

**25th**  
**ANNUAL REPORT**  
**2009-2010**



**Capricorn Systems**  
**Global Solutions Limited**

People and Solutions

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**BOARD OF DIRECTORS**

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- |    |                        |          |
|----|------------------------|----------|
| 1. | Mr. S. Man Mohan Rao   | Director |
| 2. | Mr. G. Surender Reddy  | Director |
| 3. | Mr. S. Murali Krishna  | Director |
| 4. | Mr. Jagadeswar Reddy   | Director |
| 5. | Mr. Anand Deshmukh     | Director |
| 6. | Mr. K.V. Srinivasa Rao | Director |

**Registered Office & Development Centre:**

# 8-2-293/82A/408A,  
Plot No: 408A, Road No: 22A,  
Jubilee Hills,  
**Hyderabad – 500 033.**

**Auditors:**

**M/s. Satyanarayana & Co.,**  
Chartered Accountants,  
Amar Mansion,  
Rani Gunj,  
**Secunderabad – 500 003.**

**Bankers:**

**ICICI Bank Limited,**  
S.R. Nagar Branch,  
**Hyderabad – 500 038.**

**NOTICE OF ANNUAL GENERAL MEETING**

**Notice** is hereby given to all the Share holders of the Company that the **25<sup>th</sup> Annual General Meeting** of **Capricorn Systems Global Solutions Limited** will be held at the Registered Office of the Company at # 8-2-293/82A/408A, Plot No: 408A, Road No: 22A, Jubilee Hills, Hyderabad – 500 033 on Wednesday the **30<sup>th</sup> September 2010**, at 4 p.m. to transact the following business:

**a) As Ordinary Business:**

1. To receive, consider, approve and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account, Cash Flow Statement for the period ended as on that date along with the Directors' and Auditor's Report thereon.
2. To appoint a director in the place of Mr. S. Murali Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Mr. Anand Deshmukh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Satyanarayana & Co., Chartered Accountants, Secunderabad as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

Place : Hyderabad

by Order of the Board

Sd/-

**S. Man Mohan Rao**

Director

Date : 29-05-10.

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
4. Register of members and the Share Transfer Books of the Company shall remain closed from 24<sup>th</sup> September 2010 to 30<sup>th</sup> September 2010 (both the days inclusive).
5. Members are requested to intimate immediately to the Company, quoting the Registered Folio Number, change in their address, if any, with the PIN Code number.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.
7. Members attending the meeting are requested to bring with them the attendance slip attached to the Annual Report duly filled in and signed and handover the same at the venue of the Annual General Meeting.

**DIRECTORS' REPORT**

**Dear Shareholders,**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts of the Company for the year Ended 31<sup>st</sup> March 2010.

(Rs. Lakhs)

Particulars	2009-10	2008-09
Income	129.40	111.82
Profit before Depreciation and Taxation	12.01	13.16
Depreciation	9.09	9.82
Profit before Tax	2.92	3.34
Provision for Tax	1.83	2.00
Profit after Tax	1.09	1.33

**OPERATIONS:**

The company has executed successfully executed software development works for the overseas customers, recording a turnover of Rs.129.40 lakhs registering an increase of 16% compared to the earlier period . The company is presently working on various new development strategies that would result in working on new and emerging technologies. The company is confident that the various initiatives taken up by the company for business development would result in higher revenues in the coming years.

**DIVIDEND:**

No dividend is proposed for the year as the company need to conserve its resources for the enhanced operations for the ensuing years

**MARKET AND FUTURE OUTLOOK:**

With the major economies globally emerging out of the long recessionary period and improved spending of the various corporate on the IT services the company expects to garner new business more specifically from the US markets. With a good and long standing workforce the company would be look forward for delivering software solutions at a competitive terms in the market.

**DEMATERIALIZATION OF SHARES:**

12.70% Shares of the Company has been dematerialized up to 31<sup>st</sup> March, 2010.

**LISTING WITH STOCK EXCHANGES:**

The Share of the Company were suspended during the year from July ' 2005, citing the non – receipt of the Book Closure Notice for the Year 2004 – 2005. The Company has initiated the process of compiling with the stock exchange regulations for revocation of the suspension.

**FIXED DEPOSITS:**

The company has not accepted fixed deposits during the period under review.

**PERSONNEL:**

There are no employees in the company whose particulars are required to be given pursuant to section 217(2A) of the Companies Act, 1956.

**DIRECTORS:**

Mr. S. Murali Krishna and Mr. Anand Deshmukh , directors of the company retire by rotation at the ensuring Annual General Meeting and being eligible offers themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the period ended 31st March 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the year under review.
- (iii) that the directors had taken proper and sufficient care 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 fraud and other irregularities.
- (iv) that the directors had prepared the accounts for the period ended 31<sup>st</sup> March 2010 on a going concern basis.

**AUDITORS:**

M/s. Satyanarayana & Co., auditors of the Company hold office till conclusion of the ensuing annual general meeting and are eligible for reappointment. The Company has received a letter from M/s. Satyanarayana & Co., Chartered Accountants to the effect that their appointment if made would be within the limits under section 224(1B) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters is as under:

- A. Conservation of Energy  
Though the Company's operations involve low energy consumption, there is a constant endeavor to conserve energy.
- B. Absorption of Technology  
The company has an in-house R&D team for up gradation/ development of the technologies and products.
- C. Foreign Exchange earnings and Outgo:  
Foreign Exchange earnings (on cash basis) : Rs.132,66,773/-  
Foreign Exchange Outgo : -nil-

**COMPLIANCE CERTIFICATE:**

The Company has complied with the provisions of Corporate Governance under listing agreement. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is attached to this report.

**ACKNOWLEDGEMENTS:**

Your Board would like to place on record its sincere appreciation for the wholehearted support and contributions made by its employees, business associates, shareholders and banks towards conducting the operations of the company.

for and on behalf of the Board

Sd/-

**S. Man Mohan Rao**

Director.

Place : Hyderabad

Date : 29-05-10

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The company is engaged in the business of software development, providing consultancy services in the fields of software and allied services.

**REVIEW OF OPERATIONS:**

The Company has initiated the process of increasing the employee strength basing on the improved demand scenario in the industry. The company continues to invest in enabling its workforce to be future ready by imparting them training in new technologies.

**FINANCIAL REVIEW:**

The Company has achieved a total turnover of Rs.129.40 Lakhs. The Gross Profit (earnings before interest, depreciation and taxes) was Rs.12.01Lakhs. The paid-up share capital as at 31<sup>st</sup> March 2010 amounts to Rs.399.60 Lakhs.

**OPPORTUNITIES:**

The outlook for the services rendered by the company is encouraging. The company with its strengths and business alliances is exploring the new markets. With the improvement in the IT spend on the major economies after the recession more specifically in US the company expects to bag significant amount of orders for execution.

**CHALLENGES:**

CSGSL encounters normal market competition from other similar companies. One of the major challenges would be to ensure the retention of the skilled work force in the face of the increased demand for the trained personnel in the software market in general. Further one of the main challenges would be to optimize the cost of operations in the face of the pressure on the margin in the highly matured markets the company operates.

**OUTLOOK:**

With improved spend of the companies on the software services and with the industry expected growth rate of 15-20% CSGSL is targeting a growth rate of around 15% for the current year.

**RISKS AND CONCERNS:**

The domestic and international economic environment directly influences the spending patterns of the industry on the Information Technology. And also the margins of the companies are affected by any changes in the government regulations like taxation and also the increased competition from other countries.

**ADEQUACY OF INTERNAL CONTROLS:**

CSGSL has a proper and adequate system of internal control to ensure that all the assets are safeguarded and protected against loss or misuse or disposition and the transactions are authorized, recorded and reported correctly.

The internal control systems are supplemented by management review. The internal control system is designed to ensure that the financial and other records are reliable and also maintaining accountability of assets.

**QUALITY:**

The software development activity of the company are ISO 9001:2000 certified.

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

CSGSL has 23 employees. CSGSL recognizes the contributions of its people in creating a company, which ranks as one of the best facilities with highly skilled people.

CSGSL provides continuous learning and personal development programs by conducting training and evaluation of its personnel. Industrial relations have been very cordial in the organization during the year.

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Board of Directors of  
M/s. Capricorn Systems Global Solutions Ltd

We have reviewed implementation of Corporate Governance procedures set by Capricorn Systems Global Solutions Limited for the period ended 31<sup>st</sup> March 2010 with relevant records and documents maintained by the Company and furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreements with the stock exchanges have been complied with in all material respects.

**for Satyanarayana & Co**  
Chartered Accountants

Sd/-

**J. Jagannadha Rao**  
Partner

Place : Secunderabad  
Date : 29-05-2010

**CORPORATE GOVERNANCE DISCLOSURE:**

**1. COMPANY PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

The basic philosophy of corporate governance in the company is to attain excellence in the operation keeping in view the interests of all the stake holders.

Company is committed to achieving the high standards of corporate governance.

Company believes that all its operations and acts should serve the underlying goal of enhancing overall stakeholders' value, over a sustained period of time.

**2. BOARD OF DIRECTORS:**

The Board of Directors of the company consists of 6 Directors. At present all of them are non-Executive Directors ( Three from the promoters group and the Independent directors) who have very rich experience in various matters.

During the year 2009-10 the Board has met 6 times on following dates : 30-06-2009, 31-07-2009, 30-09-2009, 31-10-2009, 18-12-2009, 30-01-2010 (as against the minimum of requirement of 4 meetings).

The maximum time gap between any two meetings was not more than 3 calendar months.

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting number of memberships held by directors in the board/committee of various companies.

Name	Category	Attendance particulars		Other Directorships
		Board Meetings	Last AGM	
S. Man Mohan Rao	NED	6	Yes	1
G. Surender Reddy	NED	5	Yes	2
S. Murali Krishna	NED	0	No	-
Anand Deshmukh	NED	5	NA	-
S. Jagadeswar Reddy	NED	5	NA	-
K.V. Srinivasa Rao	NED	6	NA	-

**NED: Non-Executive Director**

**3. AUDIT COMMITTEE:**

The audit committee consist of Mr. Jagadeswar Reddy(chairman of the committee) and Mr. Anand Deshmukh, Mr. G. Surender Reddy both non executive directors of the company.

**4. REMUNERATION COMMITTEE:**

The company has not constituted any remunerative committee as no remuneration is paid to the directors.

The company has not paid any sitting fees to the directors during the year.

**5. SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE:**

The committee comprises 2 directors, Mr. S. Man Mohan Rao is Chairman and Mr. G. Surender Reddy is member. The Committee, *interalia*, approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfer. The Committee also looks into redressing of shareholders/ investors' complaints like transfer of shares, non-receipt of balance sheet, etc. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investors' services.

The Company has not received any complaints from the shareholders during the year.



## 6. GENERAL BODY MEETINGS:

The last three Annual General Meeting of the Company were held as under:

Year	Location	Date	Time
2008-2009	# 8-2-293/82A/408A, Plot No. 408A, Road No. 22A, Jubilee Hills, Hyderabad – 500 033	30-09-2009	4.00 P.M.
2007-2008	#306, HUDA Maitrivanam, S.R.Nagar, Hyderabad – 500 038	30-09-2007	4.00 P.M.
2006-2007	#306, HUDA Maitrivanam, S.R.Nagar, Hyderabad – 500 038	28-09-2007	3.00 P.M.

## 7. DISCLOSURES:

- (i) **Disclosure on materially significant related party transactions, i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the company.

- (ii) **Details of the non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.**

There were no instances of non-compliance of any matter related to the capital. However the shares of the Company suspended by Bombay Stock Exchange (BSE) for non – receipt of Book Closure of the Company for the Year 2004 – 2005.

## 8. GENERAL SHAREHOLDER INFORMATION:

8.1	<b>Annual General Meeting</b>	25 <sup>th</sup> AGM	
	<b>Date and Time</b>	30 <sup>th</sup> September, 2010, at 4.00 p. m.	
	<b>Venue</b>	# 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad – 500 033	

8.2	<b>Financial Calendar 2010-11 (Tentative)</b>			
	<b>Annual General Meeting</b>	September 2011		
	<b>Board Meetings</b>	Results for the quarter ending June 30, 2010	During second week of August 2010.	
		Results for the quarter ending Sept 30, 2010	Last week of October 2010.	
		Results for the quarter ending Dec 31, 2010	Second week of Feb 2011.	
	Results for the quarter ending Mar 31, 2011	Last week of May 2011		

<b>8.3</b>	<b>Book Closure Date</b>	24 <sup>th</sup> to 30 <sup>th</sup> September'2010 (both days inclusive)
<b>8.4</b>	<b>Listing of Equity Shares on Stock Exchanges at</b>	Bombay Stock Exchange (BSE)
<b>8.5</b>	<b>Registrar and Transfer Agents</b>	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
<b>8.6</b>	<b>SHARE HOLDING PATTERN:</b>	
	<b>Category</b>	% of Total Capital
	<b>Promoters &amp; Associates</b>	-
	<b>Directors and Relatives</b>	87.78%
	<b>Bodies corporate</b>	4.10%
	<b>Others</b>	8.12%
<b>8.7</b>	<b>DISTRIBUTION OF SHARE HOLDING:</b>	
	Range in No. of Shares	% of Total Capital
	Up to 1000	0.95%
	1001 5000	0.61%
	5001 10000	1.15%
	10001 20000	0.88%
	20001 30000	2.01%
	30001 40000	3.79%
	40001 50000	-
	50001 100000	7.34%
	100001 & Above	83.27%
<b>8.8</b>	<b>De-materialization of Shares</b>	Trading in Equity shares of the company on the Stock Exchanges is permitted only in dematerialised form w.e.f. 2 <sup>nd</sup> January, 2002 As on date of 9.64% of shares is dematerialized
<b>8.9</b>	<b>Development Center</b>	# 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033
<b>8.10</b>	<b>Address for Investor Correspondence</b>	Compliance Officer, Capricorn Systems Global Solutions Limited, : complianceofficer@capricornsys-global.com
	<b>For Transfer / dematerialization of shares and any other query relating to shares of the company</b>	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
	<b>Any Query in Annual Report</b>	Compliance officer, Capricorn Systems Global Solutions Limited # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033

**AUDITOR'S REPORT**

To,  
**The Members of Capricorn Systems Global Solutions Limited,  
Hyderabad.**

We have audited the attached Balance Sheet of Capricorn Systems Global Solutions Limited, Hyderabad as on 31<sup>st</sup> March ' 2010 and also the Profit and Loss Account for the Year Ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. 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.

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 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 the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, We give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Our comments on the accounts are as under:
  - a) Balances appearing under Sundry Debtors, Loans and Advances are subject to confirmation and / or reconciliation of balances.
  - b) According to the information and the explanations given to us, the Company does not have any over – dues to SSI units and hence no provision for interest is made in accounts.
3. Subject to our observations in the annexure referred to in paragraph (1) and our comments in paragraph (2) above, We report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of Account.
  - d) In our opinion the Balance sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Sec. 211 (3C) of the companies Act, 1956, excepting in relation to Accounting Standard 22 on Accounting for Taxes on Income.
  - e) In our opinion, and based on the information and explanations given to us, none of the Directors of the Company are disqualified as on 31<sup>st</sup> March ' 2010 from being appointed as a Director under clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - i) In so far as it relates to the Balance sheet, of the state of affairs of the Company as on 31<sup>st</sup> of March ' 2010 and
    - ii) In so far as it related to the Profit and Loss Account, of the Profit of the Company for the Year ended on that date.
    - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**for SATYANARAYANA & Co**  
CHARTERED ACCOUNTANTS  
Sd/-  
**J. JAGANNADHA RAO**  
Partner

Place: Hyderabad.  
Date: 29-05-2010

**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE REPORT OF EVEN DATE:**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected
- (ii) The Clauses relating to the physical verification of inventories, maintenance of records of inventory is not applicable to the Company as the company is engaged in the development of software and there are not inventories in the operations of the Company.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - (a) The Company has taken loans from one party. The maximum amount outstanding during the year in relation to the loans taken aggregate to Rs. 5.93 Lakhs .
  - (b) In our opinion and according to the information and explanations given to us, no rates of interests are specified for the loans taken. The other terms and conditions for these loans are not prima facie prejudicial to the interest of the Company.
  - (c) There are no loans which are given during the year.
  - (d) In our opinion and according to the information and explanations given to us there are not overdue amounts in respect of loans extended by the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets, and with regard to the sale of services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) The Company has an internal audit system, the scope of the same need to be increased so as to be commensurate with the size and nature of the business.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government has not specified maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 to the company for the year under audit.

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us no undisputed amounts payable in respect of wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March ' 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses. The company has not suffered any cash losses during the financial year covered by the audit and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company does not have any outstanding loans payable to Financial Institutions and Banks and hence the clause relating to the dues to FIs and Banks is not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company 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 clause 4(xiii) of the Companies (Auditor's Report) Order'2003 is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us the Company is not dealing in shares and securities.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given guarantees for the loans taken by others from Banks or Financial Institutions.
- (xvi) The Company has not raised any new term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment, No long term loan funds have been used to finance short terms assets expect permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to parties and the Companies covered in the Register maintained under Section 301 of the Companies Act'1956 during the year.
- (xix) The Clause 4(xix) of the Companies (Audit Report) Order 2003 relating to the creation of security for the Debentures is not applicable to the Company as no debentures are raised by the Company.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that caused the financial statements to be materially misstated.

**for SATYANARAYANA & Co**  
CHARTERED ACCOUNTANTS

Sd/-

**J. JAGANNADHA RAO**  
Partner

Place: Hyderabad.  
Date : 29-05-2010

**Capricorn Systems Global Solutions Limited**

(Formerly known as Badal Exports and Consultants Limited)

**BALANCE SHEET AS AT MARCH 31, 2010**

(Rupees)

Particulars	Sch	as at	
		31-03-10	31-03-09
<b>I. Sources of Funds</b>			
A) Share Capital	1	39,960,000	39,960,000
B) Reserves & Surplus	2	12,335,062	12,226,036
<b>II. Secured Loans</b>		--	--
<b>Total Sources</b>		<b>52,295,062</b>	<b>52,186,036</b>
<b>II. Application of Funds</b>			
A) Fixed Assets	3		
Gross Block		34,651,440	34,891,804
Less : Depreciation		6,412,942	58,36,213
<b>Net Block</b>		<b>28,238,498</b>	<b>29,055,591</b>
B) Current Assets, Loans & Advances			
i) Cash & Bank Balances	4	2,079,372	1,359,321
ii) Sundry Debtors	5	134,256	481,902
iii) Loans & Advances	6	23,157,621	22,034,705
Total Current Assets		25,371,249	23,875,928
C) Current Liabilities Provisions	7	1,314,685	745,483
<b>Net Current Assets</b>		<b>24,056,564</b>	<b>23,130,445</b>
<b>Total Application</b>		<b>52,295,062</b>	<b>52,186,036</b>
<b>Notes to Accounts</b>	11		

As per our report of even date

for **Satyanarayana & Co**  
Chartered Accountants

for and on behalf of the Board

Sd/-  
**J Jagannadha Rao**  
Partner

Sd/-  
**S. Manmohan Rao**  
Director

Sd/-  
**G. Surender Reddy**  
Director

Place: Hyderabad.  
Date : 29-05-2010

**Capricorn Systems Global Solutions Limited**

(Formerly known as Badal Exports and Consultants Limited)

**PROFIT & LOSS ACCOUNT**

For the Period ended 31st March, 2010

(Rupees)

Particulars	Sch	For the Period Ended 31-03-10	For the Period Ended 31-03-09
<b>I) Income</b>			
Software Development Charges	8	12,915,158	11,117,040
Other Income		24,871	65,150
<b>Total Income</b>		<b>12,940,029</b>	<b>11,182,190</b>
<b>II) Expenditure</b>			
Software Development Expenses	9	9,289,038	7,412,717
Administration & Other Expenses	10	2,449,036	2,449,861
Finance Charges		--	3,119
Depreciation	3	909,928	982,462
<b>Total Expenditure</b>		<b>12,648,002</b>	<b>10,848,159</b>
<b>Net Profit for the Year before Tax</b>		<b>292,027</b>	<b>334,031</b>
Less : Provision for Tax		183,000	200,212
<b>Net Profit after Tax</b>		<b>109,027</b>	<b>133,819</b>
<b>Balance of Profit / (Loss) Transferred to Balance Sheet</b>		<b>109,027</b>	<b>133,819</b>
<b>Earnings per share</b>		<b>0.03</b>	<b>0.03</b>
<b>Notes to Accounts</b>	<b>11</b>		

As per our report of even date

for **Satyanarayana & Co**  
Chartered Accountants

for and on behalf of the Board

Sd/-  
**J Jagannadha Rao**  
Partner

Sd/-  
**S. Manmohan Rao**  
Director

Sd/-  
**G. Surender Reddy**  
Director

Place: Hyderabad.  
Date : 29-05-2010

Schedule of Forming Part of Accounts

(Rupees)

Particulars	as at 31-03-10	as at 31-03-09
<b>1. Share Capital</b>		
Authorized (50,00,000 equity shares of Rs.10/- each)	50,000,000	50,000,000
<b>Total</b>	<b>50,000,000</b>	<b>50,000,000</b>
Issued, Subscribed and Paid-Up Capital (39,96,000 equity shares of Rs. 10/- each) each allotted for consideration other than cash)	39,960,000	39,960,000
<b>Total</b>	<b>39,960,000</b>	<b>39,960,000</b>
<b>2. Reserves &amp; Surplus</b>		
General Reserve	6,634,006	6,634,006
P&L Opening Balance	5,592,029	5,458,211
Profit & Loss Account for the year	109,027	133,819
<b>Total</b>	<b>12,335,062</b>	<b>12,226,036</b>
<b>4. Cash &amp; Bank Balances</b>		
Cash in Hand	192,615	160,627
Cash at Bank	402,620	1,149,557
Balances in Deposits	1,484,137	49,137
<b>Total</b>	<b>2,079,372</b>	<b>1,359,321</b>
<b>5. Sundry Debtors</b>		
Debts outstanding for a period exceeding 6 months	-	-
Other Debtors	134,256	481,902
<b>Total</b>	<b>134,256</b>	<b>481,902</b>
<b>6. Loans and Advances</b>		
Share Application Money - Pending Allotment	11,900,000	11,900,000
Pre-paid Expenses	53,364	53,364
Advances	9,703,074	8,544,433
Advance Tax Paid	463,029	498,754
Deposits	1,038,154	1,038,154
<b>Total</b>	<b>23,157,621</b>	<b>20,034,705</b>
<b>7. Current Liabilities &amp; Provisions</b>		
Creditors for Expenses & Services	1,131,685	511,248
Provision for Taxation	183,000	234,235
<b>Total</b>	<b>1,314,685</b>	<b>745,483</b>



**Schedule of Forming Part of Accounts**

Particulars	(Rupees)	
	as at 31-03-10	as at 31-03-09
<b>8. Software Development Income</b>		
Export Sale	12,915,158	11,170,040
Domestic Sale		
<b>Total</b>	<b>12,915,158</b>	<b>11,117,040</b>
<b>9. Software Development Expenses</b>		
Salaries & Other Benefits	8,717,592	6,988,074
Software Development cost	571,446	424,643
<b>Total</b>	<b>9,289,038</b>	<b>7,412,717</b>
<b>10. Administration &amp; Other Expenses</b>		
Salaries & Benefits to Other Staff	180,307	204,231
Printing & Stationery	27,632	21,927
Postage & Telephones	101,581	136,938
Rent, Rates & Taxes	1,224,444	1,164,734
Electricity Charges	325,263	463,877
Travelling & Conveyance	118,780	81,260
Repairs & Maintenance	238,296	148,289
Advertisement	21,296	20,271
Professional & Consultancy Charges	90,555	91,546
Audit Fee	19,303	27,576
Foreign Currency Fluctuation Account	(3,969)	(2,760)
Web Domain Charges	--	3,460
General Expenses	43,707	31,933
Office Maintenance & Security	61,211	56,579
<b>Total</b>	<b>2,449,036</b>	<b>2,449,861</b>

Schedules Forming Part of Accounts

3. Fixed Assets

Description of Asset	Gross Block			Depreciation				Net Block			
	as on 01-04-09	additions during the period	deletions during the period	as on 31-03-10	Rate	as on 01-04-09	for the period	Deletions	as on 31-03-10	as on 31-03-09	as on 31-03-09
1 Goodwill	20,000,000	-	-	20,000,000	0.00%	-	-	-	-	20,000,000	20,000,000
2 Plant & Machinery	1,332,557	-	-	1,332,557	4.75%	685,477	63,296	-	748,774	583,783	647,080
3 Computers	3,021,177	31,994	-	3,053,171	15.75%	1,898,781	279,393	-	2,178,174	874,997	1,122,396
4 Furniture & Fixtures	3,843,784	60,841	-	3,904,625	6.33%	1,952,689	245,633	-	2,198,322	1,706,303	1,891,095
5 Electrical Installations	328,455	-	-	328,455	4.75%	175,830	15,602	-	191,432	137,023	152,625
6 Office Equipment	347,337	-	-	347,337	4.75%	122,568	16,499	-	139,067	208,270	224,769
7 Vehicles	2,739,771	-	333,199	2,406,572	9.50%	991,027	228,624	333,199	886,452	1,520,120	1,748,744
8 Land	1,642,500	-	-	1,642,500	0.00%	-	-	-	-	1,642,500	1,642,500
9 Net working @ Jubilee	226,978	-	-	226,978	15.75%	5,778	35,749	-	41,527	185,451	221,200
10 Interiors @ Jubilee	210,000	-	-	210,000	6.33%	2,148	13,293	-	15,441	194,559	207,852
11 Electrical @ Jubilee	249,245	-	-	249,245	4.75%	1,913	11,839	-	13,753	235,492	247,332
12 CWIP	950,000	-	-	950,000	0.00%	-	-	-	-	950,000	950,000
<b>Total</b>	<b>34,891,804</b>	<b>92,835</b>	<b>333,199</b>	<b>34,651,440</b>		<b>5,836,214</b>	<b>909,928</b>	<b>333,199</b>	<b>6,412,942</b>	<b>28,238,498</b>	<b>29,055,591</b>
<b>Previous Year</b>	<b>40,330,099</b>	<b>1,393,948</b>	<b>6,832,243</b>	<b>34,891,804</b>		<b>9,375,996</b>	<b>982,462</b>	<b>4,522,243</b>	<b>5,836,213</b>	<b>29,055,591</b>	<b>30,954,103</b>

**SCHEDULE - 11**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

**A. Basis for preparation of accounts:**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

**B. Fixed Assets:**

- i) Fixed Assets are stated at Historical Cost, less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties, taxes and incidental expenses thereto and interest on direct borrowings up to commissioning, wherever applicable.
- ii) Depreciation is provided in accordance with the rates and rules specified in Schedule XIV to the Companies Act, 1956, under Straight Line Method.
- iii) Capital Work-in-Progress includes advances for capital items, capital items under erection and pre-operative expenses pending allocation on the assets to be commissioned.

**C. Foreign Exchange Transactions:**

Transactions in Foreign Exchange, other than those covered by Forward Contracts, are accounted for at the exchange rates prevailing on the date of transactions. Assets and Liabilities remaining unsettled at the end of the year other than those covered by forward contracts are translated at the closing rate. Realized gains and losses on foreign exchange transactions other than those relating to Fixed Assets are recognized in the Profit and Loss Account. Gain or Loss on translation and realized Gain or Loss in respect of Liabilities incurred to acquire Fixed Assets are adjusted to the carrying cost of Fixed Assets.

**D. Miscellaneous Expenditure:**

To write off Preliminary Expenses over a period of Ten Years.

**E. Accounting Convention:**

The Financial Statements are prepared under Historical Cost Convention on an accrual basis.

**F. Revenue Recognition:**

Revenue from Software Development is recognized based on Software Developed and billed as per the terms of specific contracts. Revenue from the training activity is accounted basing on the proportion of the completion of the course as at the end of the year. Income from dividend is accounted on cash basis.

**II) Notes Forming Part of Accounts for the Year Ended:**

<b>1. Directors' Remuneration:</b>	<b>2009-2010</b>	<b>2008-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Salary and allowances	Nil	Nil
<b>2. Remuneration to Auditors:</b>		
As Auditors (including service tax)	19,303	25,576
<b>3. Additional information as required by Part - II of Schedule - VI of the Companies Act, 1956.</b>	<b>2009-2010</b>	<b>2008-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
A. Expenditure in Foreign Currency:	Nil	Nil
B. Earnings in Foreign Exchange: (on cash basis)		
Software Development Charges	132,66,773	133,37,088
C. C I F Value of Imports:	Nil	Nil

**4. Segment Reporting:**

The Company has only Software Development activity hence segment report has not been given.

**1. Related Party:**

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in Accounting Standards are given below:

(i) List of related parties with whom transactions have taken place and relationships:

S. No.	Name of the Related Party	Relationship
1	Capricorn Systems Inc.	Associate Concern
2	LN Polyesters Limited	Associate Concern

(ii) Transactions during the year with related parties:

S. No.	Nature of Transaction	Associate	Managerial Personnel	Total
A)	Sales	129.15		129.15
B)	Loan			
	As on 01-04-09	5.93		
	Taken during the year	0.00		
	Repaid during the year	5.93		
	Balance as at 31-03-10			0.00

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL PROFILE**

<b>I</b>	<b>Registration details</b>	
	Registration number	43347
	Balance Sheet	31-Mar-2010
	State Code	1
<b>II</b>	<b>Capital raised during the year</b>	<b>Rs. '000</b>
	Public Issue	Nil
	Bonus Issue	Nil
	Rights Issue	Nil
	Private Placement	Nil
<b>III</b>	<b>Position of Mobilization and Deployment of Funds</b>	<b>Rupees</b>
	Total Liabilities	52,295,062
	Total Assets	52,295,062
	<b>SOURCES OF FUNDS :</b>	
	Paid-up Capital	3,99,60,000
	Secured Loans	00
	Reserves & Surplus	12,335,062
	Un-secured Loans	0
	<b>APPLICATION OF FUNDS</b>	
	Net Fixed Assets	282,38,498
	Net Current Assets	240,56,564
	Misc. Expenditure	0
	Accumulated Losses	0
	Investments	0
<b>IV</b>	<b>PERFORMANCE OF COMPANY</b>	<b>Rupees</b>
	Turnover	12,940,029
	Profit/(Loss) Before Tax	292,027
	Earnings Per Share in Rs.	0.03
	Total Expenditure	108,48,159
	Profit/(Loss) After Tax	1,09,027
	Dividend Rate %	0
<b>V</b>	<b>GENERRIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per Monetary Terms)</b>	
	Item Code No. (ITL Code)	85429009.10
	Product Description	Software Development

**Schedules 1 to 11 form an integral part of the Balance Sheet and Profit & Loss Account.**

As per our report of even date

for **Satyanarayana & Co**  
Chartered Accountants

Sd/-

**J. Jagannadha Rao**  
Partner

for and on behalf of the Board

Sd/-

**S. Man Mohan Rao**  
Director

Sd/-

**G. Surender Reddy**  
Director

Place: Hyderabad  
Date : 29-05-2010

**CASH FLOW STATEMENT**

(As per clause 32 of the Stock Exchange Listing Agreement)

(Rupees In Lakhs)

Particulars	31/03/2010		31/03/2009	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit after Tax and Extraordinary items</b>		<b>1.09</b>		<b>1.34</b>
Adjustments for :				
Depreciation	9.10		18.98	
Loss on sale of Securities/ Investments	-		-	
Provision for Income Tax	1.83		2.00	
		<b>10.93</b>		<b>20.98</b>
<b>Operating profit before working capital changes</b>		<b>12.02</b>		<b>22.32</b>
(Increase) / Decrease in Trade and Other Receivables	3.48		22.17	
(Increase) / Decrease in Loans and Advances	(11.23)		3.19	
Increase / (Decrease) in Trade Payables	5.69		(8.96)	
		<b>(2.06)</b>		<b>16.40</b>
Income Tax Paid	(1.83)		(2.00)	
Cash Generated From Operations	9.96		38.73	
<b>Net Cash Flow from Operating Activities</b>		<b>8.13</b>		<b>36.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(0.93)		-	
Product Development Expenditure	0.00		-	
<b>Net Cash Flow from Investing Activities</b>		<b>(0.93)</b>		<b>0.00</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Sale of Shares/ Investments	-		-	
Proceeds from Long Term Borrowings	-		(1.98)	
<b>Net Inflow From Financing Activities</b>		<b>0.00</b>		<b>(1.98)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>7.20</b>		<b>34.75</b>
Cash and cash Equivalents at the Beginning of the period	13.59		1.84	
Cash and cash Equivalents at the end of the period	20.79		36.59	

**Note :**

- The above Cash Flow Statement has been prepared using the "Indirect Methods" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Previous year figures regrouped wherever necessary to confirm with the current year presentation. This is the cash Flow Statement referred to in our report of even date.

As per our report of even date

**for Satyanarayana & Co**  
Chartered Accountants

**for and on behalf of the Board**

Sd/-  
**J Jagannadha Rao**  
Partner

Sd/-  
**S. Manmohan Rao**  
Director

Sd/-  
**G. Surender Reddy**  
Director

Place: Hyderabad  
Date : 29-05-2010



**CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED**

Regd. Office : # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad - 500033

**ATTENDANCE SLIP**

I hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company held its Registered Office # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad - 500033 on Thursday 30th September, 2010 at 4.00 p.m.

DP. Id*		Full Name of the Member / Proxy (in block letters) Address :
Client Id*		
Reg. Folio No.		

\* Applicable if shares are held in electronic form

\*\* Strike out which ever is not applicable

.....  
Signature of Shareholder / Proxy

Note : Members attending the meeting in person or by proxy are requested to complete the attendance slip duly signed and hand it over at the entrance of the meeting hall.



**CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED**

Regd. Office : # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad - 500033

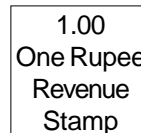
**PROXY FORM**

I / We \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member / Members of the above named company, here by appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ failing him / her \_\_\_\_\_ of \_\_\_\_\_ in the the district of \_\_\_\_\_ as my / our proxy to attended and vote on a poll for me/us and on my/our behalf at the 25th Annual General Meeting of the company, to be hed on Thursday 30th September, 2010 at 4.00 p.m. at its registered office situated at # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad - 500033.

DP. Id*
Client Id*
Reg. Folio No.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signature .....



\* Applicable if shares are held in electronic form.

Note : This proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 (Forty Eight) hours before the time fixed for holding the Meeting.

**PRINTED MATTER**  
UNDER CERTIFICATE OF POSTING

If Undelivered Please Return to :  
**Capricorn Systems Global Solutions Ltd.,**  
REGISTERED OFFICE  
# 8-2-293/82A/408A, Plot No. 408A, Road No:22A,  
Jubilee Hills, Hyderabad - 500033

**Anjana Graphics**  
98494 79396