14,107,531	-
			Expenses paid on behalf of the related party	22,109,767	-	1,049,216	-
			Investment made	-	-	825,120,000	-
			Debtors	-	11,047,708	-	13,967,980
			Expenses receivable	-	22,126,090	-	1,038,837
			Guarantees taken by the related party	-	1,370,171,600	-	1,503,863,100
(viii)	Scandent Germany	Subsidiary company	Revenue from software development and related services	-	-	8,232,054	-
			Project work expenses	-	-	(13,263,641)	-

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25 Related Party Disclosures *(Contd.)*

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
			Debtors	-	-	-	7,538,607
			Expenses Payable	-	(34,485,499)	-	(31,779,789)
(ix)	Scandent USA (formerly Albion)	Subsidiary company [refer Note 11 (ii)]	Project work expenses	(488,119,579)	-	-	-
			Revenue from software development and related services	824,898,591	-	68,837,725	-
			Expenses paid on behalf of the related party	2,699,767	-	2,227,832	-
			Unsecured loan given	587,367,000	-	-	-
			Debtors	-	45,114,275	-	292,590,150
			Provision for doubtful debts	-	(4,551,986)	-	(145,644,773)
			Expenses payable	-	(198,609,836)	-	-
			Expenses receivable	-	18,716,066	-	2,161,003
			Loans & advances	-	1,611,522,187	-	680,128,287
			Provision for doubtful loans and advances	-	(741,375,287)	-	(649,615,287)
			Guarantees given by the related party	-	159,880,000	-	174,360,000
			Guarantees taken by the related party	-	399,700,000	-	490,387,500
(x)	IM Bermuda	Subsidiary company	Revenue from software development and related services	-	-	-	-
			Expenses paid on behalf of the related party	405,285	-	-	-
			Project work expenses	-	-	-	-
			Expenses Payable	-	(42,887)	-	(46,772)
			Expenses receivable	-	445,583	-	158,450
			Debtors	-	-	-	769,361
(xi)	IM Singapore	Step-down Subsidiary (Subsidiary of IM Bermuda)	Debtors	-	599,851	-	28,602,762
			Provision for doubtful debts	25,640,633	-	12,693,710	(25,640,633)
			Expenses Payable	-	(1,103,471)	-	(1,094,278)
			Guarantees given by the related party	-	-	-	178,440,000
(xii)	IM Europe	Step-down Subsidiary (Subsidiary of IM Bermuda)	Revenue from software development and related services	-	-	775,539	-
			Project work expenses	-	-	(383,719)	-

25 Related Party Disclosures *(Contd.)*

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
			Debtors	-	2,633,688	-	14,083,594
			Provision for doubtful debts	4,525,418	-	19,918,022	(4,525,418)
			Expenses receivable	-	6,572	-	6,572
(xiii)	Scandent Mauritius	Company in which a Director of the Company is also a Director & shareholder (refer note (i))	Guarantees given by the related party	-	-	-	789,482,465
(xiv)	Seabulk Software India Private Limited	Company in which a Director of the Company is interested	Write off of loans & advances pursuant to Cambridge-India Merger Scheme (refer Note 2.1.5(ii))	(33,716,063)	-	-	-
		(till January 13, 2006)	Loans & advances	-	-	-	33,716,063
(xv)	Satyen Patel	Director	Guarantees given by the related party	-	280,287,550	-	463,763,699
(xvi)	Scandent Holdings Mauritius Ltd	Holding company	Expenses paid on behalf of the related party	1,801,600	-	6,228,901	-
			Expenses receivable	-	-	-	3,957,017
			Guarantees given by the related party	-	583,635,556	-	702,992,963
(xvii)	Ecomm Solutions Corp	Step-down Subsidiary	Revenue from software development and related services	-	-	3,095,434	-
		(Subsidiary of Scandent USA (formerly Albion))	Debtors	-	2,801,098	-	3,054,787
(xviii)	Nexplicit Infotech India Pvt Limited	Step-down Subsidiary	Expenses paid on behalf of the related party	3,965,445	-	-	-
		(Subsidiary of Ecomm Solutions Corp.)	Project work expenses	(12,003,597)	-	-	-
			Loans & advances	-	8,643,684	-	1,240,000
(xix)	Cambridge Solutions Pty	Step-down Subsidiary	Expenses paid on behalf of the related party	1,086,561	-	-	-

25 Related Party Disclosures *(Contd.)*

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
	Ltd, Australia	(Subsidiary of Cambridge Singapore)	Expenses receivable	-	1,139,803	-	-
(xx)	Cambridge Integrated Services Australia Pty Ltd	Step-down Subsidiary (Subsidiary of Cambridge Australia)	Guarantees taken by the related party	-	118,490,736	-	44,700,229
(xxi)	Cambridge Australia	Subsidiary Company	Unsecured loan given	10,962,762	-	-	-
			Loans & advances	-	10,962,762	-	-
			Guarantees taken by the related party	-	53,084,780	-	52,530,908
(xxii)	Processmind Holdings Mauritius Limited	Step-down Subsidiary	Purchase of shares of CISIPL	198,950,000	-	-	-
	[refer Note.11 (vi)]	(Subsidiary of CISGI)	Other payables	-	(161,878,500)	-	-

Notes

(i) During the year, Scandent Mauritius and SML have merged with SHML, the ultimate holing company.

(ii) During the year, the Company has recorded compensation cost of Rs Nil (2007 -- Rs 4 million) in respect of options granted to the employees of its subsidiaries and as at March 31, 2008, the deferred compensation cost is Rs Nil (2007 -- Rs Nil). Further, the Company has incurred Rs 17 million (2007 - Rs 34 million) towards the Cambridge Equity Plan (refer Note 2.1.3(ii) & 31(v)). The Company has not charged these costs to its subsidiaries.

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26 Provision for tax

The Company operates four units, two in Chennai and one each at Bangalore and Mumbai. The Bangalore unit is registered with the Software Technology Parks of India, Bangalore and is eligible to claim tax holiday for 10 years (up to the financial year 2008-09) under section 10A of the Income-tax Act, 1961 ('IT Act'). In Chennai, the Company has two units, one set up by it during 2002, which is not eligible to claim benefit under section 10A of the IT Act, and the second facility transferred to the Company as a result of demerger of IT division of SSI Limited ('SSI').The Company is in the process of obtaining the income tax records from SSI, with respect to the division, and has, accordingly, not considered it to be eligible for any tax benefits for determination of current tax charge.

The current tax charge reflects the tax liability determined under section 115JB of the Income-tax Act, 1961.

The Company has reversed the deferred tax asset as at March 31, 2007 amounting to Rs 30,007,312 and also not created deferred tax asset on carry forward losses as per its accounting policy.

27 Earnings / (loss) per share

	March 31, 2008	March 31,2007
Weighted average number of equity shares in calculating basic Earnings per share ('EPS') (A)	108,628,471	104,971,435
Weighted average number of potential equity shares under option during the year - (B)	67,999	-
Weighted average number of equity shares in calculating diluted EPS - (A+B)	108,696,470	104,971,435

28 Contingent liabilities and commitments

i. The Company has export obligations under the Software Technology Park (STP) scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfill the export obligation, it shall be liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at March 31, 2008, the Company has availed duty benefits amounting to Rs 26.19 million (2007 -- Rs 34.15 million) including the benefit availed by SSIT amounting to Rs 15.6 million (2007 – Rs 25 million). The Company expects to meet its commitment to earn the requisite revenue in foreign currency as stipulated by the STP regulations.

ii. As at March 31, 2008, Scandent USA (formerly Albion) and Scandent Germany, the subsidiary companies of Cambridge have negative net assets amounting to Rs 856 million (2007 -- Rs 915 million) and Rs 29 million (2007 -- Rs 24 million), respectively. Whilst the respective subsidiaries are confident of generating funds from their operations for the year ending March 31, 2009, the Company has committed to fund the shortfall, if any.

iii. On March 31, 2006, the Company received an assessment order for the Assessment year 2003-04 which included transfer pricing adjustment for arm's length price of Rs 126.33 million. The Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment and does not expect any liability on this account.

iv. During the previous year, the Company received an assessment order for the Assessment year 2004-05 which included transfer pricing adjustment for arms' length price of Rs 95.28 million. Consequently, an amount of Rs 5.82 million has been demanded as tax payable by the Company. As at the year end, the Company has paid Rs 2.81 million (2007 – Rs 1.63 million) [Includes Rs 1.18 paid in the current year] of taxes and has made an application for stay of demand for the balance amount and penalty proceedings. Also, the Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment.

v. During the previous year, the Company had entered into a Bank Guarantee facility with Yes Bank for Rs 320 million plus variations on account of exchange rate fluctuations, for the purpose of issuance of standby letter of credit ('SBLC') by Yes Bank in favour of a correspondent bank in India for extending credit facilities to its subsidiaries. As at the year end, the Company has utilized Rs 343 million (2007 – Rs 293 million) of the facility towards SBLCs issued to secure facility extended to CISGI, USA and Cambridge Australia by a correspondent bank. In the event of default by the subsidiaries, the Company will need to indemnify Yes bank to the extent of the facility availed.

vi. The Company has given corporate guarantee for Rs 1,688 million (2007 -- Rs 1,635 million) in respect of loans taken by its subsidiaries from banks.

29 As at March 31, 2008, the Company has a net receivables (after eliminating payable) from Scandent USA (formerly Albion) and Cambridge UK, its wholly owned subsidiaries, of Rs 731 million (net of payable of Rs 199 million) (2007 – Rs 180 million) and Rs 166 million (net of payable of Rs 156 million) (2007 – Rs 330 million), respectively. The Company based on the future funding plans believes that these dues will be recovered /converted to equity in due course. [Also refer note 11(ii)].

30 Segment reporting

The Company is engaged in providing software development and related services, which forms the Company's only primary segment. Hence, no separate primary segment information is deemed necessary.

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the North Americas, Europe and Rest of the world as distinct geographical segments.

Following table details the distribution of the Company's revenues by geographical markets. All the other assets and liabilities of the Company are situated in India.

Geographic location		2008	2007
Revenues:			
	North America	1,164,189,926	1,110,732,962
	Europe	448,670,541	388,460,049
	Rest of the World	169,488,910	209,896,760
	Total	**1,782,349,377**	**1,709,089,771**

Fixed assets used by the Company's business or liabilities contracted have not been identified to any reportable geographical segments as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets are made.

31 Employee Stock Option Plan

(i) During the year ended March 31, 2004, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2004') for the grant of stock options to the employees of the Company and employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

During the year 2003-04, the Compensation Committee had granted 477,268 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 10. Further, during the previous year additional 15,017 shares were granted under the above scheme.

The options will vest with the employees in the following manner

- 75% of the options after twelve months from the grant date; and
- the remaining options after twenty-four months from the grant date.

The fair value of the equity shares has been determined by the management on the date of the grant for ESOP 2004 based on a valuation by an independent appraiser. As per the terms of the ESOP Plan 2004, the exercise price equals the face value of the equity shares of Cambridge, and accordingly the difference between the fair value and the exercise price has been recorded as compensation cost. During the year 12,017 options have been exercised (2007- 95,417) and 3,762 options were forfeited (2007- Nil). No options have been granted under the plan in the current year. With respect to the options granted during the previous year, the difference between the intrinsic value and the exercise price of Rs 515,781 (2007 – Rs 716,679) has been recorded as compensation cost during the year.

Following table details the movement of options for the plan mentioned above (i.e., ESOP Plan 2004)

Particulars	2008	2007
Options outstanding at the beginning of the year	15,824	96,224
Options granted during the year	-	15,017
Options forfeited during the year	3,762	-
Options exercised during the year	12,017	95,417
Options expired during the year	-	-
Options outstanding at the end of the year	45	15,824
Options exercisable at the end of the year	45	807

No options were granted during the year.

Following are the details of exercise price and the options for ESOP Plan 2004:

ESOP Plan 2004	Exercise price		Number of options outstanding		Weighted average remaining life of options (inYears)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Grant made during the year	10	10	45	15,017	1.00	2.63	10	10

The estimated weighted average fair value of options granted during the previous year was Rs 104.68 per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	NA	5.09% - 5.14%
Expected volatility of share price	NA	58.03%
Expected life of options granted (in years)	NA	3 – 3.5
Expected dividend yield	NA	Nil

NA – Not applicable.

Expected volatility has been determined using the history of trading price of the shares of the Company on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE') from March 10, 2005 to the date of the grant of the options.

(ii) Pursuant to the SSIIT Merger Scheme, the Company needs to issue and allot to every holder of options under Employees Stock Option Scheme 1999, Employees Stock Option Scheme 2000 and Employees Equity Option Plan 2001, being an employee of SSIIT, one option for one equity share of Cambridge against every option for one equity share of SSI held by him on the record date, aggregating to options for not more than 87,617 equity shares, except that the holder of an option to receive Global Depository Shares ('GDS') of SSI shall be entitled to one option for one equity share of Cambridge for every option for 10 GDSs of SSI held by him.

Accordingly, on November 10, 2004, the Board of Directors of Cambridge have approved SSIIT Services – Employees Stock Option Plan, 2004 ('ESOP II Plan 2004') for grant of options to the holder of options in SSI as on July 2, 2004, the Appointed Date. The Company has granted 70,892 options under the ESOP II Plan 2004 on November 10, 2004 to be exercised at a price of Rs 128.24, which approximates to the fair value of the options. The validity period of the Scheme shall be for a period of 84 months from the date of vesting. Based on the confirmation received from SSI, as at September 30, 2004, the options have been fully vested under the original stock option schemes. During the year, 39,734 options have been forfeited (2007 – 16,839) and no shares have been exercised (2007-- Nil).

Considering that the exercise price equals the fair value [i.e., the market value] of the equity shares of Cambridge, no compensation cost has been recorded by the Company.

Following table details the movement of options for the plan mentioned above (i.e., ESOP II Plan 2004)

Particulars	2008	2007
Options outstanding at the beginning of the year	43,634	60,473
Options granted during the year	-	-
Options forfeited during the year	39,734	16,839
Options exercised during the year	-	-
Options expired during the year	-	-
Options outstanding at the end of the year	3,900	43,634
Options exercisable at the end of the year	3,900	43,634

(iii) During the year ended March 31, 2006, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2005') for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2005, on May 27, 2005, 179,263 options have been issued under Program I at a grant price of Rs 10 and 384,473 options under Program II at grant price of Rs 172. During the previous year additional 5,737 shares were granted under Program I and 68,000 shares were granted under program II, under the above scheme.
The vesting period for Program one shall be one year from the date of grant and in a staggered manner for Program II, spread over two years as follows:-

- 40% of the options one year from the date of grant
- 60% of the options two years from the date of grant

The difference between the market value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded compensation cost of Rs Nil (2007 -- Rs 5,153,010). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the year 15,803 options were exercised (2007 -- 164,197) and 49,000 options were forfeited (2007 -- 304,973).

Following table details the movement of options for the two plans mentioned above (i.e ESOP I Plan 2005 and ESOP II Plan 2005)

Particulars	2008		2007	
	No of shares	Weighted average exercise price (Rs)	No of shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	168,303	128.28	563,736	120.48
Options granted during the year	-	-	73,737	105
Options forfeited during the year	49,000	172	304,973	172
Options exercised during the year	15,803	10	164,197	10
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	103,500	125.51	168,303	128.28
Options exercisable at the end of the year	103,500	125.51	46,866	119.92
Weighted average remaining contractual life (in Years)	1.45	-	3.01	-
Weighted average fair value of options	-	74.13	-	86.77

The estimated weighted average fair value of options granted during the year is Rs Nil per share (2007 -- Rs 86.77). This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	NA	5.19% - 5.25%
Expected volatility of share price	NA	58.03%
Expected life of options granted (in years)	NA	4 – 4.5
Expected dividend yield	NA	Nil

NA- Not Applicable.

Expected volatility has been determined using the history of trading price of the shares of the Company on NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2005:

ESOP Plan 2005	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Program I	10	10	5,000	20,803	1.17	2.53	10	10
Program II	113.15 – 172	113.15 - 172	98,500	147,500	1.47	3.08	131	144.87

(iv) During the year ended March 31, 2007, the Board of Directors approved the Employee Stock Option Plan (‘ESOP Plan 2006’) for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2006, during the previous year, 60,000 options have been issued under Program I at a grant price of Rs 10 and 2,057,946 options under Program II at a grant price equivalent to the market value of the shares on the date of grant. Further, during the year additional 1,870,000 shares were granted under Program II, under the above scheme. The vesting period for Program one shall be one year from the date of grant and in a staggered manner for Program II, spread over three years as follows:-

- 33.33% of the options one year from the date of grant
- 33.33% of the options two years from the date of grant
- 33.34% of the options three years from the date of grant

The difference between the intrinsic value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded compensation cost of Rs 2,916,460 (2007-3,272,540). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the year, 24000 options were exercised (2007-- Nil) and 1,247,000 options were forfeited (2007-- Nil).

Following table details the movement of options for the two plans mentioned above (i.e ESOP I Plan 2006 and ESOP II Plan 2006)

Particulars	2008		2007	
	No. of Shares	Weighted average exercise price (Rs)	No. of Shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	2,117,946	117.22	-	-
Options granted during the year	1,870,000	87.01	2,117,946	117.22
Options forfeited during the year	1,247,000	120.34	-	-
Options exercised during the year	24,000	10	-	-
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	2,716,946	96.05	2,117,946	117.22
Options exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in Years)	3.61	-	4.08	-
Weighted average fair value of options granted	-	51.05	-	63.78

The estimated weighted average fair value of options granted during the year is Rs 40.77 per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	7.26%-7.76%	5.19%-5.25%
Expected volatility of share price	52.77%	58.03%
Expected life of options granted (in years)	4-5	4-5
Expected dividend yield	Nil	Nil

Expected volatility has been determined using the history of trading price of the shares of the Company on the NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2006:

ESOP Plan 2006	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Program I	10	10	36,000	60,000	2.5	3.5	10	10
Program II	56.90 – 140.35	113.15 – 140.35	2,680,946	2,057,946	3.62	4.09	97.2	120.35

Had the Company recorded compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by Rs 34.8 million (2007-- Rs 12.6 million) and the profit after tax would have been lower by the same amount, consequently, the revised earnings per share would have been as follows:

Earnings per share	(Amount in Rs)	
	2008	2007
Basic	0.08	(1.25)
Diluted	0.08	(1.25)

(v) As referred to in Note 1, Cambridge LLC had introduced a Management Equity Plan for certain key employees, independent contractors and its Affiliates through the grant of Restricted Units of common membership interests of Cambridge LLC. Under this plan, 8,229 Awards were awarded, to be vested as per the terms of the Plan.

Of the total Awards, 4,778 Non-performance units were issued effective December 1, 2004 and 3,451 Performance units were issued effective January 1, 2005. Non-performance units vest in equal installments of 25 per cent on each of the first four anniversaries of the date of grant (December 1, 2004) subject to continued employment and the occurrence of a liquidity event. The date of grant for performance units is January 1, 2005 and vest on January 1, 2006, 2007, 2008 and 2009.

Pursuant to the Cambridge Merger Scheme, 583 fully paid equity share of Rs 10 each of the Company are to be issued for every Award held in Cambridge LLC. Such shares to be issued by the Company in lieu of the Awards to be deposited by the Award holders with an independent Escrow agent to be released on fulfillment of the conditions mentioned in the Plan.

The fair value of the equity shares has been determined by the management on the date of the grant of such Awards to be US$ 3.30 million (Rs 144 million). The exercise price for such Awards is Nil and accordingly, the fair value of such Awards has been recorded as compensation cost. Till March 31, 2005, the compensation expense of US$ 0.53 million (Rs 23.36 million) had been recorded by Cambridge LLC. The remaining stock compensation adjustment of US$ 2.77 million (Rs 121 million) will be recorded by the Company over the remaining vesting period. During the year, the Company has recorded stock compensation expense of Rs 17.4 million (2007 -- Rs 34 million) and the same is adjusted against the share premium as per the Cambridge-India Merger Scheme.

32 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded as at March 31, 2008 and hence the disclosures with respect to plan assets as per Accounting Standard 15 are not applicable to the Company.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense (recognised in profit and loss account):

	Gratuity	
	2008	**2007**
Current service cost	4,100,075	3,989,058
Interest cost on benefit obligation	1,013,304	875,826
Net actuarial(gain) / loss recognised in the year	1,412,598	(1,133,745)
Past service cost	-	-
Net benefit expense	**6,525,977**	**3,731,139**

Details of Provision for gratuity (Balance Sheet)

	Gratuity	
	2008	**2007**
Defined benefit obligation	(18,334,515)	(13,516,926)
Less : Unrecognised past service cost	-	-
Plan asset / (Liability)	(18,334,515)	(13,516,926)

Changes in the present value of the defined benefit obligation are as follows :

	Gratuity	
	2008	**2007**
Opening defined benefit obligation	13,516,926	12,109,834
Interest cost	1,013,304	875,826
Current service cost	4,100,075	3,989,058
Benefits paid	(1,708,388)	(2,324,047)
Actuarial (gains) / losses on obligation	1,412,598	(1,133,745)
Closing defined benefit obligation	18,334,515	13,516,926

The principal assumptions used in determining gratuity are shown below:

	2008	**2007**
	%	%
Discount rate	8	8
Increase in compensation cost	10	10
Employee turnover	20	20

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous year are as follows :

	Gratuity	
	2008	**2007**
Defined benefit obligation	18,334,515	13,516,927
Plan assets	-	-
Surplus / (deficit)	(18,334,515)	(13,516,927)
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

33 Leases

In case of assets taken on lease:

i. *Operating leases*

Office premises and guest house premises are obtained under operating lease.

Rent expense for such operating leases recognized in the Profit and loss Account for the year is Rs 59,344,788 (2007 -- Rs 46,854,558).

The lease arrangements have been entered up to a maximum of five years from the respective dates of inception. Some of these lease arrangements have price escalation clauses.

Future minimum lease payments under operating lease are as under:

	2008	2007
Payable not later than one year	50,031,960	37,472,160
Payable later than one year and not later than five years	127,838,502	143,331,012
Payable later than 5 years	-	-
Total	**177,870,462**	**180,803,172**

ii. *Finance leases*

The Company has entered into an arrangement for lease of office equipment and computer equipment.

The lease arrangement for office equipment is for a period of 3 years. Under the terms of the lease, the Company is required to pay a fixed monthly installment over the lease term.

The amount payable on account of these finance leases are as follows:

	2008	2007
Total minimum lease payments	-	252,800
Less: Interest	-	-
Present value of minimum lease payments	-	252,800

Future minimum lease payments under finance lease are Rs Nil (2007 – Rs 252,800 payable not later than one year.

34 Details of utilisation of proceeds raised through preferential issues

During the year ended March 31, 2006, the Company had made preferential allotment of 1,025,227 equity shares of Rs 10 each at a premium of Rs 210 per share and preferential allotment of Rs 1,336.50 million 5.22 per cent Convertible Bonds to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co.

Details of utilization of proceeds raised through these preferential issues are as follows:

Particulars	2008	2007
Utilised for working capital	-	282,729,424
Repayment of loans and debentures	20,610,844	157,173,028
Repayment of loan subsequently converted to investment in a subsidiary	-	833,670,000
Fixed deposits	-	20,610,844
Bank Balance	244,093	244,093
Total	**20,854,937**	**1,294,427,389**

35 Foreign Currency Exposure

As at March 31, 2008, the Company has foreign currency exposure to the extent of the following:

Particulars	USD	GBP	Euro	SGD	AUD
Secured Loan	(7,940,110)	-	-	-	-
Sundry Debtors	6,038,726	3,280,535	99,438	20,728	-
Cash and Bank	997,790	70,000	11,849	-	-
Loans & Advances	22,821,468	805,469	-	9,393	330,134
Current Liabilities	(11,621,939)	(2,294,706)	(544,253)	(1,979,577)	-
Total	**10,295,935**	**1,861,298**	**(432,966)**	**(1,949,456)**	**330,134**

The Company has not hedged the foreign currency exposure as at March 31, 2008.

The Company has investment in foreign subsidiaries (net of provision) amounting to Rs 2,030 million (2007 -- Rs 2,391 million).

As at March 31, 2007, the Company had foreign currency exposure to the extent of the following:

Particulars	USD	GBP	EURO	SGD
Secured loan	(10,690,000)	-	-	-
Sundry debtors, net	23,816,116	3,568,611	257,667	20,727
Cash and Bank	343	745	-	915
Loans and advances	7,886,474	986,426	-	826,003
Current liabilities	(2,979,284)	(1,160,474)	(542,979)	(481,004)
Total	**18,033,649**	**3,395,308**	**(285,312)**	**366,641**

The Company had not hedged the foreign currency exposure as at March 31, 2007.

36 Supplementary Statutory Information

	2008	2007
(i) Payment to Auditors (included in Legal & Professional Costs)		
Statutory Audit Fee	3,850,000	3,500,000
Tax Audit Fee	330,000	300,000
Limited review of quarterly financial results	3,300,000	3,000,000
Out of pocket expenses	1,145,500	636,289
	8,625,500	**7,436,289**

(ii) Managerial remuneration

The Company does not pay remuneration to Executive Chairman, Executive Vice Chairman or Whole Time Directors but they draw salary from foreign subsidiaries.

Further, the Company has granted stock options to whole time director under the Employee Stock Option Plans of the Company and has recorded compensation cost in respect of these options. Based on the legal opinion, for the purposes of determining remuneration limits as per Schedule XIII to the Companies Act 1956, Company does not consider the compensation cost recorded forming part of Managerial remuneration.

		2008	2007
(iii)	Earnings in foreign currency (Accrual Basis)		
	Sale of software services.	**1,725,662,435**	**1,665,022,958**
(iv)	Expenditure in foreign currency (Accrual Basis)		
	Project work expenses	703,597,598	808,021,777
	Traveling	40,814,410	34,848,028
	Interest	18,468,248	22,562,103
	Communication	5,598,198	7,314,637
	Others	1,129,799	2,200,093
		769,608,253	**874,946,638**
(v)	Value of imports calculated on CIF basis		
	Capital goods	**7,526,203**	**16,066,426**

(vi) The Company is engaged in the business of development of computer software. The production and sale of such software is not capable of being expressed in any generic unit. Hence, other information pursuant to the provisions of the paragraph 3, 4C and 4D of part II, Schedule VI to the Companies Act 1956 are not applicable to the Company.

37 Prior year comparatives

The financial statements for the year ended March 31, 2007 have been reclassified where necessary to conform to current year's presentation.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formerly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	2008	2007
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	**81,882,876**	**(97,468,857)**
Adjustments for:		
Depreciation	27,328,929	36,211,204
Amortisation	9,023,848	9,729,949
Amortisation of Miscellaneous expenditure (included in Finance costs)	19,394,033	16,608,432
(Profit) / Loss on sale of fixed assets	(1,234,917)	(3,949,214)
Foreign exchange (gain)/loss (net) - unrealised	34,527,808	3,037,960
Interest income	(2,853,494)	(10,641,423)
Write back of liability	(21,088,701)	(4,822,990)
Provision for Bad and Doubtful Debts	(181,054,505)	(31,030,834)
Deferred employee compensation cost	3,716,867	42,771,836
Interest expense	122,241,443	176,622,594
Operating profit before working capital changes	**91,884,187**	**137,068,657**
Movements in working capital :		
Decrease / (Increase) in sundry debtors and other current assets	1,032,694,972	438,888,712
Decrease / (Increase) loans and advances	(35,220,121)	(93,877,504)
Increase / (Decrease) in current liabilities & provisions	243,354,677	(380,164,316)
Net cash from operating activities	**1,332,713,715**	**101,915,549**
Direct taxes paid (net of refunds)	(7,114,620)	(5,809,443)
Net cash from operating activities (A)	**1,325,599,095**	**96,106,106**
B. Cash flows from investing activities		
Purchase of fixed assets	(25,013,414)	(41,663,510)
Purchase of Intangible assets	(10,014,412)	(15,148,606)
Proceeds from sale of fixed assets	6,447,745	10,495,796
Investment in Fixed deposits with maturity greater than 3 months	18,087,237	(41,793,521)
Purchase of investments	(180,256,500)	(1,136,515,332)
Loans to Subsidiaries	(575,568,000)	-
Interest received	2,400,476	8,223,015
Net cash used in investing activities (B)	**(763,916,868)**	**(1,216,402,158)**
C. Cash flows from financing activities		
Proceeds from issue of share capital	518,200	2,596,140
Share Issuance Expense	(1,336,500)	-
Loan arrangement and processing fees	(23,641,916)	(17,455,406)
Proceeds from short-term borrowings	340,000,000	272,477,048
Repayment of short-term borrowings	(342,726,813)	-
Proceeds from long-term borrowings	212,222,958	48,066,390

(All amounts in Indian Rupees)

	2008	2007
Repayment of Long-term borrowings and finance lease obligation	(581,478,579)	(342,494,152)
Interest paid	(119,163,274)	(180,388,545)
Net cash used in financing activities (C)	**(515,605,924)**	**(217,198,525)**
Net increase in cash and cash equivalents (A + B + C)	**46,076,303**	**(1,337,494,577)**
Cash and cash equivalents at the beginning of the year	3,021,980	1,340,516,557
Cash and cash equivalents on account of Matrix One India Limited transferred pursuant to the Scheme	2,699,359	-
Cash and cash equivalents at the end of the year	**51,797,642**	**3,021,980**
Components of cash and cash equivalents:		
Cash on hand	166,131	166,236
Balances with scheduled banks	75,233,505	44,551,252
Balances with other banks	104,290	98,013
	75,503,926	44,815,501
Less: Fixed deposits with maturity greater than 3 months	(23,706,284)	(41,793,521)
	51,797,642	**3,021,980**

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	**Registration Details**	**State code 08**
	Registration No L72200KA2002PLC030072	
	Balance Sheet Date	**31st March, 2008**
II	**Capital raised during the year (Amount in Rs thousands)**	
	Public Issue	-----
	Rights Issue	-----
	Bonus Issue	-----
	Private Placement	-----
III.	**Position of Mobilization and Deployment of Funds**	
	(Amounts in thousands)	
	Total Liabilities	3,123,635
	Total Assets	3,123,635
	Source of Funds	
	Paid up Capital	1,113,414
	Reserves and Surplus	1,378,867
	Secured Loans	631,354
	Unsecured Loans	-
	Application of Funds	
	Net Fixed Assets	58,824
	Investments	2,228,653
	Net Current Assets	834,155
	Miscellaneous Expenditure	2,003
	Accumulated Losses	-
IV.	**Performance of the Company during the year**	
	(Amount in Rs thousands)	
	Turnover	1,806,339
	Total Expenditure	1,724,456
	Profit/ (Loss) before Tax	81,883
	Profit / (Loss) after Tax	43,175
	Earning per share in Rs (Basic)	0.40
	Earning per share in Rs (Diluted)	0.40
	Dividend %	-
V	**Generic Names of three Principle Products / Services** of the Company (as per monetary terms) Item code No. (ITC Code No) Product Description	The Company is engaged in rendering software development and related services

For and on behalf of the Board of Directors

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Date : June 17, 2008
Place : Bangalore

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956

Relating to the Subsidiary Companies for the year ended March 31, 2008

1 Name of the Subsidiary Company	Scandent Group Inc, USA	Ecomm Solutions Corp.	Nexplicit Infotech, India Pvt Ltd	Indigo Markets Ltd, Bermuda	Scandent Group GmBh, Germany	Cambridge Solutions Europe Ltd, UK	Indigo Markets Europe Ltd, UK	Cambridge Solutions Pte Ltd., Singapore	Indigo Markets Singapore Pte Ltd, Singapore	Scandent Group Sdn, BHD, Malaysia	BWH SARL, France
2 Financial Year of the subsidiary company	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008
3 No. of shares held in Subsidiary Company as on above date	8,073,267	3,000	10,000	12,000	25,565	2,664,278	1,000	2,300,000	2	250,000	500
4 % of holding (Equity)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5 The net aggregate of Profit / (Losses) of the subsidiary companies so far as they concern the members of the company	-	-	-	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended March 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended March 31, 2008	USD (3,616,345)	USD 2,083,011	INR 845,654	USD (19,331)	EURO (38,366)	GBP 57,236	GBP 5,306	SGD 426,442	SGD 67,751	RM 28,207	EURO 39,778
6 The net aggregate of Profit / (Losses) of the subsidiary companies for the previous financial years since it bacame a subsidiary company so far as they concern the members of the company	-	-	-	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended March 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended March 31, 2008	USD 47,768,773	USD 5,053,437	INR 3,809,870	USD 1,398,154	EURO (438,988)	GBP (1,991,309)	GBP (442,784)	SGD 908,632	SGD (779,648)	RM 490,821	EURO (409,579)

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956
Relating to the Subsidiary Companies for the year ended March 31, 2008

1 Name of the Subsidiary Company	Cambridge Solutions Pty Ltd, Australia	Cambridge Galahar Settlements & Insurance Services	Cambridge Intergreted Services Group Inc.	Cambridge Intergreted Services India Pvt Ltd	ProcessMind Holdings Mauritius Limited	ProcessMind Services Inc.,	Cambridge Integreted Services Victoria Pty Ltd	Cambridge Integreted Services Australia Pty Ltd
2 Financial Year of the subsidiary company	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008
3 No. of shares held in Subsidiary Company as on above date	10,000	1,000	1,000	6,464,069	1	10,000	5	-
4 % of holding (Equity)	100%	100%	100%	100%	100%	100%	100%	100%
5 The net aggregate of Profit / (Losses) of the subsidiary companies so far as they concern the members of the company	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended March 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended March 31, 2008	AUD 820	Nil	USD (3,525,686)	INR 82,577,815	USD 3,488,907	USD (323,036)	AUD 2,769,952	AUD 1,671,804
6 The net aggregate of Profit / (Losses) of the subsidiary companies for the previous financial years since it bacame a subsidiary company so far as they concern the members of the company	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended March 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended March 31, 2008	Nil	Nil	USD 10,781,449	INR (56,120,594)	USD (41,869)	USD (2,679,022)	AUD 7,870,485	AUD 2,508,223

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956

Relating to the Subsidiary Companies for the year ended March 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

Sr No	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	Country
1	Scandent Group Inc., USA	USD	39.97	32.27	(127.36)	126.15	221.24		91.19	(4.68)	9.77	(14.45)	-	U.S.A
2	Scandent Group GmbH, Germany	EURO	63.09	0.14	(2.99)	3.84	6.69		0.66	(0.22)	-	(0.22)	-	GERMANY
3	Cambridge Solutions Europe Limited (Formerly Scandent Network Europe Limited., UK)	GBP	79.53	21.19	(15.38)	44.13	38.33		15.94	0.46	-	0.46	-	U.K.
4	Cambridge Solutions Pte Limited, Singapore (Formerly Scandent Group Pte Limited., Singapore)	SGD	28.94	6.66	4.23	14.11	3.22		33.59	1.91	0.68	1.23	-	SINGA-PORE
5	Scandent Group Sdn, BHD, Malaysia	RM	12.53	0.31	0.65	1.02	0.05		1.05	(0.05)	(0.08)	0.04	-	MALAYSIA
6	Indigo Markets Limited, Bermuda	USD	39.97	0.06	5.50	6.00	0.44		-	(0.59)	-	(0.59)	-	U.S.A
7	Indigo Markets Europe Limited, UK	GBP	79.53	0.01	(3.48)	-	3.47		-	0.31	-	0.31	-	U.K.
8	Indigo Markets (Singapore) Pte Limited	SGD	28.94	-	(2.06)	0.69	2.75		-	0.18	-	0.18	-	SINGA-PORE
9	BWH SARL, France	EURO	63.09	2.04	(2.08)	9.79	9.84		26.68	0.21	-	0.21	-	FRANCE
10	Cambridge Integrated Services Australia Pty Limited	AUD	36.66	-	15.32	32.69	17.36		93.39	7.45	1.21	6.24	-	AUSTRA-LIA
11	Cambridge Galaher Settlements & Insurance Services	USD	39.97	0.00	-	-	(0.00)		-	-	-	-	-	U.S.A
12	Cambridge Integrated Services Victoria Pty Limited	AUD	36.66	0.00	39.01	60.32	21.32		122.12	17.40	7.25	10.15	-	AUSTRA-LIA
13	Cambridge Integrated Services Group Inc.	USD	39.97	71.95	29.00	476.39	375.45		642.48	(13.54)	0.56	(14.09)	-	U.S.A
14	ProcessMind Holdings Mauritius Limited	USD	39.97	-	27.73	27.91	0.18		13.79	13.76	-	13.76	-	U.S.A
15	ProcessMind Services Inc.	USD	39.97	0.00	(12.00)	4.00	16.00		0.02	(1.29)	-	(1.29)	-	U.S.A
16	Cambridge Integrated Services India Private Limited	INR	1.00	6.37	3.24	50.60	40.99		64.59	9.42	1.16	8.26	-	INDIA
17	Ecomm Solutions Corp.	USD	39.97	0.01	27.89	32.36	4.45		53.06	8.33	-	8.33	-	U.S.A
18	Nexplicit Infotech India Private Limited	INR	1.00	0.01	0.56	2.14	1.58		4.09	0.10	0.01	0.08	-	INDIA
19	Cambridge Solutions Pty Ltd, Australia	AUD	36.66	0.04	0.00	0.49	0.45		1.09	0.00	-	0.00	-	AUSTRA-LIA

Note 1 : Indian rupee equivalents of the figures given in foreighn currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.3.2008.

Note 2 : Cambridge Presidium Holdings, Inc USA has been merged with CISGI in August 2007, hence not reported above

Note 3 : MatrixOne India Limited has been merged in CSL w.e.f April 1 2007, hence not reported above.

AUDITORS' REPORT

To

The Board of Directors of Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited)

1. We have audited the attached consolidated balance sheet of Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited) ("the Company") and its subsidiaries (collectively called "Group"), as at March 31, 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (i) We did not audit the financial statements of certain subsidiaries, included herein with total assets, as at March 31, 2008 of Rs 368 million and revenue, loss, cash flow for the year then ended of Rs 472 million, Rs 26 million and Rs 13 million, respectively, audited by other auditors, whose reports we have relied upon.

   (ii) We have relied upon the audit of Ernst & Young Singapore and Ernst & Young Australia for certain subsidiaries included herein with total assets, as at March 31,2008 of Rs 480 million and revenue, net profit, cash flow for the year then ended of Rs 2,421 million, Rs 171 million and Rs 64 million respectively.

4. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.

5. Without qualifying our opinion, we draw attention to:

   a. Note 30 to the financial statements. The Company is in the process of evaluating the option of subletting or occupying certain premises with the growth of business and is confident that the onerous contract liability of Rs 116 million would not arise and has accordingly, not recorded the same in these financial statements.

   b. Note 2 to the Financial Statements. On the Scheme becoming effective, the Company shall revalue such existing investments as it considers relevant at their respective fair values as on March 31, 2008 or the effective date of the scheme, whichever is earlier and shall recognize the difference between the book value and the fair value of investment, as General reserve, which would be utilised by the Company for meeting such costs, as it deems necessary. The scheme is effective from April 17, 2008, i.e., the date of filing with the Registrar of Companies. The Company, based on a legal opinion, believes that the adjustment needs to be effective as on March 31, 2008 and accordingly has effected the revaluation of investments and consequent utilization of General reserve as of March 31, 2008.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2008;

   (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No: 93283

Place : Bangalore
Date : June 17, 2008

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formarly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	Notes	2008	2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	5	1,113,413,830	1,051,305,770
Reserves and surplus	6	1,902,091,367	1,210,014,908
		3,015,505,197	2,261,320,678
Loan Funds			
Secured loans	7	2,343,800,184	2,935,327,319
Unsecured loans	8	261,194,062	1,939,023,356
		2,604,994,246	4,874,350,675
Deferred Tax Liability	12	76,980,484	—
TOTAL		**5,697,479,927**	**7,135,671,353**
APPLICATION OF FUNDS			
Fixed Assets	9		
Gross block		1,603,473,268	1,501,596,756
Less: Accumulated depreciation		1,065,938,695	1,008,118,309
Net block		537,534,573	493,478,447
Capital work-in-progress		27,589,365	67,204,992
(including capital advances Rs. 6,468,402 (2007 -- Rs. 59,892,584)			
		565,123,938	560,683,439
Intangible Assets	10		
Gross block		6,449,355,058	7,340,938,341
Less: Accumulated amortisation		2,081,553,245	2,291,630,552
Net block		4,367,801,813	5,049,307,789
Capital work-in-progress including capital advances		226,982,483	110,993,362
		4,594,784,296	5,160,301,151
Investments	11	95,827,500	66,375,000
Deferred Tax Asset	12	66,897,287	216,655,424
Current Assets, Loans & Advances			
Inventories	13	15,657,530	2,108,386
Sundry debtors	14	1,447,193,257	1,540,693,189
Cash and bank balances	15	335,142,800	644,354,211
Other current assets	16	1,011,035,247	2,136,930,008
Loans and advances	17	488,873,270	909,621,148
		3,297,902,104	5,233,706,942
Less: Current Liabilities & Provisions			
Current liabilities	18	2,444,270,689	3,390,043,748
Provisions	19	554,245,919	779,823,869
		2,998,516,608	4,169,867,617
Net Current Assets		299,385,496	1,063,839,325
Miscellaneous Expenditure (to the extent not written off or adjusted)	20	75,461,410	67,817,014
TOTAL		**5,697,479,927**	**7,135,671,353**

The accompanying notes 1 to 41 form an integral part of the Financial Statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formarly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	Notes	2008	2007
INCOME			
Revenues	21	12,363,085,934	14,698,141,149
Other income	22	312,423,799	362,494,098
		12,675,509,733	**15,060,635,247**
EXPENDITURE			
Employee costs	23	7,429,105,879	8,576,867,243
Other operating costs	24	4,302,215,366	5,104,416,977
		11,731,321,245	**13,681,284,220**
PROFIT BEFORE FINANCE COST, TAX, DEPRECIATION, AMORTISATION AND EXCEPTIONAL ITEM		**944,188,488**	**1,379,351,027**
Exceptional items	26	-	46,395,402
PROFIT BEFORE FINANCE COST, TAX, DEPRECIATION, AMORTISATION AND AFTER EXCEPTIONAL ITEM		**944,188,488**	**1,425,746,429**
Depreciation	9	206,028,905	167,015,783
Amortisation	10	170,627,325	190,740,961
Finance costs	25	406,234,067	500,993,883
PROFIT/ (LOSS) FOR THE YEAR BEFORE TAX		**161,298,191**	**566,995,802**
[including profit before tax from operations relating to discontinuing operation amounting to Rs Nil (2007 -- Rs. 139,208,438)]			
Provision for current tax		22,814,967	63,903,723
Less: MAT Credit Entitlement		(8,100,000)	-
Net Current Tax Liability		14,714,967	63,903,723
Deferred tax charge / (income)		210,036,853	(169,908,179)
Fringe benefit tax		24,486,406	16,304,624
Total tax expense [Including tax expense of discontinuing operation of Rs. Nil (2007 -- Rs. 7,812,495) Refer Note 27]		**249,238,226**	**(89,699,832)**
PROFIT/ (LOSS) FOR THE YEAR AFTER TAX		**(87,940,035)**	**656,695,634**
[Including profit after tax from operations relating to discontinuing operation amounting to Rs Nil (2007 -- Rs. 131,395,943)]			
Net profit/(loss), at the beginning of the year		500,094,774	(157,445,727)
Amounts deducted from General Reserve		-	37,889,874
Adjustment for provision for employee benefits		-	(37,045,007)
		500,094,774	**(156,600,860)**
NET PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATION		**412,154,739**	**500,094,774**
NET PROFIT/ (LOSS), CARRIED FORWARD TO BALANCE SHEET		**412,154,739**	**500,094,774**
Weighted average number of equity shares used in computing earnings per share			
Basic		108,628,471	104,971,435
Diluted		108,628,471	105,141,643
Earnings / (loss) per share [Equity shares, par value of Rs 10 each (2007 -- Rs 10)]			
Basic		(0.81)	6.26
Diluted		(0.81)	6.25

The accompanying notes 1 to 41 form an integral part of this consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CAMBRIDGE SOLUTIONS LIMITED
(formarly SCANDENT SOLUTIONS CORPORATION LIMITED)

1 Background

Incorporation and History

Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited), ('Cambridge' or 'the Company'), was incorporated on February 1, 2002 and is a part of the Scandent Group. Scandent Group is promoted by individual investors and venture capital investors and is engaged in rendering software development and related services and information technology enabled services. Cambridge and its subsidiaries have operations principally in India, United States of America ('USA'), United Kingdom ('UK'), Australia, Germany, France, Singapore, Malaysia and Japan.

On December 29, 2003, Cambridge entered into a definitive agreement with SSI Limited ('SSI') for merger of the Information Technology division of SSI ('SSIIT') into Cambridge. As a part of the arrangement and pursuant to the Group's strategy to consolidate its operations in India; Erstwhile Scandent Group Inc., USA ('Scandent USA'), Cambridge Network Europe Limited (formerly Scandent Network Europe Limited, UK) ('Cambridge UK'), Cambridge Solutions Pte Limited, Singapore (formerly Scandent Group Pte Limited) ('Cambridge Singapore'), Scandent Group GmbH, Germany ('Scandent Germany') and Crescent Infosystems Private Limited ('Crescent'), were transferred as subsidiaries from Scandent Group Ltd, Mauritius ('Scandent Mauritius') to the Company effective March 31, 2004.

Pursuant to the Scheme of arrangement for de-merger of Information Technology division of SSI Limited ('SSIIT') and its merger in the Company ('the SSIIT merger Scheme'), sanctioned by the Honourable High Court of Judicature at Karnataka and the Honourable High Court of Judicature at Madras, assets and liabilities of SSIIT were transferred and vested in the Company with effect from July 2, 2004.

The Company, on October 1, 2004 converted to a public limited company and changed its name from Scandent Network Private Limited to Scandent Solutions Corporation Limited. On June 19, 2006, the Company has changed its name to Cambridge Solutions Limited.

Pursuant to a Scheme of Amalgamation ('the Cambridge Merger Scheme') sanctioned by the Honourable High Court of Judicature at Karnataka on March 13, 2006, Cambridge Services Holdings LLC ('Cambridge LLC') merged with the Company. Cambridge LLC, a Delaware Corporation, was a Scandent Group company holding investments in Cambridge Integrated Services Group Inc ('CISGI') and Cambridge Integrated Services Victoria PTY Limited ('Cambridge Australia') which were acquired by Cambridge LLC on November 30, 2004 from Aon Corporation, USA. These entities are engaged in providing Business Application outsourcing services. Under the Cambridge Merger Scheme, with effect from April 1, 2005, the assets and liabilities of Cambridge LLC vested with the Company in consideration of 69,960,000 equity shares of the Company issued at par and 4,797,507 equity shares issued at par to certain key employees and Affiliates ('Award holders') of Cambridge LLC.

Cambridge, together with its subsidiaries hereinafter is collectively referred to as 'the Group'.

2 Merger of MatrixOne India Limited and Cambridge Integrated Services India Private Limited

On January 3, 2008, the Company filed a Scheme of Amalgamation and Arrangement for merger of Cambridge Integrated Services India Private Limited ('CISIPL') and Matrix One India Limited ('Matrixone') with itself ('Cambridge-India Merger Scheme' or 'the Scheme') with the Honourable High Court of Judicature at Karnataka. The Scheme was approved by the Honourable High Court of Judicature at Karnataka vide order dated March 20, 2008 and filed with Registrar of Companies ('RoC') on April 17, 2008 (i.e., the effective date of the Scheme). The Scheme has, accordingly, been given effect to in these financial statements.

2.1 Pursuant to the terms of the Scheme :

2.1.1 Matrixone merged with the Company with effect from April 1, 2007 (i.e., the appointed date), without consideration, and the following assets and liabilities vested with the Company.

Particulars	Amount in Rs million
Share Capital [50,000 Equity shares of Rs 10 each]	0.5
Total	**0.5**
Current Assets	16.66
Current Liabilities	(23.42)
Profit & Loss Account	7.26
Total	**0.5**

Matrixone is a wholly owned subsidiary of the Company and is engaged in the development of computer software and related services and purchase and sale of software licenses. The merger has been accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in Matrixone and the value of net assets acquired under the Scheme amounting to Rs 7.16 million have been adjusted to the Profit and Loss account of the Company. The merger of Matrixone with the Company does not have any impact to the Profit and Loss account of the Group.

2.1.2 The merger of CISIPL with the Company will be recorded on the appointed date, April 1, 2008, without any consideration. CISIPL is a wholly owned subsidiary of the Company and is engaged in the business of providing export oriented Information Technology Enabled Services ('ITES') and related services.

As on April 1, 2008, the assets and liabilities of CISIPL are as follows:

Particulars	Amount in Rs million
Share Capital [6,285,620 Equity shares of Rs. 10/- each and 178,449 Equity shares of Rs. 5/- each]	63.75
Securities Premium	5.96
Profit & Loss Account	26.65
Secured Loans	86.16
Unsecured Loans	68.87
Total	**251.39**

Particulars	Amount in Rs million
Fixed Assets & Intangible Assets (net)	256.48
Deferred Tax Asset	7.02
Current Assets	242.45
Current Liabilities	(254.85)
Miscellaneous Expenditure	0.29
Total	**251.39**

The merger of CISIPL would be accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in CISIPL and the value of net assets acquired under the Scheme amounting to Rs 102.60 million will be adjusted to the General reserve/Profit and Loss account of the Company on the appointed date.

2.1.3

i) The Securities premium account as at April 1, 2007 amounting to Rs 587.13 million has been reduced to Rs 541.65 million after adjusting the following amounts:

Particulars	Amount in Rs million
Miscellaneous Expenditure:	
-- Deferred upfront/ processing fee for loans	20.83
-- Deferred interest on 11% debentures	0.98
Deferred employee stock compensation expense	23.67
Total	**45.48**

ii) In accordance with the above adjustment being made effective April 1, 2007, the following corresponding amounts, charged to Profit and Loss account during the year have been reversed and the balance of Rs 7.24 million has been reduced from carrying value of Deferred upfront / processing fee for loans - Rs 0.97 million and Deferred employee stock compensation expense – Rs 6.27 million.

Particulars	Amount in Rs million
Miscellaneous Expenditure:	
-- Deferred upfront/ processing fee for loans	19.86
-- Deferred interest on 11% debentures	0.98
Deferred employee stock compensation expense	17.40
Total	**38.24**

2.1.4 The Securities premium account as at October 1, 2007 amounting to Rs 1,815.22 million has been reduced to Rs 783.16 million after adjusting the carrying value of investment in the shares of CISGI amounting to Rs 1,032.06 million. Consequently, the carrying value of investments as at March 31, 2008 has reduced from Rs 1,284.10 million to Rs 252.04 million.

Further, as per the terms of the Scheme, the corresponding effect of reduction in carrying value of investment, in the consolidated financial statements, has been given by
(a) reducing the carrying value of Acquired Goodwill as at September 30, 2007 by Rs 497 million and
(b) reducing the carrying value of Goodwill arising on consolidation by Rs 535 million.

Consequently, the carrying value of acquired goodwill of CISGI has been reduced from Rs 497 million to Rs Nil and carrying value of goodwill arising on consolidation has been reduced from Rs 1,932 million to Rs 1,397 million.

The acquired goodwill, pursuant to Cambridge Merger Scheme, was being amortised over a period of ten years (refer note 4.1(B) (i)). Consequent to the above write down in acquired goodwill, the goodwill amortised during the period October 1, 2007 to March 31, 2008, of Rs 33 million has been reversed as at the year end.

2.1.5

i) On the Scheme becoming effective, the Company shall revalue such existing investments as it considers relevant at their respective fair values as on March 31, 2008 or the effective date of the Scheme, whichever is earlier, and shall recognize the difference between the book value and the fair value of investment, as General reserve, which would be utilised by the Company for meeting such costs, as it deems necessary. The Company, based on a legal opinion, believes that the adjustment needs to be effective as on March 31, 2008 and consequently revalued the following investments basis the respective fair values and recorded the difference between the fair valuation and carrying value of investments, amounting to Rs 527 million as General reserve:

a) Revalued its investment in Cambridge Australia as at March 31, 2008 from Rs 240.63 million to Rs 878.01 million,
b) Revalued its investment in Indigo Markets Limited, Bermuda ('IM Bermuda') as at March 31, 2008 from Rs 109.62 million to Rs Nil,

c) Revalued its investment in Scandent Germany as at March 31, 2008 from Rs 0.5 million to Rs Nil.

Further, as per the terms of Scheme, the corresponding effect of the above adjustments in the consolidated financial statements, has been given by increasing the carrying value of goodwill arising on consolidation by Rs 527 million. Consequently, the carrying value of goodwill arsing on consolidation has been increased from Rs 1,397 million (after adjustment for carrying as per 2.1.4) to Rs 1,924 million.

ii) The General reserve on revaluation of investments, as above, has been utilised to write off certain loans and advances to related parties amounting to Rs 38 million. Consequently, as at March 31, 2008, the balance of General reserve, on revaluation of investments stands reduced to Rs 489 million and the loss for the year is lower by Rs 38 million.

2.1.6 Expenses of Rs 9.67 million incurred in executing the Scheme have been adjusted against the General reserve.

2.2 The adjustments considered with the Securities premium, recording of General reserve on revaluing investments and the consequent adjustments are not as per the General Accepted Accounting Principles. Had the Scheme not been given effect to in the financial statements, the carrying value of Acquired Goodwill would have been higher by Rs 505 million (refer note 2.1.4 and 2.1.5(i)), General reserve would have been lower by Rs 479 million (refer note 2.1.5(ii) and 2.1.6), Securities premium would have been higher by Rs 1,078 million (refer note 2.1.3(i) and 2.1.4) and the loss for the year would have been higher by Rs. 119 million (refer note 2.1.3(ii), 2.1.4, 2.1.5(ii) and 2.1.6).

3 Shareholding pattern

On March 14, 2006, the Company made a preferential allotment of Rs 1,337 million 5.22 per cent Convertible Bonds ('Bonds') to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co., mandatorily convertible at the end of eighteen months from the date of issue or earlier, at the option of the debenture holder, in issue of equity shares of the Company at a conversion price of Rs 217 per share. During the year, the Company has redeemed these bonds by issuing 6,158,986 equity shares of Rs.10/-each at a premium of Rs.207/- per share to the Indopark Holdings Limited. Subsequently, such shares were transferred to Scandent Holdings Mauritius Limited ('SHML'). The following table details the number of shares and the percentage of shareholding of the Company.

Name of the Shareholders	31-Mar-08	31-Mar-07
Scandent Mauritius	-	13,178,571
	-	(12.54%)
Scandent Mauritius Limited ('SML')	-	48,970,000
	-	(46.58%)
SHML	68,307,557	-
	(61.35%)	-
AON Minet Pension Scheme	17,490,000	17,490,000
	(15.71%)	(16.64%)
UTI India Technology Venture Unit Scheme	1,052,717	1,052,717
	(0.95%)	(1.00%)
SSI	1,052,717	1,052,717
	(0.95%)	(1.00%)
Reliance Capital Trustee Company Limited	4,755,955	4,616,955
	(4.27%)	(4.39%)
Others	18,682,437	18,769,617
	(16.77%)	(17.85%)
Total	**111,341,383**	**105,130,577**
	(100%)	**(100%)**

4 Significant Accounting Policies

4.1 Basis of preparation

A. The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except as disclosed in the financial statements.

As these financial statements are not statutory financial statements, they are presented in the general format specified in Schedule VI to the Act, and hence do not reflect all the disclosure requirements of the Act.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, profit and loss account and cash flow statement of Cambridge and its subsidiary companies as at March 31, 2008. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of the cost to the Company of its investments in subsidiaries, over its proportionate share in equity of the investee Company as at the date of acquisition is recognised in the financial statements as Goodwill and disclosed under Intangible assets. In case the cost of investment in subsidiary companies is less than the proportionate share in equity of the investee company as on the date of investment, the difference is treated as capital reserve and shown under Reserves and Surplus.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

B. Following table indicates the date of acquisition / merger and the equity shareholding as at March 31, 2008 of the subsidiary companies:

Name of the Subsidiary	Date of acquisition	Share holding
Acquisitions during the year ended March 31, 2004		
Cambridge Solutions Europe Limited (formerly Scandent Network Europe Limited, UK) ('Cambridge UK')	March 31, 2004	100%
Cambridge Solutions Pte Limited (formerly Scandent Group Pte Limited, Singapore), Singapore ('Cambridge Singapore')	March 31, 2004	100%
Scandent Group Sdn Bhd, Malaysia (subsidiary of Cambridge Singapore)	March 31, 2004	100%
MatrixOne India Limited, India ('Matrixone') (Refer Note 2.1.1)	March 31, 2004	99.9%
Scandent Group GmbH, Germany ('Scandent Germany')	March 31, 2004	100%
Acquisitions / Merger during the year ended March 31, 2005		
Scandent Group Inc. (formerly Albion Inc.), USA. ['Scandent USA (formerly Albion)'] [refer Note (ii) below]	July 2, 2004	100%
Indigo Markets Limited, Bermuda ('IML')	July 2, 2004	100%
Indigo Markets Pte Limited, Singapore (Subsidiary of IML)	July 2, 2004	100%
Indigo Markets Europe Limited, UK (Subsidiary of IML)	July 2, 2004	100%
Acquisitions / Merger during the year ended March 31, 2006		
Cambridge Integrated Services Group Inc., USA ('CISGI')	April 1, 2005	100%
Presidium Holdings, USA (Subsidiary of CISGI) [Refer note (v) below]	April 1, 2005	100%
Cambridge Galaher Settlements & Insurance Services., USA (Subsidiary of CISGI)	April 1, 2005	100%

Name of the Subsidiary	Date of acquisition	Share holding
Cambridge Integrated Services Victoria Pty Limited, Australia ('Cambridge Australia')	April 1, 2005	100%
BWH Sarl, France (Subsidiary of Cambridge UK)	April 1, 2005	100%
ProcessMind Holding Mauritius Limited, Mauritius ('Process Mind') (Subsidiary of CISGI)	May 10, 2005	100%
ProcessMind Services Inc., USA (Subsidiary of ProcessMind)	May 10, 2005	100%
Cambridge Integrated Services India Private Limited., India ('CISIPL') [Refer note (vi) below]	May 10, 2005	100%
Acquisitions / Merger during the year ended March 31, 2007		
Ecomm Solutions Corp, USA ('Nexplicit') [Subsidiary of Scandent USA (formerly Albion)]	June 9, 2006	100%
Nexplicit India Infotech Private Limited (subsidiary of Nexplicit) ('NIIPL')	July 1, 2006	100%

(i) Pursuant to the Cambridge Merger Scheme (Refer Note 1), CISGI and Cambridge Australia (collectively referred to as 'Cambridge Subsidiaries') became wholly owned subsidiaries of the Company. Accordingly the financial statements of Cambridge Subsidiaries were consolidated with the financial statements of the Company for the year ended March 31, 2006. Cambridge subsidiaries function as third-party administrators/scheme agents and providers of claim and claim-related services and provide comprehensive risk management services to clients in USA and Australia.

Pursuant to the Cambridge Merger Scheme, fair value adjustments amounting to Rs. 1,924 million (US $ 43 million) were adjusted against the Net Assets of Cambridge Subsidiaries. Consequently, Goodwill arising on consolidation of Cambridge Subsidiaries was been determined as follows :

(Rs. Million)

	CISGI	Cambridge Australia	Total
Investment Value	459	241	700
Net Assets as at the Appointed Date	(1,473)	127	(1,346)
Goodwill	**1,932**	**114**	**2,046**

Pursuant to the Cambridge-India Merger Scheme (refer Note 2.1.4), Goodwill arising on consolidation of CISGI has been written down to Rs 1,397 million and Goodwill arising on consolidation of Cambridge Australia has been written up to Rs 752 million.

Further, the purchase consideration of Rs. 2,681 million (US $ 61million) paid by CISGI for acquisition by Cambridge LLC of CISGI and Cambridge Australia was recorded by CISGI as Purchase Goodwill. Pursuant to the Cambridge Merger Scheme, this Goodwill is deemed to have been written down by Rs. 1,925 million, being the Reserve arising on Amalgamation, resulting in Net Purchase Goodwill of Rs. 756 million. As per the Cambridge Merger Scheme, the net Purchase Goodwill was being amortised over ten years from the financial year ended March 31, 2006. However, pursuant to the Cambridge India Merger Scheme, the carrying value of acquired goodwill as at September 30, 2007, has been reduced to Rs Nil (Also refer Note 2.1.4).

(ii) As a part of the Group's strategy to consolidate its operation in the United States, on April 25, 2007, Scandent USA has merged into Albion Inc, USA and subsequently, Albion Inc. has been renamed as Scandent USA (formerly Albion).

(iii) During the previous year, Cambridge Australia has set up a wholly owned subsidiary Cambridge Integrated Services Australia Pty Limited ('CIS Australia').

(iv) During the year, Cambridge Singapore has set up a wholly owned subsidiary Cambridge Solutions Pty Limited, Australia.

(v) During the year, Presidium Holdings, USA has merged into CISGI on August 15, 2007.

(vi) On October 22, 2007 the Company has made investment of Rs 199 million in CISIPL. These shares were transferred from Process mind to the Company during the year. Accordingly, CISIPL has become direct subsidiary of the Company.

(vii) The Company has not made any investments in any associates / joint ventures.

4.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4.3 Fixed assets and depreciation

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. The cost of fixed assets comprises their purchase price and any other directly attributable costs of bringing the assets to their working condition for intended use.

(ii) Depreciation is provided using the straight line method as per the following useful life of the assets estimated by the management. For assets taken on lease, refer Note 4.6 below.

	Years
Computers	3
Vehicles	2-5
Office Equipment	5
Furniture and fixtures	5

The above rates are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956.

(iii) Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than or equal to Rs. 5,000 are fully depreciated in the year of acquisition.

(iv) In case of CISGI, constituting 49 percent of fixed assets (gross), depreciation is provided using the straight line method as per the following useful life of the assets estimated by the management:

	Years
Computers	2-4
Vehicles	3-5
Office equipment	3-5
Furniture and fixture	7-10

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than US $ 1,000 are fully depreciated in the year of acquisition.

4.4 Intangible Assets

Intangible assets comprise of Goodwill arising on consolidation, (Refer Note 4.1), Goodwill arising on acquisition, computer software held for use in business, computer software license rights and software development costs.

(i) Goodwill arising on consolidation is not amortised in accordance with Accounting Standard 21 on Consolidated Financial statements.

(ii) Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortised on a straight line basis over its economic life or the period defined in the scheme [Refer Note 4.1 (B)(i) and 4.1 (B)(v)]

(iii) Costs incurred towards development of computer software meant for internal use, are capitalised subsequent to establishing technological feasibility. Computer software is amortised over an estimated useful life of two years. In case of CISGI, constituting 79 percent, Computer software is amortised over an estimated useful life of two to twelve years. A software is being amortised for a period of 12 years on the basis of a valuation report by an independent appraiser.

(iv) Software License Rights purchased are amortised over an estimated useful life of four years.

4.5 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.6 Leases

Where the Company is the lessee

(i) Finance Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

(ii) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and loss account on a straight-line basis over the lease term.

Where the Company is the lessor

(i) Operating Leases

Lease income by sub-lease of office premises is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs incurred towards such properties are recognized as expenses in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the Profit and Loss Account.

4.7 Revenue recognition

(i) Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognised as related services are performed. Revenue from software development on fixed price contracts is recognised as per proportionate-completion method.

Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.

Revenue from sale of software licenses is recognised when the significant risks and rewards of ownership of the license have passed to the buyer, which coincides with the delivery of the software licenses.

(ii) Revenue from claim services fees primarily comprise of claims processing or program administration fees and are earned proportionately in accordance with estimated claims closing rates or over the service period of the underlying service contract. Unbilled fees are recognized at their estimated collectible amounts at the time such services are rendered. Substantially all unbilled fees are billed within one year. For certain agreements, out-of pocket costs that are incurred in providing services are passed on by the Company to its clients and are included in revenues.

The Group recognizes revenue from incentives on the basis of estimates of amounts of incentives which are reasonably certain to be received. Revenue recognition from incentives is postponed to the extent of uncertainty involved until it is reasonably certain that the ultimate collection will be made.

(iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

4.8 Project work expenses and Claims work expenses

Project work expenses represents amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognized on an accrual basis.

4.9 Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non – integral operations.

Exchange differences arising in respect of fixed assets and intangible assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalised as a part of fixed asset.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Foreign Subsidiaries

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non integral foreign operation for incorporation in financial statements of the Company, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non integral foreign operation are translated at monthly average exchange rates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

As at March 31, 2008, the management has considered all subsidiaries as integral foreign operations except for the following which have been considered as non integral foreign operations:

i. Cambridge Singapore and its subsidiaries
ii. CISGI and its subsidiaries
iii. Cambridge Australia and its subsidiary
iv. Process Mind Services Inc.
v. Process Mind
vi. Nexplicit
vii. BWH Sarl, France

4.10 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

4.11 Inventories

Inventories comprise licenses purchased by the Company for sale to a customer and are stated at the lower of cost and net realisable value. Cost of Licenses is determined using the first-in-first-out method.

Contract work in progress is carried at cost or net realizable value whichever is lower. Cost includes all expenses directly identifiable to a project and other costs directly attributable to the project.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sale.

4.12 Retirement and other employee benefits

Retirement benefit in the form of Provident fund is a defined contribution scheme. In India, the Group contributes the employer's share of the Provident Fund and the Employees' Pension Scheme with the Regional Provident Fund Commissioner and charges all such amounts to the Profit and loss account on an accrual basis.

In respect of overseas Group companies, contributions made towards retirement / employee benefits which are defined contribution schemes, in accordance with the relevant applicable laws, are charged to the Profit and Loss Account.

Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation done as per projected unit credit method, performed as at the balance sheet date. The plan is unfunded as at March 31, 2008 for the Company and is funded in case of CISIPL. Actuarial gains / losses are immediately taken to Profit and loss account and are not deferred.

Short term compensated balances are provided for on based on estimates.

4.13 Income taxes

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with local tax laws applicable in the respective countries. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (‘MAT’) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note on Accounting in respect of Minimum Alternative Tax issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

4.14 Earnings / (loss) per share

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during all the years, presented, is adjusted for capital reduction.

For the purpose of calculating diluted earning / (loss) per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.15 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provision for onerous contracts, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, is recorded at lower of the cost of fulfilling the onerous contract and any compensation or penalties arising from failure to fulfil it. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.16 Segment reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Group's customer.

Inter segment Transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The Other segment includes general corporate income and expense items which are not allocated to any business segment.

4.17 Miscellaneous expenditure

Miscellaneous expenditure comprises of deferred interest on 11 per cent Debentures and cost of arranging long term loan and guarantees. Interest on 11 per cent Debentures is amortised pro-rata over the period from August 1, 2002 to the maturity of the 11 per cent Debentures, i.e. July 31, 2007. Cost of arranging other long-term loans and guarantees are amortised, over the period of the loan, commencing from the date of the first draw-down of the related loan or guarantees on weighted average basis.

4.18 Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognised on the basis of generally accepted accounting principles and in accordance with the guidelines of Securities and Exchange Board of India, and, are measured as the excess of the market value of the Company's stock on the stock options grant date over the amount an employee must pay to acquire the stock and recognised in a graded manner on the basis of weighted period of services over the vesting period of equity shares. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

4.19 Deferred and unearned revenue

Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate claim service agreements. Deferred revenues are recognized based on the estimated rate at which the services are provided. These rates are primarily based on a historical evaluation of actual claim closing rates. Unearned revenues for fixed fee contracts are recognized on a pro-rata basis over the terms of the underlying service contracts, which are generally one year. Expenses related to the acquisition of these contracts are expensed as incurred.

4.20 Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

5 Share capital

	2008	2007
Authorised capital		
125,000,000 (2007 -- 125,000,000) Equity shares of Rs 10 each	1,250,000,000	1,250,000,000
Issued, subscribed and paid-up capital		
111,341,383 (2007 -- 105,130,577) Equity shares of Rs 10 each fully paid up	1,113,413,830	1,051,305,770

(i) Pursuant to the SSIIT merger scheme, the share capital of the Company as at March 31, 2004 had been reduced from Rs 328 million to Rs 132 million and the capital reduction of Rs 196 million had been utilised to adjust the debit balance of equivalent amount in the Profit and Loss account of the Company as at March 31, 2004.

(ii) On December 28, 2005, the Company made a preferential allotment of 1,025,227 equity shares to Scandent Mauritius at a premium of Rs 210 per share.

(iii) During the year ended March 31, 2006, the Company had allotted 355,953 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company. Of these 10,119 equity shares of Rs 10 each have been allotted at a premium of Rs 118.75 per share and balance of 345,834 equity shares have been allotted at the face value of Rs 10 and, the stock compensation adjustment of Rs 20,750,040 with respect to 345,834 equity shares has been transferred to Securities premium account..

(iv) The Company in the previous year had allotted 259,614 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company at the face value of Rs 10 and the corresponding stock compensation adjustment of Rs 32,324,934 has been transferred to Securities premium account.

(v) Pursuant to the Cambridge Merger Scheme, on June 29, 2006, the Company issued 69,960,000 equity shares at par to the shareholders of Cambridge LLC and 4,797,507 equity shares at par to the Award holders of Cambridge LLC.

(vi) During the year, the Company has allotted 51,820 equity shares pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company at the face value of Rs 10 and the corresponding stock compensation adjustment of Rs 5,610,789 has been transferred to Securities premium account.

(vii) During the year, the Company has issued 6,158,986 equity shares of Rs 10 each at a premium of Rs 207 per share to Indopark Holdings Limited by redeeming the 5.22 % convertible bonds and corresponding premium of Rs 1,274 million has been transferred to Securities premium account. [Also refer 8(ii)].

(viii) As at March 31, 2008, out of the above, Scandent Holding Mauritius Limited (‘SHML’), holding 68,307,557 Equity shares of the Company, is the holding company.

(ix) Particulars of employees stock options on unissued share capital have been specified in Note 36.

6 Reserves and surplus

	2008	2007
Capital reserve	36,116,669	36,116,669
Debenture Redemption Reserve [Refer Note (ii & iii) below]		
Balance, beginning of the year	90,000,000	129,786,577
Less: Transfer to General reserve on redemption of debentures	(90,000,000)	(39,786,577)
Balance, end of the year	-	90,000,000

Securities premium			
Balance, beginning of the year		587,133,675	506,195,369
Add: Share premium on Employee Stock Options exercised during the year [Refer Note 5(vi) and 6(vi)]		29,917,238	80,938,306
Add: Share premium on Allotment of Shares to Indopark Holdings Limited [Refer Note 5(vii)]		1,274,910,102	-
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(i) and 2.1.4]		(1,077,544,175)	-
Less: Share issue expenses		(1,336,500)	-
Balance, end of the year		813,080,340	587,133,675
Stock compensation adjustment [Refer Note 36]			
Gross balance, beginning of the year		58,849,613	131,458,144
Additions during the year		-	8,329,775
Less: Amount transferred to securities premium on exercise of options [Refer Note 5(vi) and 6(vi)]		(29,917,238)	(80,938,306)
Less: Reversal on forfeiture of stock options granted		(225,720)	-
Balance, end of the year (gross)		28,706,655	58,849,613
Less: Deferred employee stock compensation expense [Refer Note (i) below]		(494,836)	(28,112,187)
Balance, end of the year (net)		28,211,819	30,737,426
General Reserve [Refer Note 1 & 2]			
Balance, beginning of the year		-	9,631,642
Add: Transfer from Debenture redemption reserve		90,000,000	39,786,577
Less : Adjustment for employee benefits provision, net of deferred tax of Rs. Nil (2007 -- Rs 3,562,067)		-	(11,528,345)
Less : Adjustments pursuant to Scheme related expenses [Refer Note 2.1.6]		(9,667,708)	-
Less : Debit balance of Profit and Loss account [Refer Note (v) below]		-	(37,889,874)
		80,332,292	-
Addition during the year, pursuant to revaluation of Investments [Refer Note 2.1.5(i)]	527,309,584		-
Less : Transferred to Profit and loss account as per the Scheme [Refer Note 2.1.5(ii)]	(38,356,056)	488,953,528	-
		569,285,820	-
Foreign Currency Translation Reserve [Refer Note 4.9]		43,241,980	(34,067,636)
Profit and Loss account		412,154,739	500,094,774
		1,902,091,367	**1,210,014,908**

(i) Deferred employee stock compensation expense [Refer Note 36]

Stock compensation expense outstanding at the beginning of the year	28,112,187	62,554,248
Addition during the year	-	8,329,775
Less: Stock Compensation expense amortised during the year	(21,118,996)	(42,771,836)
Less: Forfeitures	(225,720)	-
	6,767,471	28,112,187
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]	(6,272,635)	-
Closing balance of deferred employee stock compensation expense	**494,836**	**28,112,187**

(ii) As discussed in Note 8(i), on August 1, 2002, the Company had issued 11 per cent Debentures amounting to Rs 150 million repayable at par at the end of 5 years from the date of issuance. During the previous year, the Company had redeemed debentures amounting to Rs 60 million and the excess of debenture redemption reserve over the balance of debentures of Rs 39.7 million has been transferred to General reserve. Further, during the year the Company has redeemed the entire debentures outstanding, amounting to Rs 90 million. Accordingly, upon redemption of debentures, balance in debenture redemption reserve is transferred to General Reserve.

(iii) As discussed in Note 8(ii), the Company has issued Rs 1,336.50 million 5.22 per cent Convertible Bonds to be redeemed by issue of equity shares at the end of 18 month period. In accordance with the clarification of Department of Company affairs vide circular no. 6/3/2001 - CL.V. The Company had not created Debenture Redemption Reserve. During the year, the Company has redeemed these bonds by issue of equity shares. [Refer note 5(vii) and 8(ii)].

(iv) Pursuant to Cambridge Merger Scheme, stock compensation adjustment of Rs 121.26 million towards Awards granted by Cambridge LLC under the Cambridge Equity Plan has been transferred to the Company, to be amortised over the remaining vesting period. Accordingly, during the year, the Company has recorded stock compensation expense of Rs Nil (2007 -- Rs 33.64 million), net of Rs 17.40 million (2007 -- Rs Nil) adjusted pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)].

(v) During the previous year General reserves balance of Rs 37.89 million has been deducted by the Debit balance of Profit and Loss account.

(vi) During the year, the employee stock compensation cost of Rs 24 million (2007 -- Rs 49 million) pertaining to Restricted units of Cambridge LLC [Refer note 36. (v)] has been transferred to Securities premium account.

	2008	2007
7 Secured loans		
From Banks:		
Cash Credit facility	35,329,425	35,230,575
Working Capital Facility	453,739,684	489,618,609
External Commercial Borrowings	-	76,282,500
Term loan	1,817,211,457	2,242,644,791
Receivable Purchase facility	-	37,645,077
Interest Accrued and due	-	29,486,456
	2,306,280,566	**2,910,908,008**

From Others:

Loans for purchase of fixed assets	15,032,752	19,880,089
Finance lease obligation	22,486,866	4,539,222
	37,519,618	**24,419,311**
	2,343,800,184	**2,935,327,319**

(i) On May 15, 2005, the Company entered into a letter of arrangement for a cash credit facility with UTI Bank for a tenor of one year, which was subsequently renewed on March 20, 2008 for a term of two months. As per the terms of the arrangement, UTI bank will provide cash credit upto Rs 35 million to meet the working capital requirement of the Company at an interest rate of the prevailing UTI prime lending rate minus 3 percent. The credit is secured by a first pari-passu charge on all the current assets of the Company both present and future except receivable from Scandent USA (formerly Albion), first pari-passu charge on the movable fixed assets of theCompany, both present and future and personal guarantee of one Director, corporate guarantee of Cambridge UK and SHML. As of March 31, 2008, the Company has availed a loan of Rs 35 million (2007-- Rs 35 million) and the same is repayable within one year.

(ii) On March 24, 2005, the Company entered into a Working Capital Dollar loan agreement with EXIM Bank. As per the terms of the agreement, EXIM bank has sanctioned US$ 4 million to meet the Company's working capital requirements at interest rate of LIBOR (6 months) plus 300 basis points. The facility was to be repaid by the Company in bullet repayment at the end of two years from the date of draw down. During the year, the Company has renewed the facility for a further period of two years at an interest rate of LIBOR (6 months) plus 325 basis points. The facility is secured by first pari-passu charge on current assets of the Company including receivables, both present and future (excluding receivables from Scandent USA (formerly Albion), collateral security by way of first pari passu charge on all movable fixed assets of the Company, except those specifically charged, irrevocable and unconditional personal guarantee of one Director and irrecoverable corporate guarantee of Cambridge UK, Cambridge Singapore, Scandent USA (formerly Albion), CISIPL and SHML. As at March 31, 2008 the Company has availed the entire facility of Rs 160 million (US$ 4 million) [March 31, 2007 -- Rs 174 million (US$ 4 million)] and amounts repayable within one year is Rs Nil (2007-- Rs Nil).

(iii) On December 14, 2006, Yes Bank Ltd has sanctioned an overdraft of Rs 50 million to meet the working capital requirements of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable Corporate Guarantee of SHML. As at March 31, 2008 the Company has availed facility of Rs 48 million (2007 -- 50 million) and the same is repayable within one year.

(iv) On December 14, 2006, Yes Bank Ltd has sanctioned a working capital overdraft facility of Rs 50 million at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent (2007-- 3 per cent) per annum. The loan is secured by way of first pari passu charge on the current assets and moveable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of Cambridge Solutions Limited and SHML. As at March 31, 2008 the Company has availed Rs 41 million (2007-- Rs 50 million) and the same is repayable within one year.

(v) On January 16, 2007, State Bank of India had sanctioned Export Packing Credit facility of Rs 220 million equivalent US$ Loan to meet the working capital requirements of the Company at an interest rate of 6 month Libor plus 1% for a period of 12 months. The loan is secured by way of hypothecation of all the receivable, present and future on pari passu charge with EXIM bank, UTI Bank and Yes Bank, and Corporate Guarantee of SHML. The loan is repayable on demand. As at March 31, 2008, the Company has fully availed the facility and the balance outstanding is Rs 198 million (2007 -- Rs 215 million).

(vi) On August 17, 2007 HSBC Bank has sanctioned an overdraft facility of GBP 100,000 to Cambridge UK to meet working capital requirements at an interest rate of the Bank's Sterling Base Rate plus 500 basis points per annum. This facility is secured by way of charge over all assets of the Company, present and future and a corporate guarantee given by the Company. As at March 31, 2008, the Company has availed Rs 6.9 million (2007--Rs Nil) and the same is repayable within one year (2007-- Rs Nil).

(vii) On December 15, 2004, the Company availed External Commercial Borrowings of US$ 2.75 million from CTB to finance investment in Scandent USA, at an interest rate of six months LIBOR plus 175 bps. The loan is repayable at the end of 36 months in a single bullet installment. The loan is secured by exclusive charge by way of hypothecation of all the receivables of the Company both present and future arising from its operations in USA, personal guarantee of one of the Director, corporate guarantee of Scandent USA (formerly Albion), corporate guarantee of SHML and exclusive charge of the movable fixed assets of the Company procured from the part of loan proceeds. As of March 31,2007, the Company had availed Rs 76 million (US$1.75 million) which was fully repaid in December 2007.

(viii) On December 1, 2004, CISGI entered into a US $ 60 million Credit Agreement with Standard Chartered bank ('SCB'). As per the terms of the agreement, the loan was secured by virtually all of CISGI's assets and carries an interest rate of LIBOR plus 400 bps. On December 14, 2006, the Company entered into an amendment agreement for the original credit agreement wherein 12 months moratorium period had been included and the loan was to be repaid in nine quarterly installments with the last installment due on November 30, 2009 and the covenants, including financial covenants, had been revised. At March 31, 2007 balance outstanding was Rs 1,308 million (US $ 30 million) and Interest accrued and due was Rs. 29 million. The loan has been repaid on Jan 3, 2008.

(ix) On December 31, 2004, UTI Bank has sanctioned loan facility of Rs 247 million to meet its normal operation & capital expenditure requirements, at an interest rate of prime lending rate minus 4% per annum. As per the agreement, the loan was repayable in five equal half yearly installment of Rs 49.5 million each commencing from February 2007. Subsequently, the Company had renegotiated the terms of repayment to thirty two equal installments payable monthly from July 2006. The loan is secured by first pari passu charge on all current assets and movable fixed assets of the Company, both present and future, except receivable of Scandent USA (formerly Albion), and collateral security by way of unconditional personal guarantee of one Director and corporate guarantee of Cambridge UK and SHML. Further, the Company is required to maintain liquidity reserve equivalent to one installment as a fixed deposit with the Bank. As at March 31, 2008, the Company had fully availed the loan and had repaid twenty one installments. The balance outstanding as on March 31, 2008 is Rs 85 million (2007 -- Rs 178 million). The amount repayable within one year as on March 31, 2008 is Rs 85 million (2007 -- Rs 93 million).

(x) On March 23, 2006, Yes Bank Ltd had sanctioned a loan of Rs 280 million to repay some of the existing loans of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of SHML. The loan is to be repaid in twelve equal quarterly installments without moratorium from June 2006. As at March 31, 2008, the Company has availed the entire facility and has repaid eight installments. The balance outstanding as on March 31, 2008 is Rs 93 million (2007 -- Rs 187 million). The amount repayable within one year as of March 31, 2008 is Rs 93 million (2007 -- Rs 93 million).

(xi) On June 6, 2006, Scandent USA (formerly Albion) entered into a term loan facility with Standard Chartered Bank ('SCB'). As per the terms of the Agreement, SCB has sanctioned a term loan facility of US $ 10 million to Scandent USA (formerly Albion) towards its working capital requirements. The facility was at the interest rate of one month LIBOR plus 200 basis points. The Loan was repayable in 8 quarterly Installments after a moratorium of 12 months from June 9, 2006. The Loan was secured by first pari passu charge over current assets of Scandent USA (formerly Albion), corporate guarantee from the Company and the first ranking charge on the proceeds account of Scandent USA (formerly Albion). The balance outstanding as at March 31, 2007 of Rs 435 million (US $ 10 million) was repaid in April 2007.

(xii) On June 6, 2006, Scandent USA (formerly Albion) entered into a term loan facility with Standard Chartered Bank ('SCB'). As per the terms of the Agreement, SCB had sanctioned a term loan facility of US $ 5 million to Scandent USA (formerly Albion) towards providing trade advance to the Company. The facility was at the interest rate of one month LIBOR plus 200 basis points. The loan was repayable in 4 quarterly installments of US $ 1.25 million from September 9, 2006. The Loan was secured by first pari passu charge over current assets of Scandent USA (formerly Albion) , assignment of marketing contract and the first charge on the proceeds account of Scandent USA (formerly Albion) Balance outstanding as at March 31, 2007, of Rs 55 million ($ 1.25 million) was repaid in April 2007.

(xiii) On December 14, 2006, Yes Bank Ltd has sanctioned a medium term loan of Rs 80 million at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent per annum, to meet the capital requirements of the Company. The loan is secured by way of first pari passu charge on the current assets and moveable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of the Company and SHML. The loan is repayable in eight equal quarterly installments commencing from June 2007. The Company has repaid Rs 40 million in June 2007 and has taken the moratorium for the loan for one year. Balance outstanding as at March 31, 2008 is Rs 40 million (2007 -- Rs 80 million) and amount repayable within one year is Rs 30 million (2007 -- Rs 40 million).

(xiv) On April 24, 2007 a short term loan was taken from Infrastructure Leasing and Financial Services Limited ('IL&FS') of Rs 220 million at an interest rate of 16 % to finance the working capital requirements of the Company. The loan is to be repaid as a bullet the end of 6 months. The Loan is secured by way of hypothecation of receivables of the Company and corporate guarantee of SHML. As per the terms of the loan, the proceeds from the sale of Government business of Scandent USA will be utilized to make the repayment of the loan. The entire facility has been repaid amount on April 30, 2007.

(xv) On September 12, 2007, Yes Bank Ltd had sanctioned a short term loan of Rs 120 million at an interest rate of 12% per annum to meet its working capital requirements. The loan was secured by way of first pari passu charge on the current assets, movable fixed assets and receivable of the Company, both present and future and by corporate guarantee of SHML. The loan was repayable within a period of six months. During the year, the Company had availed the entire facility and has fully repaid the loan on January 4, 2008.

(xvi) On December 24, 2007, DBS Bank Ltd. has sanctioned a term loan of US $ 40 million at an interest rate of LIBOR plus 2.5% to CISGI and Scandent USA (formerly Albion). The loan was sanctioned in two tranches. Tranch 1, for US $ 30 million, to be utilised to repay the existing loan from SCB and to finance working capital expenses, is repayable after a period of fifteen months from the date of the agreement, in 16 consecutive quarterly installments. Tranche 2, for US $ 10 million, to finance the acquisitions, investments and capital expenditure, is to be repaid in full after one year from the date of the agreement. The loan is secured by way of first pari passu charge on the present and future assets of CISGI, Scandent USA (formerly Albion), Cambridge Australia and on uncalled capital, goodwill, intellectual property, plant and machinery, beneficial interest in any pension fund, investments and insurance proceeds of Cambridge Singapore, floating charge on the all present and future assets of Cambridge Singapore other than the assets covered above, pledge of shares held by the Company in CISGI and Scandent USA (formerly Albion) and corporate guarantee of the Company, Cambridge Australia and Cambridge Singapore. As at March 31, 2008 the Company has availed the entire loan and the balance outstanding as at March 31, 2008 is Rs 1,599 million (US $ 40 million) (2007--Rs NIL). The amount repayable within one year as of March 31, 2008 is Rs 400 million (US $ 10 million) (2007--Rs Nil).

(xvii) On July 18, 2003, Cambridge Singapore entered into a receivable purchase agreement with DBS Bank Limited, Singapore. Under the agreement, Cambridge Singapore sold selected trade receivables to the bank with a right of recourse. The facility was available at the rate of 0.70 per cent of the invoice value plus a discounting charge of 1.5 percent per annum above the banks prevailing prime lending rate and was secured by personal guarantees from the directors of Cambridge Singapore, a corporate guarantee from SHML and a fixed and floating charge on all the assets and undertakings of Cambridge Singapore. During the year, the receivable purchase agreement has been terminated and accordingly, the balance outstanding as at March 31, 2007 of Rs. 0.8 million (US $ 0.18 million) has been adjusted with the corresponding receivables.

(xviii) On January 21, 2005, BWH Sarl, France entered into a receivable purchase agreement with Factocic, France. Under the agreement, the BWH SARL was to sell selected trade receivables to the Factocic without a right of recourse to BWH SARL . The facility was available at the rate of 1 per cent of the invoice value plus a discounting charge of 3 per cent per annum above the EURIBOR and was secured by personal guarantees from the directors of BWH SARL. During the year, the agreement has been terminated and the balance outstanding as at March 31, 2007 of Rs 37 million (Euro 679,940) has been adjusted with the corresponding receivables.

(xix) The Company has obtained vehicles under a financing arrangement. The loans are repayable over two to four years and are secured by assets taken against these loans. As at March 31, 2008, Rs 15 million (2007--Rs. 20 million) was outstanding against the financing arrangements and the amount repayable within one year is Rs 7.1 million (2007 -- Rs. 8.1 million).

(xx) The Company obtained vehicles, computers and office equipment on finance lease. These leases range for a period of two to three years and are secured by the assets acquired under these leases. Balance outstanding as at March 31, 2008 is Rs. 22.4 million (2007 -- Rs. 4.5 million) and amount payable within one year is Rs 9.6 million (2007 -- Rs 2.6 million).

	2008	2007
8 Unsecured loans		
Nil (2007 -- 1,500,000), 11 per cent Debentures of Rs 100 each	-	90,000,000
5.22 per cent Convertible Bonds	-	1,336,500,000
Working Capital Facility	33,333,330	-
Loan from related parties	-	308,228,697
Loans from Others	187,328,688	204,294,659
Receivable purchase facility	40,532,044	-
	261,194,062	**1,939,023,356**

(i) On August 1, 2002, the Company issued 1,500,000, 11 per cent debentures pursuant to the agreement entered into for acquisition of rights to a contract to render software services for a specified term to a particular customer. The debentures are repayable at par at the end of five years from the date of issuance. Interest on the debentures is payable at annual rests. In April 2006, the Company has redeemed debentures of Rs 60 million before its maturity. Further, during June 2007, the outstanding debentures of Rs 90 million have also been redeemed before its maturity and the Company had also obtained a waiver of interest payable of Rs 20.19 million.

(ii) On March 14, 2006, the Company issued convertible bonds of Rs 1,337 million to Indopark Holdings Limited carrying a coupon rate of 5.22 per cent per annum, net of income tax deducted at source, payable in advance. The bonds are convertible into fully paid equity shares not later than 18 months from the date of allotment at a conversion price of Rs 217 per equity share (i.e. a premium of Rs 207), such price being derived as per SEBI guidelines. During the year the Company redeemed the 5.22% convertible bonds by issuing 6,158,986 equity shares of Rs 10 each at a premium of Rs 207 per share to the Indopark Holdings Limited.

(iii) On March 18, 2008, Westpac Australia's First Bank has sanctioned a working capital facility of AUD 2.4 million to Cambridge Australia to meet working capital requirements at an interest rate of bank's overdraft business rate i.e. 10.42 per cent plus a margin of 1.90 per cent per annum. As at March 31, 2008 the Company has availed Rs 33 million (2007--Rs Nil) and the same is repayable within one year (2007--Rs Nil).

(iv) On May 10, 2005, CISGI signed a Rs. 223 million (US $ 5 million) Promissory Note with SHML as consideration for acquisition of the entire interest in ProcessMind Group. The note was unsecured and carried an interest rate of LIBOR plus 400 bps. Principal was payable in a single payment on the date on which the SCB Credit Agreement and Aon Credit is repaid in full or May 10, 2009. During the previous year, the Company had obtained waiver for the interest charged of Rs 14 million (US $ 325,000) . On December 31, 2006, CISGI and Scandent USA (formerly Albion) entered into an assignment and assumption agreement whereby the rights and obligations under the Promissory Note were assigned to Scandent USA (formerly Albion). During the current year, pursuant to a mutual arrangement with SHML, the balance outstanding as at March 31, 2007 of Rs 218 million has been adjusted with the receivables from SHML.

(v) Loan from related parties includes short term working capital loan taken from SHML and Scandent Group Limited in the previous year amounting Rs 24 million and Rs 66 million respectively. The loan was interest free and repayable on demand. During the current year, Scandent Mauritius has merged with SHML pursuant to which, all the balances of Scandent Mauritius Limited have been transferred to SHML. Subsequent to the merger, and pursuant to a mutual arrangement with SHML, the balance outstanding as at March 31, 2007 of Rs 90 million has been adjusted with the receivables from SHML.

(vi) Loan from others include loan from AON Services Group Inc, USA (‘AON’). As part of Acquisition Agreement entered into by Cambridge LLC, for Acquisition of CISGI and Cambridge Australia, AON provided CISGI a suboridinated unsecured loan fecility for US $ 6 million (AON Credit). On April 22, 2005, CISGI drew US $ 6 million from the facility. The loan is unsecured and carries and intrest rate of LIBOR plus 500bps. repayment was to occur after the earlier of a) May 2010 or b) within a period of 6 months from the date of repayment in full of the debt under SCB Credit agreement. During the year ended March 31, 2007, US $ 1.3 million recievable from the liquidator of one of its customer had been adjusted with the outstanding loan balance in accordance with terms of agreement. On May 23, 2008, the terms of repayment have been amended whereby the loan is repayble on November 30, 2009. As at Mrach 31, 2008, the balance outstanding is Rs 187 million (2007 -- Rs 204 million).

(vii) On January 8, 2008, BWH Sarl, France entered into a receivable purchase agreement with Natixis Factor, France. Under the agreement, the Company will sell selected trade receivables to the Natixis without a right of recourse to the Company. The facility is available at the rate of 0.90 per cent of the invoice value plus a discounting charge of three months EURIBOR plus 1.30 percent per annum. As of March 31, 2008, the net amount outstanding under the agreement is Rs. 40 million (Euro 642,448) (2007 -- Rs. Nil).

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9 Fixed Assets

	Gross Block					
	As at April 1, 2007	Additions pursuant to the acquisition of Subsidiaries	Additions during the year	Deletions adjustments [Refer Note (iii)]	Translation Adjustment	As at March 31, 2008
Leasehold Improvements	231,616,686	-	69,419,006	21,968,001	(8,667,148)	270,400,543
Computers	608,207,274	-	74,419,483	46,188,013	(21,811,184)	614,627,560
Vehicles	33,437,663	-	13,038,925	13,042,825	-	33,433,763
Office Equipment	201,986,524	-	79,834,865	9,959,827	(7,665,266)	264,196,296
Furniture and fittings	426,348,609	-	38,278,339	18,088,124	(25,723,718)	420,815,106
Total	**1,501,596,756**	**-**	**274,990,618**	**109,246,790**	**(63,867,316)**	**1,603,473,268**
Capital work-in-progress						
Prior Year	1,607,473,437	1,571,251	320,793,505	411,215,295	(17,026,143)	1,501,596,756

(i) Computers and office equipment include assets taken under finance lease. The gross book value and net book value of such assets have been disclosed in table below.

	Gross block	Gross block	Net block	Net block
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Computers	22,623,362	8,390,541	16,119,275	2,410,483
Vehicles	2,320,620	-	1,856,496	-
Office Equipments	494,261	808,300	444,835	241,826
	25,438,243	**9,198,841**	**18,420,606**	**2,652,309**

(ii) As at March 31, 2008, assets taken on loan basis amount to Rs. 4 million (2007 - Rs. 4 million).

(iii) Fixed Assets held for Sale in the previous year resulting from discontinuance of Government business of Scandent USA (formerly Albion) having gross block of Rs 9,598,039 (US $ 220,189) and accumulated depreciation Rs 2,923,763 (US $ 67,074) have been disclosed separately under Other Current Assets. Refer Note 28.

(iv) As at March 31, 2008, assets with Gross book value and Net book value of Rs 48 million (2007- Rs. 27 million), & Rs. 38 million (2007- Rs 26 million), respectively are being used by a sub-lessee. During the year, for these assets the Group has recorded depreciation charge of Rs 8 million (2007- Rs 1 million) resulting in accumulated depreciation of Rs 9 million (2007- Rs 1 million).

Depreciation						Net Block	
As at April 1, 2007	Additions pursuant to the acquisition of Subsidiaries	For the Year	Translation Adjustment	Deletions / adjustments [Refer Note (iii)]	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
83,074,353	-	31,934,672	(3,439,865)	21,620,318	89,948,842	180,451,701	148,542,333
464,414,182	-	92,132,198	(17,326,917)	44,947,580	494,271,883	120,355,677	143,793,092
13,158,481	-	10,176,997	-	7,409,872	15,925,606	17,508,157	20,279,182
130,999,851	-	33,880,082	(7,184,276)	9,525,323	148,170,334	116,025,962	70,986,673
316,471,442	-	37,904,956	(22,229,198)	14,525,170	317,622,030	103,193,076	109,877,167
1,008,118,309	**-**	**206,028,905**	**(50,180,256)**	**98,028,263**	**1,065,938,695**	**537,534,573**	**493,478,447**
						27,589,365	67,204,992
1,246,377,390	691,924	167,015,783	(17,777,235)	388,189,556	1,008,118,309	493,478,447	361,096,047

10 Intangible Assets

	Gross Block					
	As at April 1, 2007	Additions pursuant to the acquisition of Subsidiaries [Refer Note 4.1]	Additions/ Adjustments during the year	Deletions/ Adjustments [Refer Note (i) & (ii)]	Translation Adjustment	As at March 31, 2008
Goodwill	4,035,267,521	-	-	7,102,904	-	4,028,164,617
Goodwill Acquired	852,150,522	-	-	684,236,849	(69,469,671)	98,444,002
Computer Software	2,453,520,298	-	91,670,667	57,812,218	(164,632,308)	2,322,746,439
Total	**7,340,938,341**	**-**	**91,670,667**	**749,151,971**	**(234,101,979)**	**6,449,355,058**
Capital work-in-progress						
Prior Year	6,903,609,539	482,811,368	135,885,322	117,251,969	(64,115,919)	7,340,938,341

(i) Amortisation for the previous year includes Rs. 27,190,595 representing impairment of goodwill resulting from discontinuance of Government Business of Scandent USA (formerly Albion) has been disclosed separately as part of exceptional loss of Rs. 122,268,435. Refer Note 28.

(ii) (a) Adjustment to Goodwill represents reduction of goodwill amounting to Rs 7 million, net of increase in goodwill amounting to Rs 528 million, pursuant to the Cambridge-India Merger Scheme. Refer Note 2.1.4 and 2.1.5(i)

(b) Adjustment to Goodwill acquired under Gross Block and Accumulated Depreciation include Rs 684 million and Rs 186 million respectively, representing reduction of RS 497 million (net) in acquired goodwill in terms of the Cambridge-India Merger Scheme. Refer Note 2.1.4

Amortisation						Net Block	
As at April 1, 2007	Additions pursuant to the acquisition of Subsidiaries	For the Year [Refer Note (i) & (ii) below]	Translation Adjustment	Deletions/ Adjustments [Refer Note (i) & (ii)]	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
27,190,595	-	-	-	-	27,190,595	4,000,974,022	4,008,076,926
189,410,360	-	51,083,376	(315,610)	186,589,409	53,588,717	44,855,285	662,740,162
2,075,029,597	-	119,543,949	(135,987,395)	57,812,218	2,000,773,933	321,972,506	378,490,701
2,291,630,552	**-**	**170,627,325**	**(136,303,005)**	**244,401,627**	**2,081,553,245**	**4,367,801,813**	**5,049,307,789**
						226,982,483	110,993,362
2,230,206,334	-	217,931,556	(39,670,989)	116,836,349	2,291,630,552	5,049,307,789	4,673,403,205

11 Investments (Unquoted, Long term at cost, fully paid-up)

	2008	2007
Non-trade:		
215,000 Equity Shares of Rs 10 each in Globsyn Technologies Ltd.	8,600,000	8,600,000
Less : Provision for diminution in value of investment	(8,600,000)	(8,600,000)
Trade:		
3,606,023 (2007--2,273,749) Class A Common stock of Big E Real-estate Inc., USA fully paid and non assessable	95,827,500	66,375,000
	95,827,500	**66,375,000**

(i) On January 18, 2007, the Group has entered into a Stock and Warrant purchase agreement with Big E Real-estate Inc., ('Bige') a Delaware Corporation and Cushman & Wakefield Inc ('C&W'), for purchase of share and warrants of Bige. As at March 31, 2008, the Group has made investment of Rs 96 million (US $2.25 million) (2007 -- Rs 66 million [US $1.5 million]) to acquire 3,606,023 (2007 -- 2,273,749) Class A common stock of Bige constituting 16.7% shareholding and is also entitled 10,670,000 warrants at an exercise price of US $ 1 each to be exercised per the terms of the agreement.

12 Deferred tax Liability (Net) [also, refer Note 31]

	Deferred tax asset/ (liability) as at April 1, 2007	Transitional adjustment for employees benefits	Current period credit/ (charge)	Translation Adjustment	Deferred tax asset/(liability) as at March 31, 2008
Depreciation	21,866,708	-	(21,993,358)	-	(126,650)
Carry forward losses	181,723,962	-	(100,721,147)	(14,105,525)	66,897,290
Others	13,064,754	-	(87,322,346)	(2,596,245)	(76,853,837)
	216,655,424	**-**	**(210,036,851)**	**(16,701,770)**	**(10,083,197)**
Previous year	43,185,179	3,562,066	169,908,179	-	216,655,424

* After setting off Deferred tax asset in respect of certain group companies in different tax jurisdiction. Accordingly, Deferred tax asset of Rs 66,897,297 (2007--Rs 216,655,424) and Deferred tax liability of Rs 76,980,584 (2007- Rs Nil) has been disclosed separately in the Balance Sheet.

13 Inventories

	2008	2007
Software licenses	2,311,810	2,108,386
Contract work-in-progress	13,345,720	-
	15,657,530	**2,108,386**

14 Sundry debtors (Unsecured)

	2008	2007
Debts outstanding for a period exceeding six months		
Considered good	193,816,576	169,511,157
Considered doubtful	125,537,799	123,420,622
Other debts		
Considered good	1,253,376,681	1,371,182,032
	1,572,731,056	1,664,113,811
Less : Provision for doubtful debts	125,537,799	123,420,622
	1,447,193,257	**1,540,693,189**

15 Cash and bank balances

	2008	2007
Cash on hand	298,759	483,633
Balances with scheduled banks:		
- Current accounts	85,868,309	26,778,175
- Fixed deposit account	26,514,219	44,449,917
Balances with Other banks:		
- Current accounts	2,559,149,463	3,095,296,996
	2,671,830,750	3,167,008,721
Less: Client funds held in escrow	(2,336,687,950)	(2,522,654,510)
	335,142,800	**644,354,211**

(i) Fixed deposits includes Rs. 3 million (2007 - Rs. 3 million) kept as margin money for the guarantee extended by a Scheduled Bank in favour of the Assistant Commissioner of Customs to procure capital assets without payment of duty and Rs 11 million (2007 - Rs 11 million) maintained as liquidity reserve as per the terms of the loan agreement with UTI Bank [Refer Note 7(x)].

(ii) Cash and bank balances are net of client funds (i.e. fiduciary cash held in escrow) that are managed by the Company. The Company has the legal rights to use these funds as appropriate to administer claims on behalf of the client.

(iii) Current account balance and fixed deposit balance includes Rs. 0.24 million (2007 -- Rs. 0.24 million) and Rs. 21 million (2007 -- Rs. 21 million), respectively received by preferential allotment of 5.22 per cent Convertible Bonds. Also refer note 39.

16 Other current assets

	2008	2007
Unbilled Revenue	1,011,035,247	824,000,000
Discontinued operations (Refer Note 28)		
Fixed Assets held for Sale [at net book value or estimated net realisable value, whichever is lower), net of accumulated depreciation of Rs Nil (2007-- Rs 2,923,763)]	-	6,674,276
Debtors, net of provision for doubtful debts [Rs Nil (2007-- Rs 5,610,106)]	-	1,488,848,053
Advances recoverable in cash or kind or for value to be received	-	1,672,941
Sundry creditors	-	(141,691,786)
Other liabilities	-	(1,584,017)
Provision for leave encashment	-	(27,276,916)
Provision for estimated losses	-	(13,712,542)
	-	1,312,930,009
	1,011,035,247	3,449,860,018

17 Loans and advances (Unsecured)

	2008	2007
Considered good		
Dues from related parties		
Loans and advances	16,626,410	342,791,326
Expenses receivable	-	9,724,690
	16,626,410	352,516,016
Advances recoverable in cash or kind or for value to be received [Refer Note (iii) below]	246,986,504	355,024,182
Other receivables	10,394,111	15,376,230
Other deposits	132,838,836	119,836,803
MAT credit receivable	8,100,000	-
Advance tax	73,927,409	66,867,917
	488,873,270	**909,621,148**
Dues from related parties:		
Atindia Management Services Private Limited ('Atindia')	-	4,639,993
Seabulk Software India Pvt Ltd	-	33,716,063
Scandent Holding Mauritius Limited, Mauritius	16,626,410	41,785,168
Scandent Group Limited, Mauritius	-	272,374,792
	16,626,410	**352,516,016**

(i) Pursuant to the Cambridge India Merger Scheme, the Company has withdrawn Rs 38 million from General reserve and adjusted the same against the receivables from Atindia and Seabulk.

(ii) As referred to in Note 8(iii) and 8(iv) above, the Group has set off the unsecured loan payable to SHML as at March 31, 2007 amounting Rs 308 million with the loans & advances recoverable from SHML.

(iii) Pursuant to the settlement agreement entered with AON Corporation ('AON'), the erstwhile parent of CISGI, balance receivable as at March 31, 2008 of Rs 125 million has been adjusted against the interest accrued but not due of Rs 61 million and credit balance of Rs 64 million payable to AON.

18 Current liabilities

	2008	2007
Sundry creditors [Refer Note 17(iii)]	1,326,360,821	2,087,625,468
Book Overdraft	98,473,448	84,051,180
Dues to related parties		
Expenses payable	-	4,882,191
Interest accrued but not due		
on 11 per cent debentures	-	20,190,616
on loans [Refer Note 17(iii)]	39,382,885	46,173,213
Advance from customers	243,015,068	110,713,433
Deferred revenue	624,335,074	922,100,379
Other liabilities	112,703,393	114,307,268
	2,444,270,689	**3,390,043,748**

19 Provisions

	2008	2007
Provision for taxation	78,201,720	100,170,162
Provision for gratuity	20,261,715	13,791,850
Provision for compensated absences	196,566,748	179,231,819
Provision for estimated losses	-	109,204,544
Provision for onerous contracts	259,215,736	377,425,494
	554,245,919	**779,823,869**

(i) Movement during the year

Description	Opening Balance	Additions pursuant to acquisitions	Transitional adjustment	Charge during the year	Used during the year	Translation Adjustment	Closing Balance
Provision for estimated losses [Refer note (ii) below]	122,917,086	-	-	-	122,917,086	-	-
Provision for Onerous contracts	377,425,494	-	-	-	87,533,249	30,676,509	259,215,736
Provision for Gratuity	13,791,850	-	-	9,408,232	2,938,367	-	20,261,715
Provision for compensated absences [Refer note (ii) below]	206,508,735	-	-	252,236,132	254,509,076	7,669,043	196,566,748
Total	720,643,165	-	-	261,644,364	467,897,778	38,345,552	476,044,199
Previous year	751,748,999	831,600	52,135,420	332,720,903	416,793,757	-	720,643,165

(ii) Opening balance includes provision for estimated loss of Rs 13,712,542 and provision for leave encashment of Rs 27,276,916, pertaining to government business of Albion disclosed separately under Other Current Assets.

20 Miscellaneous expenditure

	2008	2007
Deferred interest on 11 per cent debentures	984,000	6,560,000
Less: Amortised during the year [Refer Note 25]	984,000	5,576,000
	-	984,000
Deferred upfront / processing fee for loans	66,833,014	80,469,919
Add : Upfront/processing fee incurred during the year	104,827,383	53,069,337
Less: Amortised during the year [Refer Note 25]	95,232,382	66,706,242
	76,428,015	66,833,014
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3]	966,605	-
	75,461,410	66,833,014
	75,461,410	**67,817,014**

		2008	2007
21	**Revenues**		
	Revenues from software development and related services		
	- Time and material contracts	3,072,536,068	2,903,705,211
	- Fixed price contracts	434,955,321	1,689,511,861
	- Annual maintenance contracts	102,760,775	69,942,766
	- License Sale	86,378,738	9,237,944
	Claims Service fee	8,666,455,032	10,025,743,367
		12,363,085,934	**14,698,141,149**
22	**Other income**		
	Write back of liability	21,088,701	5,244,645
	Interest Income [Gross of Tax deducted at source of Rs 688,164 (2007-- Rs 2,451,196)]	184,302,435	283,352,582
	Miscellaneous Income	107,032,663	73,896,871
		312,423,799	**362,494,098**
23	**Employee costs**		
	Salaries, allowances and bonus	6,008,576,742	7,071,101,078
	Contribution to provident fund and other funds	461,440,736	510,229,174
	Gratuity and leave encashment charge	261,644,364	263,647,150
	Employee stock compensation expense [Refer Note 36]	21,118,995	42,771,836
	Staff welfare	600,176,258	609,432,508
	Recruitment and relocation	93,550,913	79,685,498
		7,446,508,008	8,576,867,244
	Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]	17,402,129	-
		7,429,105,879	**8,576,867,244**
24	**Other operating costs**		
	Travel	370,651,631	439,107,291
	Rent and hire charges, net of sublease income	869,128,119	872,074,872
	Communication	315,534,649	370,830,073
	Power and fuel	90,774,580	76,240,397
	Insurance	129,530,272	128,722,593
	Rates and taxes	72,274,906	87,898,471
	Project work expenses	790,505,128	1,097,928,805
	Claims Work Expenses [Refer Note (i) below]	942,299,722	1,309,969,007
	Repairs and maintenance	-	-
	- Computer equipment	96,721,873	115,732,760
	- Others	38,039,281	21,257,561
	Legal & professional	208,093,002	194,774,150
	Printing & stationery	83,118,161	91,683,942
	Business promotion	74,796,337	123,219,611
	Exchange loss/(gain), net	43,295,156	12,605,167
	Loss / (Profit) on sale of fixed assets, (net)	4,347,610	415,111
	Bad debts / provision for bad & doubtful debts (net)	12,976,203	56,438,909

Other operating costs *(Contd...)*		**2008**	**2007**
Amounts written off	38,356,056		
Less: Amount withdrawn from General Reserve [Refer Note 2.1.5(ii)]	(38,356,056)	-	-
Provision for estimated losses		-	(35,910,917)
Miscellaneous expenses		160,128,736	141,429,174
		4,302,215,366	**5,104,416,977**

(i) Claim work expenses are net of Rs 121 million (US $ 3 million) amounts written back during the current year.

25 Finance costs

Interest on 11 per cent debentures	1,128,994	10,315,982
Interest on 5.22% Convertible Bonds	41,246,424	88,203,890
Amortization of deferred interest on 11% debentures [Refer Note 20]	984,000	5,576,000
Amortization of loan arrangement and processing fees [Refer Note 20]	95,232,382	66,706,241
Interest - others	248,777,068	282,472,657
Bank charges	39,708,077	47,719,113
	427,076,945	500,993,883
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2.1.3(ii)]	20,842,878	-
	406,234,067	**500,993,883**

26 Exceptional items

Write back of liability (Refer Note 29)	-	168,663,837
Loss on sale of government business of Scandent USA (formerly Albion) (Refer Note 28)	-	(122,268,435)
	-	**46,395,402**

27 Discontinuing operations

Revenues	-	1,272,756,269
Employee costs	-	652,429,378
Other operating costs	-	313,319,815
Profit / (loss) before tax, depreciation, amortization, finance cost and exceptional item	-	307,007,076
Depreciation and amortisation	-	-
Finance costs	-	42,914,041
Profit / (loss) before tax and exceptional item	-	264,093,035
Exceptional item (Loss on sale of business)	-	122,268,435
Profit / (loss) before tax	-	141,824,600
Tax expense	-	7,812,495
Profit / (loss) after tax	-	134,012,105

28. Sale of Government business

On January 22, 2007, the Company entered into an agreement with a third party for sale of assets of the government business being undertaken by Scandent USA (formerly Albion), for a consideration of US $ 30.95 million (Rs. 1,349 million) including cash flow of US $ 1.4 million (Rs 61 million) from April 1, 2007 to April 24, 2007 incurred by the Company. The disposal of the government business was in accordance with the Group's strategy to refocus its effort to grow the manufacturing and BFSI business segment and consolidate its operations in the Business Process Outsourcing segment.

The sale consummated on April 25, 2007 and for this transaction, Scandent USA (formerly Albion) had incurred expense of US $1.82 million (Rs. 80 million) towards professional charges and towards incentive payable to certain employees on sale of business.

The carrying amount of net assets of the government business as at April 25, 2007, amounted to US $ 30.5 million (Rs. 1,330 million), including goodwill arising on consolidation of US $ 0.6 million (Rs. 27 million) and net of Foreign currency translation reserve of US $ 0.24 million (Rs 10.5 million) pertaining to the government business. Goodwill arising on consolidation had been determined on the basis of independent valuation of government business as on the date of acquisition of the government business by the Company. During the previous year, loss on sale of government business amounting to US $ 2.76 million (Rs. 122 million) has been disclosed under Exceptional item. Further the net assets of government business had been disclosed as 'Assets held for sale'.

The carrying amounts of the total assets and liabilities as at March 31, 2007 which were disposed off are as follows. The information for government business disposed off in 2007 is included in accordance with the Accounting Standard on Discontinuing Operations.

	2007
	Rs. ('000')
Fixed Assets	6,674
Current Assets	1,490,521
Current liabilities	(184,265)
Net assets of Scandent USA (formerly Albion)	**1,312,930**
Goodwill	27,190
Foreign Currency Translation Reserve	(10,570)
Net assets of Scandent USA (formerly Albion) in consolidated financial statements	**1,329,550**
Net cash flows attributable to the Government division are as follows*:	
Operating	(463,382)
Investing	(6,463)
Financing	480,960
Net cash inflows / (outflows)	**11,115**

*Includes the cash flow arising from group companies as it was for the government business undertaken by Scandent USA (formerly Albion).

29. The Group during the year ended March 31, 2005, had recorded a liability amounting to Rs. 206 million towards demands raised by the Liquidator of one of its customers. During the previous year, the Group had settled the liability at Rs. 37 million, and accordingly, had written back excess liability of Rs. 169 million and was disclosed as Exceptional income.

30. CISGI operates from leased office premises taken on non-cancellable lease. The management, in earlier years, had evaluated the expected future economic benefits from certain premises and recorded an onerous contract liability for premises where the future economic benefits, in form of sublease income, were lower than the minimum lease rentals to be paid over the non cancellable lease period. During the year, for one of such premises, the sub-lessee vacated the premises resulting in

the onerous contract liability being higher by Rs 116 million. The management is in the process of evaluating the option of subletting or occupying the premises and accordingly, does not considers a need for recording the additional onerous contract liability.

31. Provision for taxation

(i) Current tax charge reflects provision for income tax based on the taxable income of the Group based on the taxable income as per the local tax laws applicable in the respective countries. While ascertaining the taxable income for the current year, the brought forward losses of the respective entities, if any, have also been considered.

Indigo Markets, Bermuda is eligible to claim tax holiday as per the local tax laws applicable.

In India, the Company operates four units, two in Chennai and one each at Bangalore and Mumbai. The Bangalore unit is registered with the Software Technology Parks of India, Bangalore and is eligible to claim tax holiday for 10 years (up to the financial year 2008-09) under section 10A of the Income-tax Act, 1961 ('IT Act'). In Chennai, the Company has two units, one set up by it during 2002, which is not eligible to claim benefit under section 10A of the IT Act, and the second facility transferred to the Company as a result of demerger of IT division of SSI Limited ('SSI').The Company is in the process of obtaining the income tax records from SSI, with respect to the division, and has, accordingly, not considered it to be eligible for any tax benefits for determination of current tax charge.

(ii) As at March 31, 2008, the Company has carried forward Deferred Tax Asset of Rs 67 million on the basis of projected sales of its existing contracts in certain subsidiaries. Further the Company has Deferred Tax Liability of Rs 77 million in one of its subsidiaries. Deferred Tax Asset and Liability have not been set off against each other as the Company does not have legal right to do so.

(iii) The Group has significant intra group transactions pertaining to revenue and expenses cross charge. The management is in the process of updating the transfer pricing study for such transactions entered into during the year ended March 31, 2008. The management does not anticipate any adjustments with regard to the transactions involved.

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32. Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008	April 1, 2006 to March 31, 2007	Receivable / (payable) As at March 31, 2007
(i)	Scandent Group Limited, Mauritius	Company in which director of a company	Expenses incurred on behalf of the related party	-	-	41,225	-
		is also a Director & shareholder	Expenses receivable	-	-	-	2,748,949
		[Refer Note 8(iii), 8(iv) and 17(ii)]	Loans & advances	-	-	260,103,274	269,625,843
			Unsecured Loans	-	-	(65,602,950)	(65,602,950)
			Expenses payable	-	-	(1,121,353)	(4,882,191)
			Guarantees given by the related party	-	-	-	790,274,805
(ii)	Scandent Holding Mauritius Limited, Mauritius	Holding company [Refer Note 8(iii), 8(iv) and 17(ii)]	Expenses incurred on behalf of the related party	1,965,084	-	22,908,273	-
			Expenses receivable	-	-	-	6,975,741
			Loans & advances	-	16,626,410	(9,096,201)	34,809,427
			Unsecured Loan repaid	-	-	(21,210,371)	-
			Unsecured Loan	-	-	-	(242,625,747)
			Guarantees given by the related party	-	665,002,953	-	832,567,775
			Interest Expense (waived)	-	-	(14,746,172)	-
(iii)	Atindia Management Services Private Limited	Company in which director of the company is interested (till January 13, 2006)	Write off of loans & advances pursuant to Cambridge-India Merger Scheme [refer Note 2.1.5(ii)]	(4,639,993)	-	-	-
			Loans & advances	-	-	-	4,639,993
(iv)	Seabulk Software India Private Limited	Company in which director of the company is interested (till January 13, 2006)	Write off of loans & advances pursuant to Cambridge-India Merger Scheme [refer Note 2.1.5(ii)]	(33,716,063)	-	-	-
			Loans & advances	-	-	-	33,716,063
(v)	Dilip Keshu	Director	Salary	15,792,705	-	12,858,557	-
(vi)	Satyen Patel	Executive Vice Chairman & Director	Salary	7,628,803	-	18,213,125	-
			Guarantees Given	-	280,287,550	-	464,556,039
(vii)	Christopher Sinclair	Executive Chairman & Director	Salary	7,628,803	-	18,213,125	-

Note : (i) The Company had issued stock options to Dilip Keshu for which compensation cost had been recorded in the previous year.

33. Contingent Liabilities and Commitments

(i) The Company has export obligations under the Software Technology Park ('STP') scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfill the export obligation, it shall be liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at March 31, 2008, the Company has availed duty benefits amounting to Rs 26.19 million (2007 -- Rs 34.15 million) including the benefit availed by SSIT amounting to Rs 15.6 million (2007 -- Rs 25 million). The Company expects to meet its commitment to earn the requisite revenue in foreign currency as stipulated by the STP regulations.

(ii) On March 31, 2006, the Company received an assessment order for the Assessment year 2003-04 which included transfer pricing adjustment for arm's length price of Rs 126 million. The Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment and does not expect any liability on this account.

(iii) During the previous year, the Company received an assessment order for the Assessment year 2004-05 which included transfer pricing adjustment for arms' length price of Rs 95.28 million. Consequently, an amount of Rs 5.82 million has been demanded as tax payable by the Company. As at the year end, the Company has paid Rs. 2.81 million (2007 -- Rs.1.63 million) [Includes Rs 1.18 million paid in the current year] of taxes and has made an application for stay of demand for the balance amount and penalty proceedings. Also, the Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment.

(iv) CISGI is subject to claims, lawsuits and proceedings that arise in the ordinary course of business. CISGI has purchased Errors and Omissions insurance and other appropriate insurance to provide protection against losses that arise in such matters. Although the ultimate outcome of these matters cannot be ascertained, and liabilities in indeterminate amounts may be imposed on CISGI on the basis of present information, availability of insurance coverage, and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company. However, it is possible that future consolidated results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavourable resolution of these matters. For the year ended March 31, 2008, there are no material accruals for matters of this nature.

(v) During the previous year, the Company had entered into a Bank Guarantee facility with Yes Bank for Rs 320 million plus variations on account of exchange rate fluctuations, for the purpose of issuance of standby letter of credit ('SBLC') by Yes Bank in favour of a correspondent bank in India for extending credit facilities to its subsidiaries. As at the year end, the Company has utilized Rs 343 million (2007 – Rs 293 million) of the facility towards SBLCs issued to secure facility extended to CISGI, USA, Cambridge Australia and CIS Australia by a correspondent bank. In the event of default by the subsidiaries, the Company will need to indemnify Yes bank to the extent of the facility availed.

Westpac Banking Corporation has provided Bankers Undertakings (Guarantees) for a customer for claim processing for the value of Rs 73.22 million (2007 – Rs 70.66 million). The Bankers Undertaking to the customer is supported by a Fixed and Floating Charge over the assets of Cambridge Australia and CIS Australia and a Guarantee & Indemnity by CIS Australia.

(vi) The Company has given corporate guarantee for Rs 1,688 million (2007—Rs 1,635 million) in respect of loans taken by its subsidiaries from banks.

34. Earnings / (loss) per share

	2008	2007
Net Profit / (Loss) for the year after Tax	**(87,940,030)**	**656,695,634**
Weighted average number of equity shares in calculating basic Earnings per share ('EPS') - (A)	108,628,471	104,971,435
Basic EPS	**(0.8095)**	**6.2559**
Weighted average number of potential equity shares under employee stock options during the year - (B)	67,999	170,208
Weighted average number of equity shares in calculating diluted EPS - (A+B)	108,696,470	105,141,643
Diluted EPS	**(0.8090)***	**6.2458**

* Since diluted EPS has increased after considering the potential Equity shares under employee stock options, the same is considered to be anti-dilutive and has not been considered for the computation of diluted EPS. Accordingly, the diluted EPS is same as Basic EPS.

35. Segment reporting

The primary reporting of the Group has been performed on the basis of business segments. The Company is organised into two business segments, Business Process Outsourcing ('BPO') and Information Technology ('IT') segments. Segments have been identified and reported based on the activity of the customer, the risks and returns, the organisation structure and the internal financial reporting systems.

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the North Americas, Europe, Australia and Rest of the world as distinct geographical segments.

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Segment reporting

Particulars	IT		BPO		Unallocated		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues										
External sales	3,312,365,491	4,657,965,015	9,050,720,443	10,040,176,135	-	-	-	-	12,363,085,934	14,698,141,150
Inter-segment transfers	75,954,026	19,238,575	-	3,921,654	-	-	(75,954,026)	(23,160,229)	-	-
Total revenues	**3,388,319,517**	**4,677,203,590**	**9,050,720,443**	**10,044,097,789**	**-**	**-**	**(75,954,026)**	**(23,160,229)**	**12,363,085,934**	**14,698,141,150**
Costs										
Segment costs [Refer Note (i) below]	3,218,589,440	4,270,261,848	8,889,388,035	9,722,383,715	-	-	-	-	12,107,977,475	13,992,645,563
Inter-segment transfers	-	3,921,654	41,876,012	5,131,044	-	-	(41,876,012)	(9,052,698)	-	-
Total costs	**3,218,589,440**	**4,274,183,502**	**8,931,264,047**	**9,727,514,759**	**-**	**-**	**(41,876,012)**	**(9,052,698)**	**12,107,977,475**	**13,992,645,563**
Segment result	169,730,077	403,020,088	119,456,396	316,583,030	-	-			255,108,459	705,495,587
Other income					128,121,364	79,141,516			128,121,364	79,141,516
Interest income					184,302,435	283,352,582			184,302,435	283,352,582
Finance costs					(406,234,067)	(500,993,883)			(406,234,067)	(500,993,883)
Income taxes - current & deferred					(249,238,226)	89,699,832			(249,238,226)	89,699,832
Net profit									**(87,940,035)**	**656,695,634**
Other information										
Segment assets	2,960,879,125	4,666,857,134	5,414,903,805	3,766,128,986	-	-	-	-	8,375,782,930	8,432,986,120
Inter segment assets	171,272,836	96,396,237	-	7,317,077	-	-	(171,272,836)	(103,713,314)	-	-
Unallocated Assets	-	-	-	-	320,213,606	349,898,340	-	-	320,213,606	349,898,340
Total assets	**3,132,151,961**	**4,763,253,371**	**5,414,903,805**	**3,773,446,063**	**320,213,606**	**349,898,340**	**(171,272,836)**	**103,713,314)**	**8,695,996,536**	**8,782,884,460**
Segment liabilities	705,438,584	1,101,801,807	2,175,493,420	378,877,308	-	-	-	-	2,880,932,004	1,480,679,115
Inter segment liabilities	-	-	171,272,836	96,396,237	-	-	(171,272,836)	(96,396,237)	-	-
Unallocated Liabilities	-	-	-	-	2,799,559,335	5,040,884,666	-	-	2,799,559,335	5,040,884,666
Total liabilities	**705,438,584**	**1,101,801,807**	**2,346,766,256**	**475,273,545**	**2,799,559,335**	**5,040,884,666**	**(171,272,836)**	**(96,396,237)**	**5,680,491,339**	**6,521,563,781**
Capital expenditure	46,731,616	550,743,909	396,303,164	561,016,034	-	-	-	-	443,034,780	1,111,759,943

(i) Segment Cost for the previous year includes loss on sale of government business of Scandent USA (formerly Albion) amounting to Rs. 122,268,435 and has been adjusted for write back of liability of Rs. 168,663,837 for one customer of BPO Segment.

Geographical segments	2008	2007
Australia	2,083,329,211	1,921,388,096
Europe	1,022,160,451	748,373,306
North America	8,671,635,580	11,487,573,056
Rest of World	585,960,692	540,806,691
Total	**12,363,085,934**	**14,698,141,149**

Fixed assets used in the Group's business or liabilities contracted have not been identified to any reportable geographical segments as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets and liabilities are made.

Following is the segment disclosure of the discontinued operation i.e. government business of Scandent USA (formerly Albion): [Also refer note 28]

Particulars	2008	2007
Revenue	-	1,272,756,269
Segment cost (including exception loss of Rs 122,265,435)	-	(1,090,633,790)
Segment Result	-	182,122,479
Finance cost	-	42,914,041
Tax expense	-	7,812,495
Net profit	-	131,395,943

As at March 31, 2008, segment asset and segment liability amounted to Rs Nil (2007--Rs 1,497,195,270) and Rs Nil (2007--Rs 184,265,261) respectively.

36. Employee Stock Option Plan

(i) During the year ended March 31, 2004, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2004') for the grant of stock options to the employees of the Company and employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

During the year 2003-04, the Compensation Committee had granted 477,268 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 10. Further, during the previous year additional 15,017 shares were granted under the above scheme.

The options will vest with the employees in the following manner

- 75% of the options after twelve months from the grant date; and
- the remaining options after twenty-four months from the grant date.

The fair value of the equity shares has been determined by the management on the date of the grant for ESOP 2004 based on a valuation by an independent appraiser. As per the terms of the ESOP Plan 2004, the exercise price equals the face value of the equity shares of Cambridge, and accordingly the difference between the fair value and the exercise price has been recorded as compensation cost. During the year 12,017 options have been exercised (2007- 95,417) and 3,762 options were forfeited (2007- Nil). No options have been granted under the plan in the current year. With respect to the options granted during the previous year, the difference between the intrinsic value and the exercise price of Rs 515,781 (2007 – Rs 716,679) has been recorded as compensation cost during the year.

Following table details the movement of options for the plan mentioned above (i.e., ESOP Plan 2004)

Particulars	2008	2007
Options outstanding at the beginning of the year	15,824	96,224
Options granted during the year	-	15,017
Options forfeited during the year	3,762	-
Options exercised during the year	12,017	95,417
Options expired during the year	-	-
Options outstanding at the end of the year	45	15,824
Options exercisable at the end of the year	45	807

No options were granted during the year.

Following are the details of exercise price and the options for ESOP Plan 2004:

ESOP Plan 2004	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Grant made during the year	10	10	45	15,017	1.00	2.63	10	10

The estimated weighted average fair value of options granted during the previous year was Rs 104.68 per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	NA	5.09% - 5.14%
Expected volatility of share price	NA	58.03%
Expected life of options granted (in years)	NA	3 – 3.5
Expected dividend yield	NA	Nil

NA – Not applicable.

Expected volatility has been determined using the history of trading price of the shares of the Company on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE') from March 10, 2005 to the date of the grant of the options.

(ii) Pursuant to the SSIIT Merger Scheme, the Company needs to issue and allot to every holder of options under Employees Stock Option Scheme 1999, Employees Stock Option Scheme 2000 and Employees Equity Option Plan 2001, being an employee of SSIIT, one option for one equity share of Cambridge against every option for one equity share of SSI held by him on the record date, aggregating to options for not more than 87,617 equity shares, except that the holder of an option to receive Global Depository Shares ('GDS') of SSI shall be entitled to one option for one equity share of Cambridge for every option for 10 GDSs of SSI held by him.

Accordingly, on November 10, 2004, the Board of Directors of Cambridge have approved SSIIT Services – Employees Stock Option Plan, 2004 ('ESOP II Plan 2004') for grant of options to the holder of options in SSI as on July 2, 2004, the Appointed Date. The Company has granted 70,892 options under the ESOP II Plan 2004 on November 10, 2004 to be exercised at a price of Rs 128.24, which approximates to the fair value of the options. The validity period of the Scheme shall be for a period of 84 months from the date of vesting. Based on the confirmation received from SSI, as at September 30, 2004, the options have been fully vested under the original stock option schemes. During the year, 39,734 options have been forfeited (2007 – 16,839) and no shares have been exercised (2007-- Nil).

Considering that the exercise price equals the fair value [i.e., the market value] of the equity shares of Cambridge, no compensation cost has been recorded by the Company.

Following table details the movement of options for the plan mentioned above (i.e. ESOP II Plan 2004)

Particulars	2008	2007
Options outstanding at the beginning of the year	43,634	60,473
Options granted during the year	-	-
Options forfeited during the year	39,734	16,839
Options exercised during the year	-	-
Options expired during the year	-	-
Options outstanding at the end of the year	3,900	43,634
Options exercisable at the end of the year	3,900	43,634

(iii) During the year ended March 31, 2006, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2005') for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2005, on May 27, 2005, 179,263 options have been issued under Program I at a grant price of Rs 10 and 384,473 options under Program II at grant price of Rs 172. During the previous year additional 5,737 shares were granted under Program I and 68,000 shares were granted under program II, under the above scheme.

The vesting period for Program one shall be one year from the date of grant and in a staggered manner for Program II, spread over two years as follows:-

- 40% of the options one year from the date of grant
- 60% of the options two years from the date of grant

The difference between the market value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded compensation cost of Rs Nil (2007 -- Rs 5,153,010). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the year 15,803 options were exercised (2007 -- 164,197) and 49,000 options were forfeited (2007 -- 304,973).

Following table details the movement of options for the two plans mentioned above (i.e. ESOP I Plan 2005 and ESOP II Plan 2005)

Particulars	2008		2007	
	No of shares	Weighted average exercise price (Rs)	No of shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	168,303	128.28	563,736	120.48
Options granted during the year	-	-	73,737	105
Options forfeited during the year	49,000	172	304,973	172
Options exercised during the year	15,803	10	164,197	10
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	103,500	125.51	168,303	128.28
Options exercisable at the end of the year	103,500	125.51	46,866	119.92
Weighted average remaining contractual life (in Years)	1.45	-	3.01	-
Weighted average fair value of options	-	74.13	-	86.77

The estimated weighted average fair value of options granted during the year is Rs Nil per share (2007 -- Rs 86.77). This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	NA	5.19% - 5.25%
Expected volatility of share price	NA	58.03%
Expected life of options granted (in years)	NA	4 – 4.5
Expected dividend yield	NA	Nil

NA- Not Applicable.

Expected volatility has been determined using the history of trading price of the shares of the Company on NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2005:

ESOP Plan 2005	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Program I	10	10	5,000	20,803	1.17	2.53	10	10
Program II	113.15 – 172	113.15 - 172	98,500	147,500	1.47	3.08	131	144.87

(iv) During the year ended March 31, 2007, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2006') for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2006, during the previous year, 60,000 options have been issued under Program I at a grant price of Rs 10 and 2,057,946 options under Program II at a grant price equivalent to the market value of the shares on the date of grant. Further, during the year additional 1,870,000 shares were granted under Program II, under the above scheme. The vesting period for Program one shall be one year from the date of grant and in a staggered manner for Program II, spread over three years as follows:-33.33% of the options one year from the date of grant.

- 33.33% of the options one year from the date of grant
- 33.33% of the options two years from the date of grant
- 33.34% of the options three years from the date of grant

The difference between the intrinsic value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded compensation cost of Rs 2,916,460 (2007-3,272,540). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the year, 24,000 options were exercised (2007-- Nil) and 1,247,000 options were forfeited (2007-- Nil).

Following table details the movement of options for the two plans mentioned above (i.e. ESOP I Plan 2006 and ESOP II Plan 2006)

Particulars	2008		2007	
	No. of Shares	Weighted average exercise price (Rs)	No. of Shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	2,117,946	117.22	-	-
Options granted during the year	1,870,000	87.01	2,117,946	117.22
Options forfeited during the year	1,247,000	120.34	-	-
Options exercised during the year	24,000	10	-	-
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	2,716,946	96.05	2,117,946	117.22
Options exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in Years)	3.61	-	4.08	-
Weighted average fair value of options granted	-	51.05	-	63.78

The estimated weighted average fair value of options granted during the year is Rs 40.77 per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2008	2007
Average risk-free interest rate	7.26%-7.76%	5.19%-5.25%
Expected volatility of share price	52.77%	58.03%
Expected life of options granted (in years)	4-5	4-5
Expected dividend yield	Nil	Nil

Expected volatility has been determined using the history of trading price of the shares of the Company on the NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2006:

ESOP Plan 2006	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	2008	2007	2008	2007	2008	2007	2008	2007
Program I	10	10	36,000	60,000	2.5	3.5	10	10
Program II	56.90 - 140.35	113.15 – 140.35	2,680,946	2,057,946	3.62	4.09	97.2	120.35

Had the Company recorded compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by Rs 34.8 million (2007-- Rs 12.6 million) and the loss after tax would have been higher by the same amount, consequently, the revised earnings per share would have been as follows:

Earnings per share	(Amount in Rs)	
	2008	**2007**
Basic	(1.13)	6.06
Diluted	(1.13)	6.05

(v) As referred to in Note 1, Cambridge LLC had introduced a Management Equity Plan for certain key employees, independent contractors and its Affiliates through the grant of Restricted Units of common membership interests of Cambridge LLC. Under this plan, 8,229 Awards were awarded, to be vested as per the terms of the Plan.

Of the total Awards, 4,778 Non-performance units were issued effective December 1, 2004 and 3,451 Performance units were issued effective January 1, 2005. Non-performance units vest in equal instalments of 25 per cent on each of the first four anniversaries of the date of grant (December 1, 2004) subject to continued employment and the occurrence of a liquidity event. The date of grant for performance units is January 1, 2005 and vest on January 1, 2006, 2007, 2008 and 2009.

Pursuant to the Cambridge Merger Scheme, 583 fully paid equity share of Rs 10 each of the Company are to be issued for every Award held in Cambridge LLC. Such shares to be issued by the Company in lieu of the Awards to be deposited by the Award holders with an independent Escrow agent to be released on fulfilment of the conditions mentioned in the Plan.

The fair value of the equity shares has been determined by the management on the date of the grant of such Awards to be US$ 3.30 million (Rs 144 million). The exercise price for such Awards is Nil and accordingly, the fair value of such Awards has been recorded as compensation cost. Till March 31, 2005, the compensation expense of US$ 0.53 million (Rs 23.36 million) had been recorded by Cambridge LLC. The remaining stock compensation adjustment of US$ 2.77 million (Rs 121 million) will be recorded by the Company over the remaining vesting period. During the year, the Company has recorded stock compensation expense of Rs 17.4 million (2007 -- Rs 34 million) and the same is adjusted against the share premium as per the Cambridge-India Merger Scheme.

37. Gratuity

The Company and CISIPL have a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme in the Company is unfunded as at March 31, 2008 and hence the disclosures with respect to plan assets as per Accounting Standard 15 are not applicable to the Company. However, CISIPL scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarizes' the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognised in profit and loss account)

Particulars	Unfunded		Funded	
	2008	2007	2008	2007
Current service cost	4,100,075	3,989,058	1,499,169	947,662
Interest cost on benefit obligation	1,013,304	875,826	238,364	70,038
Expected return on plan assets	NA	NA	(228,803)	(172,450)
Net actuarial(gain) / loss recognised in the year	1,412,598	(1,133,745)	1,367,406	39,652
Past service cost	-	-	-	-
Net benefit expense	6,525,977	3,731,139	2,876,136	884,902

Details of Provision for gratuity

Particulars	Unfunded		Funded	
	2008	2007	2008	2007
Defined benefit obligation	(18,334,515)	(13,516,926)	(3,992,748)	(1,879,940)
Fair value of plan assets	NA	NA	2,907,418	2,504,792
	(18,334,515)	(13,516,926)	(1,085,330)	624,852
Less: Unrecognised past service cost	-	-	-	-
Plan asset / (liability)	(18,334,515)	(13,516,926)	(1,085,330)	624,852

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Unfunded		Funded	
	2008	2007	2008	2007
Opening defined benefit obligation	13,516,926	12,109,834	1,879,940	928,358
Interest cost	1,013,304	875,826	238,364	70,038
Current service cost	4,100,075	3,989,058	1,499,169	947,662
Benefits paid	(1,708,388)	(2,324,047)	(799,108)	(105,770)
Actuarial (gains) / losses on obligation	1,412,598	(1,133,745)	1,174,383	39,652
Closing defined benefit obligation	18,334,515	13,516,926	3,992,748	1,879,940

The principal assumptions used in determining gratuity are shown below:

Particulars	Unfunded (%)		Funded %	
	2008	2007	2008	2007
Discount rate	8	8	8	8
Increase in compensation cost	10	10	10	10
Employee turnover	20	20	20	20

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Details of defined benefit plan for the current year are as follows:

Particulars	Unfunded		Funded	
	2008	2007	2008	2007
Defined benefit obligation	18,334,515	13,516,927	3,992,748	1,879,940
Plan assets	-	-	2,907,418	2,504,792
Surplus / (deficit)	(18,334,515)	(13,516,927)	(1,085,330)	624,852
Experience adjustments on plan liabilities	-	-	1,367,406	39,652
Experience adjustments on plan assets	-	-	-	-

Changes in the fair value of plan assets are as follows:

Particulars	2008	2007
Opening fair value of plan assets	2,504,792	2,217,486
Expected return	228,803	172,450
Contributions by employer	1,165,954	220,626
Benefits paid	(799,108)	(105,770)
Actuarial gains / (losses)	(193,023)	-
Closing fair value of plan assets	2,907,418	2,504,792

CISIPL expects to contribute Rs 3,635,647 (2007 – Rs 1,182,180) to gratuity in 2008-09.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2008 (%)	2007(%)
Government of India Securities	43.71	94.36
High Quality corporate bonds	38.87	1.11
Equity shares of listed companies	13.62	3.59
Commercial papers	0.73	0.58
Cash	3.07	0.37

38. Leases

In case of assets taken on lease

(i) Operating leases

Office premises, guest house premises and equipments are obtained under operating lease.

Rent expense for such operating leases recognised in the Profit and loss Account for the year is Rs. 869,128,119 (2007 -- Rs. 872,074,872).

The lease arrangements have been entered up to a maximum of ten years from their respective dates of inception. Some of these lease agreements have price escalation clauses.

The amounts payable on account of the non-cancellable operating leases are as follows:

	2008	2007
Not later than one year	603,323,834	699,206,478
Later than one year but not later than five years	1,614,410,276	1,816,337,205
Later than five years	207,496,249	339,997,392
	2,425,232,369	**2,855,543,075**

With respect to the office premises the Company has entered into sublease arrangement. (Refer Note (iii) below).

(ii) Finance Lease

The Company has entered into an arrangement for lease of office equipment and computer equipment. The lease arrangement for office equipment is for a period of 3 years. Under the terms of the lease, the Company is required to pay fixed monthly instalments over the lease term. These leases have term of renewal but no purchase options and escalation clauses.

The amount payable on account of these finance leases are as follows:

	2008	2007
Total minimum lease payments*	25,170,882	5,097,726
Less: Interest	2,418,663	558,503
Present value of minimum lease payments*	**22,752,219**	**4,539,223**

* Net of security deposit paid for computers

Future minimum lease payments under finance lease are as under:

	2008	
	Minimum lease payments	Present value of minimum lease payments
Payable not later than one year	9,628,751	9,065,215
Payable later than one year and not later than five years	15,542,131	13,421,151
Payable later than 5 years	-	-
Total	**25,170,882**	**22,486,366**

	2007	
	Minimum lease payments	Present value of minimum lease payments
Payable not later than one year	2,623,563	2,368,949
Payable later than one year and not later than five years	2,474,163	2,170,274
Payable later than 5 years	-	-
Total	**5,097,726**	**4,539,223**

In case of assets given on lease

(iii) Operating leases

The Company has leased out premises on operating lease. The lease terms is for 1 - 14 years and are non-cancellable. There is escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Rent income for such operating leases recognised in the Profit and loss Account for the year is Rs. 13 million (2007 - 38 million)

There are no uncollectible minimum lease payments receivable at the balance sheet date.

	2008	2007
Future minimum lease payment		
Not later than one year	12,405,951	35,097,473
Later than one year and not later than five years	25,633,274	144,995,989
Later than five years	-	2,779,727
	38,039,225	**182,873,189**

39. Details of utilisation of proceeds raised through preferential issues

During the year ended March 31, 2006, the Company had made preferential allotment of 1,025,227 equity shares of Rs.10 each at a premium of Rs 210 per share and preferential allotment of Rs 1,336.50 million 5.22 per cent Convertible Bonds to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co.

Details of utilization of proceeds raised through these preferential issues are as follows:

Particulars	2008	2007
Utilised for working capital	-	282,729,424
Repayment of loans and debentures	20,610,844	157,173,028
Repayment of loan subsequently converted to investment in a subsidiary	-	833,670,000
Fixed deposits	-	20,610,844
Bank Balance	244,093	244,093
Total	**20,854,937**	**1,294,427,389**

40. Foreign currency exposure

Particulars	USD	GBP	EURO	SGD	Malaysian Ringett	Japanese Yen	AUD	Canadian Dollar
Secured Loan	(8,003,110)	-	-	-	-	-	-	-
Unsecured Loan	-	-	(216,845)	-	-	-	-	-
Debtors	9,098,091	3,492,581	119,188	20,728	-	68,618,910	-	-
Cash and Bank	1,063,648	396,929	11,849	-	-	27,125,031	-	55,981
Loan and Advances	24,906,072	922,990	1,042,720	19,227	-	-	330,134	-
Current Liabilities	(14,394,120)	(2,360,613)	(545,690)	(2,136,448)	(465,663)	(3,572,393)	(8,701,648)	-
Total	**12,670,581**	**2,451,887**	**411,222**	**(2,096,493)**	**(465,663)**	**92,171,548**	**(8,371,514)**	**55,981**

The Company has not hedged the foreign currency exposure as at March 31, 2008.

As at March 31, 2007, the Company had foreign currency exposure to the extent of the following:

Particulars	USD	GBP	EURO	SGD	Malaysian Ringett	Japanese Yen	Canadian Dollar
Secured loan	(10,745,000)	-	-	-	-	-	-
Sundry debtors	25,070,948	3,573,809	257,667	20,727	-	75,853,838	-
Cash and Bank	595,371	136,759	-	915	-	7,434,938	38,220
Loans and advances	10,440,282	999,790	952,434	826,003	-	-	-
Current liabilities	(8,783,284)	(1,191,713)	(639,067)	(513,229)	(107,540)	(3,572,393)	-
Total	**16,578,317**	**3,518,565**	**571,034**	**334,416**	**(107,540)**	**79,716,383**	**38,220**

The Company had not hedged the foreign currency exposure as at March 31, 2007.

41. Prior year comparatives

The financial statements for the year ended March 31, 2007 have been reclassified where necessary to conform to current year's presentation.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED
(formarly SCANDENT SOLUTIONS CORPORATION LIMITED)

(All amounts in Indian Rupees)

	2008	2007
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	**161,298,191**	**566,995,802**
Adjustments for:		
Depreciation	206,028,905	167,015,783
Amortisation	170,627,325	190,740,961
Amortisation of Miscellaneous expenditure (included in Finance costs)	75,373,504	72,282,241
(Profit) / Loss on sale of fixed assets	4,347,610	415,111
Foreign exchange (gain)/loss (net) - unrealised	(16,956,721)	(8,469,575)
Interest income	(184,302,435)	(283,352,582)
Write back of liability (including exceptional item of Rs 168,663,837 in 2007)	(21,088,701)	(173,965,775)
Provision for estimated losses written back	-	(35,910,917)
Loss on sale of Government business of Albion	-	122,268,435
Provision for Doubtful Debts	12,976,203	56,438,909
Deferred employee compensation cost	3,716,866	42,771,836
Interest expense	291,152,486	380,992,529
Operating profit before working capital changes	**703,173,233**	**1,098,222,758**
Movements in working capital :		
Decrease / (Increase) in Inventory	(13,549,144)	535,604
Decrease / (Increase) in sundry debtors and unbilled revenue	(106,511,517)	(940,377,715)
Decrease / (Increase) loans and advances	(35,432,346)	(77,058,055)
Increase / (Decrease) in current liabilities & provisions	(805,760,768)	(799,067,322)
Net cash used in operating activities	**(258,080,542)**	**(717,744,730)**
Direct taxes paid, net of refunds	(10,966,857)	(103,355,797)
Net cash used in operating activities (A)	**(269,047,399)**	**(821,100,527)**
B. Cash flows from investing activities		
Purchase of fixed assets and intangible assets	(457,630,630)	(545,208,170)
Proceeds from sale of fixed assets	6,870,917	11,606,442
Purchase of investments	(29,452,500)	(66,375,000)
Interest received	183,614,271	257,887,768
Investment in long term deposits	17,935,698	(44,164,368)
Payment for acquisition of subsidiaries [Refer Note (i)]	(226,540,000)	(277,737,925)
Receipt from disposal of subsidiaries (net) [Refer Note (ii)]	1,288,736,056	-
Cash and cash equivalents in the subsidiaries financial statements as on the date of acquisition	-	68,281,106
Net cash from / (used) in investing activities (B)	**783,533,812**	**(595,710,147)**

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	2008	2007
C. Cash flows from financing activities		
Proceeds from issue of share capital	518,200	2,596,140
Share Issuance Expense	(1,336,500)	-
Loan arrangement & Processing fees	(104,827,383)	(53,069,337)
Proceeds from short-term borrowings	780,232,044	475,537,517
Repayment of short-term borrowings	(380,373,009)	(100,000,000)
Proceeds from long-term borrowings	1,470,174,802	826,425,208
Repayment of long-term borrowings and finance lease obligation	(2,322,652,420)	(1,486,444,750)
Interest paid	(327,429,270)	(348,512,278)
Net cash used in financing activities (C)	**(885,693,536)**	**(683,467,500)**
Net decline in cash and cash equivalents (A + B + C)	**(371,207,123)**	**(2,100,278,174)**
Foreign currency translation reserve	79,645,861	18,315,110
Cash and cash equivalents at the beginning of the year	600,189,843	2,682,152,907
Cash and cash equivalents at the end of the year	**308,628,581**	**600,189,843**
Components of cash and cash equivalents:		
Cash on hand	298,759	483,633
Balances with scheduled banks	112,382,528	71,228,092
Balances with other banks	2,559,149,463	3,095,296,996
Less: Client funds held in escrow	(2,336,687,950)	(2,522,654,510)
	335,142,800	644,354,211
Less: Fixed deposits with maturity greater than 3 months	(26,514,219)	(44,164,368)
	308,628,581	**600,189,843**

Note:

(i) During the previous year, the Group had acquired Ecomm Solutions Corp and Nexplicit Infotech India Private Limited for a consideration of Rs US $ 12.03 million. Of the total consideration, US $ 6.03 million (Rs 278 million) and US $ 5.56 million (Rs 226 million) was paid during the previous year and current year respectively. The entire consideration has been received in cash and cash equivalents. As at the year end US $ 440k is outstanding.

(ii) During the previous year, the Group had entered into an agreement for sale of Government business being undertaken by Albion Inc, a wholly owned subsidiary for a consideration of Rs 1,349 million. The transaction has consummated on April 25, 2007 and consideration was received on that date. The entire consideration has been received in cash and cash equivalents. Refer Note 28 for further details.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Bangalore
Date : June 17, 2008

For and on behalf of the Board of Directors of
Cambridge Solutions Limited
(formerly Scandent Solutions Corporation Limited)

Christopher A. Sinclair
Executive Chairman

Satyen Patel
Executive Vice Chairman

Pradeep Chaudhry
Chief Financial Officer

V Viswanathan
Company Secretary

Place : Bangalore
Date : June 17, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

June 17, 2008

Dear Member,

You are cordially invited to attend the Seventh Annual General Meeting of the members of **Cambridge Solutions Limited,(Formerly Known as Scandent Solutions Corporation Limited) on Monday, September 29, 2008 at 11.00 A.M at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore - 560 066.**

The notice for the meeting containing the proposed resolutions is enclosed herewith.

Yours truly,

Sd/
Christopher Sinclair,
Chairman

NOTE:

Members who wish to attend the Annual General Meeting may give their names, address, Folio/Client ID Number and phone number, 7 days before the date of meeting to Mr. Ashoka Bhat by phone or through email.

The Transportation will be provided from the centralized location in the City to the Venue of the Annual General Meeting.

The Contact details of

Mr. Ashoka Bhat:

Phone No: 08030540000 Extension No: 1064

Email ashoka.bhat@cambridge-asia.com

Cambridge Solutions Limited
(Formerly known as Scandent Solutions Corporation Limited)
SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area
Phase I, Whitefield, Bangalore 560066, India.
Phone : +91 080 3054 0000, Fax : +91 080 41157394

NOTICE

Notice is hereby given that the Seventh Annual General Meeting ("AGM") of the Members of **CAMBRIDGE SOLUTIONS LIMITED (Formerly Known as Scandent Solutions Corporation Limited** ("Cambridge" or "the Company") will be held on Monday, September 29, 2008 at 11.00 am at **SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India**., to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Report of Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. Eugene Beard, who retires by rotation and, being eligible, offers himself for re-election.

3. To appoint a Director in place of Mr. David Greenberg, who retires by rotation and, being eligible, offers himself for re-election.

4. To appoint S. R. Batliboi & Associates, Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next AGM on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

SPECIAL BUSINESS:

5. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

   RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendments or modifications thereto and subject to the approval of the Central Government and such other sanctions as may be necessary, desirable and expedient in law, the approval of the members in General Meeting be and is hereby accorded, to the re- appointment of Mr. Christopher A. Sinclair, as the Executive Chairman and Chief Executive Officer of the Company for a further period of three years from September 5, 2008 to September 4, 2011, upon the terms and conditions as stated in the draft agreement between the Board of Directors and Mr. Christopher A. Sinclair and subject to any further modifications in the draft agreement, if any, as may be agreed to between the Central Government and the Board of Directors, as may be applicable to Mr. Christopher A. Sinclair.

   RESOLVED FURTHER THAT Mr. Christopher A. Sinclair shall not be paid any remuneration in the form of salary or perquisites for the appointment as Executive Chairman and Chief Executive Officer of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable to give effect to such resolution.

6. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION** :

   RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendments or modifications thereto and subject to the approval of the Central Government and such other sanctions as may be necessary, desirable and expedient in law, the approval of the members in General Meeting be and is hereby accorded, to the re-appointment of Mr. Satyen Patel, as the Executive Vice Chairman of the Company for a further period of three years with effect from September 5, 2008 to September 4, 2011, upon the terms and conditions as stated in the draft agreement between the Board of Directors and Mr. Satyen Patel and subject to any further modifications in the draft agreement, if any, as may be agreed to between the Central Government and the Board of Directors, as may be applicable to Mr. Satyen Patel.

   RESOLVED FURTHER THAT Mr. Satyen Patel shall not be paid any remuneration in the form of salary or perquisites for the appointment as Executive Vice Chairman of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable to give effect to such resolution.

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Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution, or by those holding paid-up capital of at least Rs. 50,000 (Rupees Fifty Thousand Only). A proxy may not vote except on a poll.

3. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

4. Members / proxies should bring duly filled in Attendance Slips sent herewith for attending the meeting.

5. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.

6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members during business hours at the Registered Office of the Company.

7. The Register of Members and Share Transfer Books will remain closed from September 23 2008 to September 29 2008 (both days inclusive).

8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications.

9. Members are requested to address all correspondence to the Registrar and Share Transfer Agents – Karvy Comuputershare Private Limited, Plot No.17-24, Vittal Rao Nagar Madhapur Hyderabad - 500 081, India.

10. The Auditors Certificate certifying that the Company's Stock Option Plans viz., Cambridge ESOP 2006, ESOP 2005, SSI IT Services ESOP 2004 and ESOP 2004 are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and any amendment thereto, is available for inspection of the members at the AGM.

By Order of the Board of Directors,

V. VISWANATHAN
Company Secretary

Place : Bangalore
Date : June 17, 2008

Registered Office:
SJR I-Park, Plot 13, 14, 15.
EPIP Industrial Area
Phase I, Whitefield
Bangalore 560066
India.
Phone +91 0803054 0000
Fax - +91 08041157394

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No. 5 & 6:

The appointment of Mr. Christopher A Sinclair as the Executive Chairman and Chief Executive Officer of the Company and Mr. Satyen Patel as the Executive Vice Chairman of the Company will expire on September 04, 2008 The Board of Directors at their meeting held on June 17, 2008 reappointed Mr. Christopher A Sinclair and Mr. Satyen Patel on the same terms and conditions for a further period of three years and their reappointment is subject to the approval of the shareholders.

The said appointments would be without any remuneration until otherwise determined by the Board.

The above may also be treated as an abstract of the terms of the Contract /Agreement between the Company and Mr. Christopher A Sinclair and Mr. Satyen Patel respectively pursuant to Section 302 of Companies Act, 1956.

The Directors recommend the resolution for the approval by the shareholders.

None of the Directors of the Company, except Mr. Christopher A. Sinclair and Mr. Satyen Patel, being interested in the respective resolutions relating to their respective appointments, are interested in the said resolutions.

Additional information on Directors recommended for appointment or seeking election at the Annual General Meeting

The following are the bio-data of the Directors seeking re-election or recommended for appointment as a Director:

Name : Mr. Eugene P. Beard

Age : 73 years

Qualifications: Honorary degree of Doctor of Ethics in Business leadership from Duquesne University

Profile: As the current chairman and CEO of Westport Asset Fund, and the retired vice chairman of Interpublic Group, Eugene Beard brings a deep financial expertise to Cambridge Solutions Ltd.'s already impressive board. Mr. Beard previously served the Boards of Catalina Marketing and the Mattel Corporation where he chaired the audit Committees. He is currently Vice Chairman of Bessember Trust Old Westbury Funds and a Board Member and also a Director on Huntsworth Plc, Marc USA and One to One Interactive. He has been featured in *Global Finance*'s CFO Superstars, *Investors Relations*, *Treasury Magazine Forbes*, *Corporate Finance*, *Institutional Investor* and *Business Week.*

Name: Mr. David Greenberg

Age: 41 years

Qualifications: BA in Economics from the University of Illinois/ Champaign-Urbana, and JD with honors from IIT/Chicago Kent College of Law.

Profile: Mr. Greenberg is Executive Vice President, Strategy at Medline Industries, Inc., a large manufacturer and distributor to the health care industry, responsible for defining and supporting strategic priorities and executing business development transactions. Recently, Mr. Greenberg was Chief Financial Officer and head of several International Operations and Practice Groups for the Global Large Corporate Unit of Aon, the largest insurance broker in the world. Mr. Greenberg's experience and industry relationships will be invaluable to Cambridge Solutions Ltd. He is also a general trustee of the Lincoln Academy of Illinois, to which he was appointed by the Governor of Illinois. Mr. Greenberg practiced transactional law at Gardner Carton & Douglas and spent a year as managing director with C.B. Campbell & Associates, an Investment Banking boutique.

Name: Mr. Christopher A. Sinclair

Age: 57 years

Qualifications: B.S in Business Administration from University of Kansas and MBA from Dartmouth College (Amos Tuck School)

Profile: Christopher A. Sinclair is a Founder and Chairman of Scandent Group. Mr. Sinclair was instrumental in building PepsiCo's international franchise as Chairman and CEO of Pepsi-Cola Company, as well as President & CEO of PepsiCo Food and Beverage International. Following his tenure at PepsiCo, Mr. Sinclair was President and CEO of Quality Food, Inc. (NYSE), a U.S. west coast supermarket chain backed by Sam Zell's Equity Group. More recently, Mr. Sinclair also led the financial restructuring of Caribiner International, Inc. (NYSE) as Chairman and CEO of this Warburg Pincus sponsored global business communications company. Mr. Sinclair currently serves as a board member of Mattel Inc.

Name: Mr. Satyen Patel

Age: 51 years

Qualifications: BE; MBA

Profile: Satyen Patel is a Founder and Vice Chairman of Scandent Group. Prior to founding Scandent Group, Satyen Patel was the Managing Director of Nike - South East Asia, covering the ASEAN and South Asia markets, former Director International Business Development for Pepsi-Cola International, Director Strategic Business Development for Grand Met / Pillsbury in Minneapolis and a former board member of 3i plc Asia Pacific. Satyen brings to Scandent Group his global operating experience and expertise in managing complex businesses across competitive environments. His experience in managing global supply chains enables him to drive significant economies of scale thereby creating shareholder value.

The details of shareholding of the Directors seeking re-election or recommended for appointment are given below:

Directors	Number of shares held	Percentage of shareholding
Mr. Eugene Beard	Nil	Nil
Mr. David Greenberg	Nil	Nil
Mr. Christopher A Sinclair	Nil	Nil
Mr. Satyen Patel	Nil	Nil

Summary of Directorships and board committee memberships of Directors seeking re-election or recommended for appointment as of March 31, 2008:

Directors	Directorships held in public companies as on March 31, 2008*	Membership in Committees**	Chairmanship in Committees**
Mr. Eugene Beard	-	-	-
Mr. David Greenberg	-	-	-
Mr. Christopher A Sinclair	-	-	-
Mr. Satyen Patel	-	-	-

* Excluding Cambridge Solutions Limited
**Includes only Audit Committee and Shareholders' Grievance Committee.

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PROXY FORM

Regd. Folio No./ DP Client ID ☐☐☐☐☐☐☐☐☐☐☐☐

I / We...of ....

in the district of ....being a member / members of the Company, hereby appoint .... of .... in the district of .... or failing him / her .... of .... as my / our Proxy to attend and vote for me / us on my / our behalf at the **Seventh Annual General Meeting** of the Company to be held on Monday, September 29, 2008 at 11.00 A.M at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India and at any adjournment thereof.

Signed this.......................................day of .... 2008.

Affix
Revenue
Stamp

SIGNATURE

Note:
1. Proxy need not be a member.
2. This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

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Registered Office

SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I, Whitefield, Bangalore 560066.

ATTENDANCE SLIP

Seventh Annual General Meeting -____________________

Regd. Folio No./ DP Client ID ☐☐☐☐☐☐☐☐☐☐☐☐

No. of shares held ☐☐☐☐☐☐☐☐☐☐☐☐

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Seventh Annual General Meeting of the Company at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India, on Monday at 11.00 A.M on September 29, 2008.

....

Member's / proxy's name in BLOCK letters

Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Shareholder Information

Cambridge Solutions Limited

SJR I-Park, Plot 13, 14, 15.
EPIP Industrial Area,Phase I
Whitefield, Bangalore 560066
Tel +9180 30540000
Fax +9180 41157394

For Corporate reports and Company News,visit our website at: www.cambridgeworldwide.com

Statutory Auditors

S.R.Batliboi & Associates
UB City, Canberra Block
12th & 13th Floor
No 24 Vittal Mallya Road
Bangalore-560 001

Institutional Contact:

Pradeep Chaudhry
Tel +9180 30540000
Fax +9180 41157394
E-mail: pradeep.chaudhry@cambridge-asia.com

Marketing Contact:

Celeste Hansen
Tel +1.847.636.6375
Fax +1.440.914.2920

Compliance Contact:

V. Viswanathan
Tel +9180 30540000
Fax +9180 41157394
E-mail: compliance@cambridge-asia.com

Listed on the following stock exchanges (Ticker Symbol: CAMBRIDGE)

BSE (Bombay Stock Exchange)
NSE (National Stock Exchange)
ASE (Ahmedabad Stock Exchange)
MSE (Madras Stock Exchange)

Safe Harbor Statement

Certain statements in this document are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services, including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns in fixed price, fixed time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, etc. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

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Strategic Global Outsourcing
www.cambridgeworldwide.com