PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

# CAMBRIDGE SOLUTIONS LIMITED

(Registered Address: SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore 560066)

## CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS

This Public Announcement is being issued by Citigroup Global Markets India Private Ltd ("Manager to the Offer") on behalf of Xchanging (Mauritius) Limited (the "Acquirer") along with Xchanging plc ("Xplc"), Person Acting in Concert ("PAC") with the Acquirer pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time ("SEBI (SAST) Regulations").

**I. Background to the Offer**

1. This open offer ("**Offer**") is being made under Regulations 10 and 12 of the SEBI (SAST) Regulations to the shareholders ("**Shareholders**") of Cambridge Solutions Limited ("**Target Company**") to acquire 2,25,90,415 fully paid up equity shares of the face value of Rs. 10/- each of the Target Company (each a "**Share**") at a price of Rs. 81.11 per Share ("**Offer Price**") payable in cash pursuant to the following:

(i) On October 3, 2008, the Acquirer and the PAC (together, referred to as the "**Buyers**") entered into a Sale and Purchase Agreement ("**Scandent Holdings/AMPS SPA**") with Scandent Holdings Mauritius Limited ("**Scandent Holdings**") and the trustees of the Aon Minet Pension Scheme ("**AMPS**") to acquire up to 5,47,44,938 existing Shares from Scandent Holdings and up to 1,74,61,971 existing Shares from AMPS (collectively the "**Scandent Holdings/AMPS Sale Shares**") for a consideration of Rs. 81.11 per Share ("**Negotiated Price**") aggregating to Rs. 585,67,02,389 ("**Scandent Holdings/AMPS SPA Consideration**"). The Scandent Holdings/AMPS SPA Consideration shall be paid partly by the issue of 1,29,98,495 ordinary shares of face value £0.05 each in the capital of the PAC ("**Scandent Holdings/AMPS SPA Consideration Shares**") and partly by the payment of a sum of up to Rs. 316,38,43,448 in cash ("**Scandent Holdings/AMPS SPA Cash Consideration**"). Of the total Scandent Holdings/AMPS SPA Consideration Shares, 98,55,038 Scandent Holdings/AMPS SPA Consideration Shares shall be issued to Scandent Holdings and 31,43,457 Scandent Holdings/AMPS SPA Consideration Shares shall be issued to AMPS. Of the total Scandent Holdings/AMPS SPA Cash Consideration, a sum of up to Rs. 239,87,23,567 shall be paid to Scandent Holdings and a sum of up to Rs. 76,51,19,881 shall be paid to AMPS.

(ii) Simultaneously with the execution of the Scandent Holdings/AMPS SPA, the Acquirer and the PAC entered into another Sale and Purchase Agreement ("**Katra SPA**") with Katra Finance Limited ("**Katra**") to acquire up to 1,25,07,149 existing Shares ("**Katra Sale Shares**") from Katra at the Negotiated Price per Share of Rs. 81.11 aggregating to Rs. 101,44,54,855 ("**Katra SPA Consideration**"). The Katra SPA Consideration shall be paid partly by the issue of 22,51,503 ordinary shares of face value £0.05 each in the capital of the PAC ("**Katra SPA Consideration Shares**") to Katra and partly by the payment of a sum of up to Rs. 54,80,17,655 in cash to Katra ("**Katra SPA Cash Consideration**"). As on the date of this Public Announcement, Katra does not hold any Shares in the Target Company. The Katra Sale Shares are currently held in the name of Scandent Holdings. Katra has represented to the Acquirer under the Katra SPA that (a) as on the date of the Katra SPA, Katra holds the beneficial interest in the Katra Sale Shares and is entitled to sell and transfer the full beneficial ownership of the Katra Sale Shares to the Acquirer and (b) at completion of the Katra SPA, Katra will be the sole registered holder of the Katra Sale Shares and will be entitled to sell and transfer the full legal and beneficial ownership of the Katra Sale Shares to the Acquirer. Katra has further undertaken under the Katra SPA to ensure that on or by October 31, 2008, it shall be the registered and legal owner in dematerialized form of the Katra Sale Shares. Scandent Holdings has given a representation to the Acquirer pursuant to the Scandent Holdings/AMPS SPA that Scandent Holdings has transferred beneficial interest in the Katra Sale Shares to Katra on or before September 21, 2007.

(iii) The Scandent Holdings/AMPS SPA and the Katra SPA are collectively referred to as the "**SPAs**". The Scandent Holdings/AMPS Sale Shares and the Katra Sale Shares are collectively referred to as the "**Total Target Sale Shares**". The aggregate of the Scandent Holdings/AMPS SPA Consideration Shares and the Katra SPA Consideration Shares (being 1,52,49,998 Consideration Shares) is referred to as the "**Total Consideration Shares**". The aggregate of the Scandent Holdings/AMPS SPA Cash Consideration and the Katra SPA Cash Consideration (being Rs. 371,18,61,102) is referred to as "**Total Cash Consideration**". Scandent Holdings, AMPS and Katra are collectively referred to as the "**Sellers**".

(iv) The Total Target Sale Shares constitute 75% of the total fully diluted voting equity capital of the Target Company on December 31, 2008, which is the date that is fifteen (15) days from the closure of the Offer ("**Share Capital**"), assuming that 15,86,691 outstanding Stock Options which have been granted by the Target Company as on the date of Public Announcement are exercised.

(v) It is the intention of the Acquirer to acquire only such number of Shares under the SPAs as would result in the Acquirer holding 75% of the actual fully diluted share capital of the Target Company as on the date of acquisition of the Shares under the SPAs ("**SPA Completion**"). Accordingly, the SPAs provide that the number of Total Target Sale Shares to be acquired by the Acquirer from the Sellers under the SPAs would be reduced by (a) the number of Shares tendered and accepted in the Offer, and (b) 75% of the number of Stock Options, if any, which lapse between the date of the Public Announcement and the completion of the SPAs. Such reduced number of Total Target Sale Shares to be acquired under the SPAs is hereinafter referred to as the "**Actual Sale Shares**". The reduction in the number of Shares to be acquired from each Seller under the SPAs shall be made in such proportion between the Sellers inter se as is set out in the SPAs. The corresponding reduction in the consideration payable to the Sellers shall be made by adjusting the Total Cash Consideration payable under the SPAs without changing the number of Total Consideration Shares to be issued to the Sellers.

(vi) Accordingly upon completion of the Offer and the SPAs, the Acquirer shall hold 75% of the actual fully diluted share capital of the Target Company as on the date of the SPA Completion.

(vii) Scandent Holdings is the "promoter" of the Target Company (Source: www.bseindia.com). Details of the Total Target Sale Shares proposed to be sold under the SPAs are as under:

| Name of Seller | Shares held as on the date of the SPAs | Number of Total Target Sale Shares proposed to be sold under the SPAs | Number of Actual Sale Shares to be sold assuming (i) full acceptance in the Offer and (ii) no Stock Options lapse between the date of the Public Announcement and the completion of the Offer |
|---|---|---|---|
| Katra * | Nil | Up to 1,25,07,149 Shares | 91,71,910 Shares |
| Scandent Holdings * | 6,83,07,557 Shares | Up to 5,47,44,938 Shares | 4,01,46,289 Shares |
| AMPS | 1,74,90,000 Shares | Up to 1,74,61,971 Shares | 1,28,05,446 Shares |

** Please refer to paragraph 1(ii) above in respect of Shares to be sold by Katra which are currently held in the name of Scandent Holdings*

2. Although the aggregate consideration payable to the Sellers under the SPAs for the Total Target Sale Shares is being discharged partly through issuance of the Total Consideration Shares by the PAC and partly by payment of the Total Cash Consideration by the Acquirer, the Offer Price will be paid fully in the form of cash by the Acquirer to all Shareholders whose Shares are accepted by the Acquirer in accordance with the terms and conditions that will be set out in the letter of offer in relation to the Offer ("**Letter of Offer**").
3. Following is a summary of the key terms of the Scandent Holdings/AMPS SPA:

**3.1 Conditions Precedent and Completion**

Completion of the acquisition of the Actual Sale Shares under the Scandent Holdings/AMPS SPA is conditional, inter alia, upon the following conditions precedent:

- the shareholders of the PAC passing a resolution approving the acquisition of Shares under the SPAs at a general meeting of the PAC;
- approval of the Bombay Stock Exchange having been received in terms satisfactory to the PAC for the sale and transfer of 1,31,17,500 Shares held by Scandent Holdings and 43,72,500 Shares held by AMPS which are currently under lock-in;
- approval of the Reserve Bank of India having been received for the purchase by the Acquirer of the Total Target Sale Shares pursuant to the SPAs and Shares tendered in this Open Offer;
- the Acquirer and the PAC having completed all their obligations under this Offer and the Manager to the Offer having issued a certificate to that effect in accordance with Regulation 23(6) of the Takeover Code;
- consent having been received by the PAC under the laws of England from Her Majesty's Revenue and Customs for the issue of shares by the Acquirer to the PAC ("**UK Treasury Consent**");
- satisfaction of certain anti-trust conditions in Germany, the USA (and India, if applicable) ("**Anti-trust Approvals**");
- the appointment of David Andrews and Richard Houghton, being nominees of the PAC, as directors of the Target Company and such of its subsidiaries as may be required by the PAC, after Anti-trust Approvals have been received and at such time as the PAC may determine. It would be the PAC's intention to make this determination at a time appropriate for the Target Company. At the same time, Christopher Sinclair and Satyen Patel would resign as directors of the Target Company and its subsidiaries and it is the PAC's intention to appoint Christopher Sinclair as a senior adviser to the Xchanging Group to assist in the integration of the Target Company and to develop new business opportunities;
- the Consideration Shares having been admitted to the Official List maintained by the UK Financial Services Authority and admitted to trading on the London Stock Exchange, subject only to becoming effective; and
- each of the relevant conditions in the Katra SPA having been satisfied, the Katra SPA not having been terminated and the Katra SPA having been completed save for the payment of consideration.

**3.2 Consideration and Lock-up**

The Consideration Shares will be subject to restrictions on disposal by the Sellers during the period ending ninety (90) days ("**Lock-up Period**") following the date of SPA Completion. In addition, to the extent that there are any amounts outstanding in respect of a claim by the Acquirer against the Sellers for breach of the Scandent Holdings/AMPS SPA at the date of the expiry of the Lock-up Period, such restriction on disposal will continue to apply to such number of Consideration Shares issued to the Sellers as may be equal in value to the amount of the outstanding claim (or the limitation liability, if less). Further, any disposal of Consideration Shares made during the twelve (12) months from completion of the SPAs and if applicable, the extended period of lock-up, must be made through the PAC's brokers and take into account the Acquirer's reasonable requirement to ensure an orderly market in the PAC's shares.

3.3 The Scandent Holdings/AMPS SPA contains customary provisions in respect of indemnities and warranties.

3.4 In the event of termination of the Scandent Holdings/AMPS SPA by Scandent Holdings or the PAC in certain defined circumstances specified in the Scandent Holdings/AMPS SPA and if the Acquirer acquires Shares constituting 10% or more of the paid up share capital of the Target Company as on the date of completion of this Offer, then the PAC shall be entitled to nominate a director to be appointed to the board of directors of the Target Company.

3.5 The Scandent Holdings/AMPS SPA provides for certain value protection rights in favour of the Acquirer and PAC from the date of execution of the SPAs until SPA Completion whereby:

(a) the Sellers have agreed to ensure (to the extent that they reasonably can) inter-alia that the Target Company and its subsidiaries conduct their operations and business in the ordinary course of business and in certain cases in consultation with the PAC, and shall not undertake certain actions including making specified changes to its share capital and declaring dividends;

(b) the PAC has a right to appoint an observer to every meeting of the senior management of the Target Company for a period commencing from the date on which Anti-trust Approvals are received and nominees of the Acquirer/PAC are appointed to the Board of the Target Company and ending on the date of SPA Completion; and

(c) the Sellers have agreed to ensure (to the extent that they reasonably can) that any director or secretary of the Target Company resigns or is removed from his office at the request of the PAC which request may be made any time after (i) the date on which the Anti-trust approvals are received, or (ii) twenty one (21) days after the date of this Public Announcement, or (iii) any other date notified by PAC, or (iv) January 1, 2009, whichever is later. Further, the SPAs require that the Sellers shall, from January 1, 2009 promptly comply with any request made by the PAC to convene and hold any general meeting of the Target Company and shall vote all their Shares at any such meeting in accordance with the PAC's requirement.

3.6 The Scandent Holdings/AMPS SPA is governed by English law and the courts of England have exclusive jurisdiction to settle any disputes arising from or in connection with the Scandent Holdings/AMPS SPA.

4. The terms of the Katra SPA are materially the same as the terms of the Scandent Holdings/AMPS SPA set out above, save that completion of the Katra SPA is conditional upon, inter alia, the Scandent Holdings/AMPS SPA having become unconditional (i.e. all conditions precedent to completion under the Scandent Holdings/AMPS SPA having being satisfied or waived save for completion of the Katra SPA), the Scandent Holdings/AMPS SPA not having been terminated and a completion certificate being issued under the Katra SPA. Completion under the Katra SPA shall take place on the date on which the completion under the Scandent Holdings/AMPS SPA occurs. In addition, Katra does not give any warranties and indemnities under the Katra SPA save for those pertaining to title to the Katra Sale Shares.
5. The Buyers have also entered into a non-compete agreement dated October 3, 2008 ("**Non-Compete Agreement**") with Christopher Sinclair (Chief Executive Officer and Executive Chairman of the Target Company) and Satyen Patel (Executive Vice Chairman of the Target Company). Pursuant to the Non-Compete Agreement, Christopher Sinclair and Satyen Patel have severally given a number of undertakings, including an undertaking not to compete with the business of the Target Company group for a period of one (1) year from the date on which they resign as directors of the Target Company. In consideration of Christopher Sinclair and Satyen Patel giving these undertakings, the PAC has agreed to pay (or procure the payment by the Acquirer) on that day the aggregate sum of £2.3 million ("**Non-Compete Payment**") to them in equal amounts. Christopher Sinclair and Satyen Patel are not the Sellers under the SPA. In any event, the Non-Compete Payment is less than 25% of the total Offer Price payable under this Offer assuming full acceptance.
6. Of the Total Target Sale Shares, 1,31,17,500 Shares held by Scandent Holdings and 43,72,500 Shares held by AMPS are subject to lock-in for a period three (3) years until September 29, 2009 by the Bombay Stock Exchange Limited ("**BSE**") and the completion of the SPAs is conditional upon the release of the lock-in by the BSE.
7. This Offer is being made to acquire 2,25,90,415 Shares ("**Offer Size**") at a price of Rs. 81.11 per Share, and is subject to the terms and conditions that will be set out in the Letter of Offer. Save and except for the PAC, no other person is acting in concert with the Acquirer for the purpose of this Offer.
8. Since the Total Target Sale Shares constitute more than 15% of the total voting capital of the Target Company as on the date of this Public Announcement, being the threshold stipulated under Regulation 10 of the SEBI (SAST) Regulations, this Offer is being made in compliance with Regulation 10 of the Regulations. Moreover, upon acquisition of the Total Target Sale Shares, the Acquirer and the PAC will be in control of the Target Company and accordingly, this Offer is also being made under Regulation 12 of the SEBI (SAST) Regulations.
9. The total voting capital of the Target Company as on the date of this Public Announcement is Rs. 111,36,53,830 (Rupees One Hundred Eleven Crores, Thirty Six Lacs, Fifty Three Thousand Eight Hundred and Thirty Only) divided into 11,13,65,383 (Eleven Crores Thirteen Lacs Sixty Five Thousand Three Hundred and Eighty Three) fully paid-up Shares. Save for stock options granted to the employees of the Target Company, as detailed in paragraph 1 (iv) above, there are no other outstanding instruments convertible or resulting into Shares or partly paid-up Shares.
10. As required under Regulation 21(5) of the SEBI (SAST) Regulations, the Offer Size represents 20% of the Share Capital.
11. Upon completion of this Offer and acquisition of the Actual Sale Shares under the SPAs, the Acquirer will hold 75% of the actual fully diluted share capital of the Target Company as on the date of the SPA Completion.
12. The Offer is being made to all Shareholders (except the parties to the SPAs) and is not conditional on any minimum level of acceptances.
13. The Acquirer and the PAC have not acquired any Shares during the twelve (12) month period prior to the date of this Public Announcement. The Acquirer and the PAC do not hold any Shares as on the date of this Public Announcement.
14. During the Offer period, the Acquirer or the PAC may purchase additional Shares in accordance with Regulation 20(7) of the SEBI (SAST) Regulations provided that any such purchases shall be disclosed to the stock exchanges where the Shares are listed and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations. Provided that in terms of Regulation 20(7) of the SEBI (SAST) Regulations, no such purchases shall be made during the last seven (7) working days prior to the closure of the Offer.
15. As of the date of this Public Announcement, none of the directors on the Board of Directors of the Target Company is a nominee of the Acquirer.
16. Subject to the terms and conditions of the SPAs, and at a time appropriate to the Target Company, the Acquirer/PAC intend to appoint two of its nominees to the Board of Directors of the Target Company and such of its subsidiaries as may be required by the PAC after a period of not less than twenty one (21) days from the date of this Public Announcement in terms of the second proviso to Regulation 22 (7) of the SEBI (SAST) Regulations. As better detailed in paragraph 49 of this Public Announcement, the Acquirer has accordingly deposited one hundred percent (100%) of the consideration payable under this Offer (assuming full acceptances) in escrow.
17. The Manager to the Offer does not hold any Shares as on the date of this Public Announcement.
18. The Shares are listed on the BSE, the National Stock Exchange of India Limited ("**NSE**"), the Ahmedabad Stock Exchange ("**ASE**") and the Madras Stock Exchange ("**MSE**"). Based on information available, *(Source: www.bseindia.com and www.nseindia.com)* the Shares are frequently traded on the BSE and the NSE within the meaning of Regulation 20 (5) of the SEBI (SAST) Regulations. Moreover, for the purpose of Regulation 20 (4) of the SEBI (SAST) Regulations, the Shares are most frequently traded on the NSE.
19. The Shares are infrequently traded on the ASE and the MSE.
20. Accordingly, the Offer Price is justified in terms of Regulation 20(4) and Regulation 20(5) of the SEBI (SAST) Regulations in view of the following:

a) The Negotiated Price for the Total Target Sale Shares payable under the SPAs is Rs. 81.11 per Share.

b) Except for the proposed acquisition of the Total Target Sale Shares, the Acquirer or PAC have not acquired any Shares during the 26 weeks preceding the date of this Public Announcement.

c) Based on the Share price data on the NSE, where the Shares are frequently traded, the average of the weekly high and low of the closing prices of the Shares during the 26 weeks preceding the date of this Public Announcement and the average of the daily high and low of the prices of the Shares during the 2 weeks preceding the date of this Public Announcement are as under:

| | |
|---|---|
| Average of the weekly high and low of the closing prices of the Shares during the 26 weeks preceding the date of this Public Announcement | Rs. 50.96 |
| Average of the daily high and low of the Shares during the 2 weeks preceding the date of this Public Announcement | Rs. 47.45 |

d) Since the Shares are infrequently traded on the MSE and the ASE, the Offer Price is also justified in terms of other parameters based on the standalone audited accounts of the Target Company for the twelve (12) month period ended March 31, 2008 which are as under:

(Determined by Anish N. Shah, Partner, (Membership No. 42649), M/s.V.C Shah and Co., independent Chartered Accountants, having their address at Rajgir Chambers, 3rd floor, Shahid Bhagat Singh Road, Mumbai 400001, in terms of Regulation 20(5)(c) of the SEBI (SAST) Regulations.)

| | |
|---|---|
| Return on Networth* | 1.73% |
| Book Value per Share (Based on outstanding number of shares at the year end)** | Rs. 22.37 /Share |
| Earning per Share (Based on weighted average number of shares)*** | Rs. 0.40 /Share |
| Price/Earning Ratio based on Offer Price | 202.8x |
| Industry P/E Ratio *(Source: Capital Markets Volume XXIII/15 dated Sep 22-October 5, 2008 – Computers: Software-Medium/Small)* | 9.5x |

*Return on networth calculated as profit after tax/networth as at the end of the year

**Book value per share computed as the networth/number of outstanding shares as at the end of the year

***Earning per share is calculated as the net profit attributable to equity holders of the company/weighted average number of basic shares

21. The Offer Price is the highest of the prices mentioned in sub–clauses (a) to (d) above and is therefore justified in terms of Regulations 20 (4) and 20 (5) of the SEBI (SAST) Regulations.
22. This is not a competitive bid.

**II. Information on the Acquirer and the PAC**

**A. Xchanging (Mauritius) Limited - Acquirer**

23. The Acquirer is an unlisted company incorporated on May 29, 2008, under the laws of the Republic of Mauritius. It has its registered office at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius. The total shareholders' equity of the Acquirer is £1 comprising 1 ordinary share with face value of £1.
24. The Acquirer is an investment company and does not have any revenue generating operations and therefore its revenues, net profit, EPS and return on net worth are not ascertainable. The Acquirer is promoted by the PAC and forms part of the Xchanging Group.
25. The entire share capital of the Acquirer is directly held by Xchanging BV, a private limited liability company incorporated under the laws of The Netherlands, domiciled and tax resident in the United Kingdom and having its office at 34 Leadenhall Street, London EC3A 1AX, England. The entire share capital of Xchanging BV is directly held by Xchanging Holdings Limited, a company incorporated under the laws of England and Wales and having its registered office at 34 Leadenhall Street, London EC3A 1AX, England. The entire share capital of Xchanging Holdings Limited is held directly by the PAC.
26. The PAC is therefore the ultimate parent company and the beneficial owner of 100% of the share capital of the Acquirer.

**B. Xchanging plc - PAC**

27. The PAC is a listed company incorporated on May 16, 2006 under the laws of England and Wales and as mentioned above is the ultimate parent company and indirect beneficial owner of 100% of the share capital of the Acquirer. The registered office of the PAC is situated at 13 Hanover Square, London W1S 1HN, England.
28. The PAC is a widely held listed company and as such is not controlled by any particular group. The PAC is a holding company and does not have any operations of its own. The PAC along with its direct and indirect subsidiaries is referred to as the "**Xchanging Group**". The Xchanging Group is a pure play business processor that provides a range of industry-specific processing services to the insurance and financial markets, as well as procurement, finance and accounting, human resources and technology infrastructure services to customers across a broad range of industries. As of June 30, 2008, the Xchanging Group had over 4,300 employees with operations in seven countries and customers in thirty five countries.
29. The PAC became the ultimate holding company of the Xchanging Group on April 30, 2007 pursuant to a group restructuring as part of the listing of the shares of the PAC on the main market of the London Stock Exchange. Prior to April 30, 2007 the holding company of the Xchanging Group was Xchanging BV. Pursuant to such restructuring, the PAC acquired the entire issued share capital of Xchanging BV and its subsidiaries, thereby becoming the ultimate holding company of the Xchanging Group.
30. The shares of the PAC have been listed on the London Stock Exchange since April 30, 2007.
31. As at the date of this Public Announcement, the paid up share capital of the PAC excluding the Total Consideration Shares is £109,00,309.15 (approximately Rs. 90,43,98,650.18) divided into 21,80,06,183 ordinary shares of face value of £0.05 (approximately Rs. 4.15) each.
32. The financial year of the PAC under the laws of England and Wales is January 1 to December 31. Brief consolidated audited financials of the PAC for the financial year ended December 31, 2007 are set out below:

| Particulars | Amount in £ in millions (except as otherwise stated) (Rounded Off) | Amount in Rs. In Lakhs (except as otherwise stated) |
|---|---|---|
| Total Income | 468.16 | 3,88,432.35 |
| Profit After Tax and Minority Interest | 15.34 | 12,724.28 |
| Paid up Equity Share Capital | 10.74 | 8,910.98 |
| Reserves | 195.84 | 1,62,490.11 |
| Networth | 206.58 | 1,71,401.09 |
| Earning Per share* (Face value £ 0.05) | 7.85 pence per share | Rs. 6.51 per share |
| Book Value Per share** | 96.17 pence per share | Rs. 79.80 per share |
| Return on Networth*** | 7.42% | 7.42% |

* Earning per share is calculated as the net profit attributable to equity holders of the company/weighted average number of basic shares

** Book value per share computed as the networth/number of outstanding shares as at the end of the year

***Return on networth calculated as profit after tax and minority interest/networth as at the end of the year

33. The PAC and the Acquirer have entered into an intercompany loan agreement on September 29, 2008 ("**Intercompany Loan Agreement**") pursuant to which a number of loans interest free and repayable on demand, are made available to the Acquirer by the PAC. Loans advanced under this agreement will be used, inter alia, by the Acquirer to purchase Shares under the Offer.

**III. Information about the Target Company**

34. The Target Company was incorporated on February 1, 2002 as Scandent Network Private Limited. Pursuant to a scheme of arrangement involving the de-merger of the IT operations of SSI Limited into Scandent Network Private Limited, the Target Company's name was changed to Scandent Solutions Corporation Private Limited on October 1, 2004. The name of the Target Company was further changed to Scandent Solutions Corporation Limited on October 13, 2004. Pursuant to another scheme of amalgamation between Cambridge Solutions Services Holdings LLC and the Target Company, the Target Company's name was changed to Cambridge Solutions Limited on June 19, 2006. The registered office of the Target Company is situated at SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, Karnataka, India.
35. The Target Company is currently engaged in the businesses, inter-alia, of Business Process Outsourcing ("**BPO**") and Information Technology ("**IT**") Services. The Target Company provides BPO services in three geographical regions (USA, Australia and India), which act as relatively distinct business units. The IT Services division provides a variety of products and services focused on a number of vertical sectors such as banking; manufacturing and logistics; and insurance.
36. The Target Company does not have any partly paid up Shares.
37. The Target Company has fifteen (15) subsidiaries viz. Scandent Group Inc., Cambridge Solutions Pty Ltd, Scandent Group GmbH, Cambridge Solutions Europe Limited, Cambridge Solutions Pte. Limited, Cambridge Solutions SARL, IndigoMarkets Limited, IndigoMarkets Singapore Pte. Limited, Cambridge Solutions Sdn Bhd, Cambridge Integrated Services Australia Pty Limited, Cambridge Galaher Settlements & Insurance Services, Inc., Cambridge Integrated Services Victoria Pty Limited, Cambridge Integrated Services Group Inc., ProcessMind Holding Mauritius Limited and Nexplicit Infotech India Private Limited.
38. Brief audited financials of the Target Company for the financial year ended March 31, 2008 are set out below:

| Particulars | Standalone (Rs in Lakhs except as otherwise stated) | Consolidated (Rs in Lakhs except as otherwise stated) |
|---|---|---|
| Total Income | 18,063.39 | 1,26,755.10 |
| Profit After Tax and Minority Interest | 431.75 | (879.40) |
| Equity Share Capital | 11,134.14 | 11,134.14 |
| Reserves and Surplus (excluding revaluation reserves) | 13,788.67 | 19,020.91 |
| Networth | 24,902.78 | 29,400.44 |
| Earning Per Share (Rs.) Face Value Rs.10 each* | 0.40 | (0.81) |
| Book Value Per Share (Rs.)** | 22.37 | 26.41 |
| Return on Networth*** | 1.73% | NA |

*Earning per share is calculated as the net profit attributable to equity holders of the company/weighted average number of basic shares

**Book value per share computed as the networth/number of outstanding shares as at the end of the year

***Return on networth calculated as profit after tax/networth as at the end of the year

**IV. Reasons for the Offer and future plans for the Target Company, if any**

39. This Offer is made in compliance of and in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares and voting rights in the Target Company with change in control. The acquisition of the Target Company is in line with the Xchanging Group's strategic objectives and delivers greater scale, broader international reach and a number of platforms for significant future growth. In particular, the acquisition of the Target Company brings the following strategic advantages to the Xchanging Group:

- Processing capabilities and a strong market presence in the USA, which can serve as a springboard for future growth;
- The addition of scale to the Xchanging Group's Indian BPO platform and the creation of offshore critical mass;
- The addition of a strong Australian business, a platform for the growth of the Xchanging Group in the region;
- The addition of scale and the enhancement of the Xchanging Group's IT capabilities; and
- The opportunity to create a truly international insurance processing business with significant combined revenues.

40. Neither the Acquirer nor the PAC has plans to sell, dispose of or otherwise encumber any assets of the Target Company in the next two (2) years, except in the ordinary course of business (such ordinary course of business activities including the offering of assets of the Target Company as security for any financing of the Target Company group). It will be the responsibility of the Board of Directors of the Target Company to make appropriate decisions in these matters in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time. Further, during this period, each of the Acquirer and the PAC undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company, except with the prior approval of the Shareholders.

**V. Statutory Approvals / Other Approvals Required for the Offer**

41. The acquisition of the Total Target Sale Shares and the acquisition of Shares under this Offer is subject to receipt of the approval of the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder. The acquisition of the Total Target Sale Shares and the acquisition of Shares under this Offer is further subject to receipt of the UK Treasury Consents, the Anti-trust Approvals and a certificate from the BSE approving the transfer of the Total Target Sale Shares that are subject to lock-in.
42. Applications for the abovementioned approvals and any other required approvals will be filed in due course.
43. To the best of the knowledge of the Acquirer and the PAC, as on the date of this Public Announcement, there are no other statutory approvals required to implement the Offer, other than those contemplated above. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have the right not to proceed with the Offer and withdraw the same in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any of the statutory approval(s) contemplated above are refused.
44. In case of a delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default or neglect or inaction or non-action in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
45. To the best of the knowledge of the Acquirer and the PAC, neither the Acquirer nor the PAC requires any approvals from financial institutions or banks for the Offer.

**VI. Delisting Option to the Acquirer in terms of Regulation 21(2)**

46. In terms of Clause 40A of the Listing Agreement, the Target Company is required to maintain a minimum public shareholding of 10% for the financial year 2008 - 2009. Pursuant to the acquisition of Shares under the Offer (assuming full acceptances) and the Actual Sale Shares, the public shareholding of the Target Company shall not fall below 10%. In the event that the public shareholding of the Target Company falls below the minimum threshold prescribed by law at any stage, the Acquirer will take the necessary steps to facilitate compliance of the Target Company with the relevant provisions of the Listing Agreements with the BSE, NSE, MSE and ASE and other applicable laws within the timeframe specified therein.

**VII. Financial Arrangements**

47. The total financial resources required for the consummation of the Offer, assuming full acceptance, will be Rs. 183,23,08,560.65 (Rupees One Hundred Eighty Three Crores Twenty Three Lacs Eight Thousand Five Hundred Sixty and Paise Sixty Five Only) (the "**Maximum Consideration**").
48. The PAC proposes to fund this Offer out of internally accrued funds. The Acquirer and PAC have entered into the Intercompany Loan Agreement whereby the Acquirer has the right to draw down from the PAC such amount as may be required by the Acquirer to fulfill its obligations in the Offer.
49. By way of security for performance of its obligations under the SEBI (SAST) Regulations, the Acquirer has deposited in an escrow account ("**Escrow Account**") with Citibank N.A., Mumbai Branch, located at Fort House, Mumbai, an amount of Rs. 183,23,08,560.65 in cash (the "**Cash Deposit**"). The Cash Deposit represents 100% of the Maximum Consideration.
50. The Acquirer has authorized the Manager to the Offer to realize the value of the Escrow Account in accordance with Regulation 28 of the SEBI (SAST) Regulations.
51. Anish N. Shah, Partner, (Membership No. 42649), M/s. V.C. Shah and Co., independent Chartered Accountants having their address at Rajgir Chambers, 3rd floor, Shahid Bhagat Singh Road, Mumbai 400001 has certified vide certificate dated October 4, 2008 that based on information provided by the Acquirer and the PAC, the Acquirer and the PAC have adequate resources to fund the Offer. The PAC has also confirmed to the Manager to the Offer that the PAC has adequate resources to enable the Acquirer to meet its financial obligations relating to the Offer and that the PAC shall enable the Acquirer to hold sufficient funds to meet its financial obligations relating to the Offer.
52. In view of the above the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer and PAC to fulfill the Acquirer's obligations through verifiable means in relation to the Offer in accordance with the SEBI (SAST) Regulations.

**VIII. Other Terms of the Offer**

53. The Letter of Offer, together with the form of acceptance cum acknowledgement ("**Form of Acceptance cum Acknowledgement**"), will be mailed to all public Shareholders of the Target Company (except the parties to the SPAs) whose names appear on the register of members of the Target Company and to the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on October 17, 2008 ("**Specified Date**").
54. Holders of Shares in physical form who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgement, original Share certificate(s), and transfer deed(s) duly signed to the Registrar to the Offer – Karvy Computershare Private Limited ("**Registrar**"), Telephone number: 91 40 23420815, Fax number: 91 40 23420814, Address: Unit Karvy House, 46, Avenue 4, Street no.1, Banjara Hills, Hyderabad 500 034, either by hand delivery on weekdays, or by registered post, on or before the closure of the Offer (i.e. no later than December 16, 2008), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.
55. Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("**DP**"), in favour of the special depository account to the Registrar to the Offer – Karvy Computershare Private Limited, Telephone number: 91 40 23420815, Fax number: 91 40 23420814, Address: Unit Karvy House, 46, Avenue 4 Street no.1, Banjara Hills, Hyderabad 500 034, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer (i.e. no later than December 16, 2008), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered Shares should be received in the special depository account on or before closure of the Offer (i.e. no later than December 16, 2008).
56. A special depository account has been opened by the Registrar on behalf of the Acquirer with Citibank N.A. at the National Securities Depositary Limited ("**NSDL**") called "**Karvy CSL- Escrow Demat A/c**". The DPID is IN 300054 and Client ID is 10027488. Shareholders who have their beneficiary account with the Central Depositary Services India Limited must use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.
57. In addition to the above-mentioned address, the Shareholders who wish to avail of and accept the Offer can also deliver the Acceptance cum Acknowledgement Form along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned herein below would be open as follows:

Hand Delivery at any of these offices: Monday to Friday 10 am to 3 pm and on Saturday 10 am to 1 pm. Offices would be closed on Sundays and public holidays.

| | Collection Centre | Address of Collection Centres | Contact Person | Phone No. | Fax | Mode of delivery |
|---|---|---|---|---|---|---|
| 1. | Mumbai | Karvy Computershare. Pvt. Ltd. 16-22 Bake House Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort Mumbai – 400 023 | Varija Salian | 022-66382666 | 022-66331135 | Hand Delivery |
| 2. | New Delhi | Karvy Computershare. Pvt. Ltd. 2 E/23, Jhandewalan Extn, New Delhi 110 055 | Rajendra/ Michael George | 011- 43681700 | 011-43324621 | Hand Delivery |
| 3. | Ahmedabad | Karvy Computershare. Pvt. Ltd. 201-203, Shail, Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road, Ahmedabad - 380 006 | Aditya Gupta/ Robert Joeboy | 079-26400528 | 079-26565551 | Hand Delivery |
| 4. | Chennai | Karvy Computershare. Pvt. Ltd. No. 33/1, Venkatraman Street, T. Nagar, Chennai - 600017. | Gunashekhar | 044- 28151793/ 1794/ 4781 | 044-28153181 | Hand Delivery |
| 5. | Hyderabad | Karvy Computershare. Pvt. Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 | Rinki Sareen | 040-23420818 | 040-23420814 | Hand Delivery/ Regd Post |
| 6. | Kolkata | Karvy Computershare. Pvt. Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029 | Sujit Kundu/ Debnath | 033-24644891 | 033-24644866 | Hand Delivery |
| 7. | Bangalore | Karvy Computershare. Pvt. Ltd. No. 59, Skanda, Putana Road, Basavanagudi, Bangalore 560 004 | Sudha/ Aparna | 080-26621192 | 080-26621169 | Hand Delivery |

58. All Shareholders (registered or unregistered) of the Target Company (except the Acquirer and the PAC and the Sellers being parties to the SPA) who own Shares anytime before the closure of the Offer, are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, distinctive numbers, folio number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from unregistered owners.
59. In case of non-receipt of the Letter of Offer, eligible persons, i.e. Shareholders of the Target Company other than the parties to the SPAs, may send their consent to participate in the Offer to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, distinctive numbers, folio number and number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer (i.e. no later than December 16, 2008), or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number, and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer (i.e. no later than December 16, 2008).
60. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing the Shares tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer (i.e. no later than December 11, 2008). Shareholders can exercise their withdrawal option by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before December 11, 2008.

i. The withdrawal option can be exercised by submitting the form of withdrawal, enclosed with the Letter of Offer.

ii. In case of non-receipt of form of withdrawal, the withdrawal option can be exercised by making a plain paper application to the Registrar to the Offer along with the following details:

- In case of Shares held in physical form: name, address, distinctive numbers, folio number, and number of Shares tendered; and
- In case of dematerialized Shares: name, address, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

61. The Registrar to the Offer will hold in trust the Shares / Share certificates, Shares lying to the credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted Shares / Share certificates are dispatched / returned, as applicable.
62. If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.
63. Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by Registered Post at the Shareholders'/unregistered owners' sole risk, to the sole / first shareholder/unregistered owners. Unaccepted Shares held in dematerialized form will be credited back to the relevant beneficial owners' depository account with the respective depository participant, as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.
64. Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of closure of the Offer (i.e. no later than December 16, 2008), or else their application would be rejected.
65. While tendering the Shares under the Offer, Non Resident Indians ("**NRIs**") / Overseas Corporate Bodies ("**OCBs**") / foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the Shares. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares.
66. While tendering Shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit a tax clearance certificate ("**Tax Clearance Certificate**") from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 ("**Income Tax Act**"). In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange for tax to be deducted at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such NRIs / OCBs / foreign shareholders.

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# CAMBRIDGE SOLUTIONS LIMITED

(Registered Address: SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore 560066)

67. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a Foreign Institutional Investor as defined in section 115AD of the Income Tax Act. Foreign Institutional Investors should certify ("FII Declaration") certain details including the nature of its income under the Income Tax Act (capital gain or otherwise) arising from sale of shares in the Target Company. In the absence of the FII Declaration that the Shares are held on investment / capital account or where income from the sale of Shares is not capital gain, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of Shareholder under the Income Tax Act, on the entire consideration amount payable. Foreign Institutional Investors may also submit a Tax Clearance Certificate from the Income Tax authorities while tendering the shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. Where such Tax Clearance Certificate is provided the Acquirer shall deduct tax in accordance to the same.
68. If there is any interest payable due to a delay in payment of consideration, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.
69. A schedule of the activities pertaining to the Offer is given below:

| Activity | Day and Date |
|---|---|
| Public Announcement Date | Monday, October 6, 2008 |
| Specified Date* | Friday, October 17, 2008 |
| Last date for a competitive bid | Monday, October 27, 2008 |
| Date by which Letter of Offer will be dispatched to shareholders | Wednesday, November 19, 2008 |
| Date for opening of the Offer | Thursday, November 27, 2008 |
| Last date for revising the Offer Price / number of Shares | Thursday, December 4, 2008 |
| Last date for withdrawing acceptance from the Offer | Thursday, December 11, 2008 |
| Closure of the Offer | Tuesday, December 16, 2008 |
| Last date of communicating rejection / acceptance and payment of consideration for applications accepted | Wednesday, December 31, 2008 |

* Specified Date is the date for determining the names of the Shareholders to whom the Letter of Offer would be sent, being all Shareholders whose names appear on the register of members of the Target Company and as regards the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on October 17, 2008.

**IX. General**

70. The Acquirer can revise the Offer Price upwards up to seven (7) working days prior to the closure of the Offer (i.e. no later than December 4, 2008) and if there is any upward revision in the Offer Price up to seven (7) working days prior to the date of closure of the Offer (i.e. no later than December 4, 2008), this fact is required to be disclosed by way of a public announcement in the same newspapers where this Public Announcement appears and in the case of any upwards revision in the Offer Price, the revised price would be payable to all Shareholders who have accepted the Offer and tendered their Shares at any anytime in connection with the Offer.
71. **If there is a competitive bid:**

**(i) The public offers under all the subsisting bids shall close on the same date.**

**(ii) As the Offer Price cannot be revised during seven (7) working days prior to the closure of the Offer (i.e. no later than December 4, 2008) it would, therefore, be in the interest of the Shareholders to wait until the commencement of that period to know the final offer price of each bid and decide whether and how to tender their acceptance.**

72. None of the Acquirer, the PAC, Katra, Scandent Holdings or the Target Company have been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act, 1992. To the Acquirer and the PAC's knowledge, AMPS has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act, 1992.
73. Pursuant to Regulation 13 of the SEBI (SAST) Regulations, Citigroup Global Markets India Private Limited, has been appointed as Manager to the Offer.
74. The Acquirer, the PAC and their respective directors accept responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer and the PAC laid down in the SEBI (SAST) Regulations.
75. Certain financial details contained in this Public Announcement quoted in Rupees are denominated in £ (Pounds). The Rupee equivalent quoted in each case is calculated in accordance with the RBI reference exchange rate quoted on www.rbi.org.in as on October 3, 2008, namely 1 £ = Rs. 82.97.

This Public Announcement will also be available on SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance cum Acknowledgement, which will be available on SEBI's website (www.sebi.gov.in) from the Offer Opening Date (i.e. November 27, 2008).

| Manager to the Offer | Registrar to the Offer |
|---|---|
| citi<br>**Citigroup Global Markets India Private Limited**<br>12th Floor, Bakhtawar, Nariman Point,<br>Mumbai 400 021<br>Tel No: +91-22-6631 9890<br>Fax No: + 91-22-6646 6218<br>Email: csl.openoffer@citi.com<br>Contact Person: Pankaj Jain | KARVY<br>Karvy Computershare Private Limited<br>**Karvy Computershare Private Limited**<br>Unit Karvy House, 46, Avenue 4 Street no.1,<br>Banjara Hills, Hyderabad 500 034<br>Tel. : +91-40-2343 0815-24<br>Fax. : +91-40-2342 0814<br>E-mail: csl.openoffer@karvy.com<br>Contact Person: Murali Krishna |

Issued by:
**Citigroup Global Markets India Private Limited**
as Manager to the Offer for and on behalf of the Acquirer

Place: Mumbai
Date : October 4, 2008