

26th
ANNUAL REPORT
2010-2011



Capricorn Systems
Global Solutions Limited

People and Solutions

BOARD OF DIRECTORS

- | | | |
|----|------------------------|-------------------|
| 1. | Mr. S. Murali Krishna | Chairman |
| 2. | Mr. S. Man Mohan Rao | Managing Director |
| 3. | Mr. G. Surender Reddy | 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 **26th Annual General Meeting of CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED (CSGSL)** 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 – 500033 on Wednesday the **28th September 2011**, at 11 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2011 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 Sri S. Jagadeshwar Reddy, who retires by rotation and does not offer himself for reappointment.
3. To appoint a director in the place of Sri K. V. Srinivasa Rao, who retires by rotation and being eligible offers himself for reappointment.
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.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT “RESOLVED THAT pursuant to the provisions of Section 269, 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be required from time to time, the members of the Company hereby confirm and accords their approval for the appointment of Sri S. Man Mohan Rao as the Managing Director of the Company for a period of 5 years with effect from 1st December, 2010 without any remuneration.”

By Order of the Board
For Capricorn Systems Global Solutions Limited

Place : Hyderabad
Date : 27.08.2011

Sd/-
S. Man Mohan Rao
Managing Director

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. 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.**
2. 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.
3. Register of members and the Share Transfer Books of the Company shall remain closed from 22nd September 2011 to 28th September 2011 (both the days inclusive).
4. Explanatory Statement as required under the provisions of Section 173 (2) of the Companies Act, 1956 is annexed herewith.
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.

PROFILE OF DIRECTORS RETIRING BY ROTATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

Particulars	S. Man Mohan Rao	S. Jagadeswar Reddy	K.V. Srinivasa Rao
Date of Birth	15.04.1948	10.08.1968	16.11.1969
Date of Appointment	01.04.1998	30.06.2008	30.06.2008
Qualification	B.E.	FCA	M.Com
Expertise	Experience in various fields of management over a period of past four decades	Experience in Auditing, Assurance and Taxation of small and medium enterprises over the past 15 years	Experience in the legal and statutory compliances and indirect taxation over the past 15 years
List of Companies in which outside Directorship is held	NIL	NIL	NIL
Chairman / Member of the committee on which he is a director	NIL	NIL	NIL
No of shares held by them in the company	NIL	NIL	NIL

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 5:

Sri S. Man Mohan Rao was appointed as the Managing Director of the Company with effect from 1st December, 2010 without any remuneration for a period of 5 years.

Appointment of Managing Director requires the approval of members by way of an Ordinary Resolution.

None of the Directors except Sri S. Man Mohan Rao and Sri S. Murali Krishna are concerned or interested in the said resolution.

for and behalf of the Board
For Capricorn Systems Global Solutions Limited

Place : Hyderabad
Date : 27.08.2011

S. Man Mohan Rao
Managing Director

DIRECTORS' REPORT**Dear Shareholders,**

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Accounts of the Company for the year Ended 31st March 2011.

(Rs. Lakhs)

Particulars	2010-11	2009-10
Income	151.87	129.40
Profit before Depreciation and Taxation	10.80	12.01
Depreciation	6.46	9.09
Profit before Tax	4.34	2.92
Provision for Tax	2.35	1.83
Profit after Tax	1.98	1.09

OPERATIONS:

The company has successfully executed software development works for the overseas customers, recording a turnover of Rs.148 lakhs registering an increase of 15% growth compared to the previous year. The company is presently working on various new initiatives including the development of Business Process Outsourcing for overseas customers. 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:

The vagaries in the global economic scenario coupled with the reported slow down on the markets in the USA, the major market in which the company operates may have impact on the business growth of the company. However the long standing association which the company enjoys with its customers and the high quality work force the company would enable to sustain and improve the business in the coming periods.

DEMATERIALISATION OF SHARES:

12.70% Shares of the Company has been dematerialized up to 31st March, 2011.

LISTING WITH STOCK EXCHANGES:

The Share of the Company were suspended by BSE during the year from July '2005, citing the non – receipt of the Book Closure Notice for the Year 2004 – 2005. The Company has received in principle sanction for the revocation of suspension from BSE during the month of August' 2011. The company is in the process of complying with the various conditions stipulated for the revocation and the final permission revoking the suspension and resuming the trading is expected to be completed during October' 2011.

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:

Sri S. Jagadeshwar Reddy and Sri K. V. Srinivasa Rao, Directors of the Company retire by rotation at the ensuing Annual General Meeting. Sri S. Jagadeswar Reddy did not offer himself for reappointment and Sri K. V. Srinivasa Rao being eligible offers himself for re-appointment.

Sri S. Man Mohan Rao was appointed as the Managing Director of the Company with effect from 1st December, 2010 for a period of 5 years.

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 2011, 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 31st March 2011 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.1,49,64,656 /-
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, customers business associates, shareholders and banks towards conducting the operations of the company.

For and on behalf of the Board

Place : Hyderabad

Date : 27.08.2011

Sd/-

S. Man Mohan Rao
Managing Director

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 ramped up its head count during the year in line with the expected business. 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.151.87 Lakhs. The Gross Profit (earnings before interest, depreciation and taxes) was Rs.10.08Lakhs. The paid-up share capital as at 31st March 2011 amounts to Rs.399.96 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 long standing relations with the customers and also the with the proven track record of the company delivering as per the expectations of the customers, the company is confident of identifying the new areas of business with the existing customers and in new markets.

CHALLENGES:

Capricorn Systems Global Solutions Limited (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 38 employees. CSGSL recognizes the contributions of its people in creating a company, which ranks as one of the best facilities with highly skilled people.

CGSGL 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 31st March 2011 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
FRN No. 003680S

Sd/-
J. Jagannadha Rao
Partner
Membership No. 006239

Place: Hyderabad.
Date: 30-05-2011

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. Three from the promoters group and the balance Three Independent directors who have very rich experience in various fields.

During the year 2010-11 the Board has met 7 times (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	4	Yes	-
G. Surender Reddy	NED	4	Yes	2
S. Murali Krishna	NED	1	No	-
Anand Deshmukh	NED	4	Yes	-
S. Jagadeswar Reddy	NED	4	Yes	-
K.V. Srinivasa Rao	NED	4	Yes	-

NED: Non-Executive Director

3. AUDIT COMMITTEE:

The audit committee consists 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 director 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/investor's 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
2009-2010	# 8-2-293/82A/408A, Plot No. 408A, Road No. 22A, Jubilee Hills, Hyderabad – 500 033	30-09-2010	4.00 P.M.
2008-2009	# 8-2-293/82A/408A, Plot No. 408A, Road No. 22A, Hyderabad – 500 038	30-09-2009	4.00 P.M.
2007-2008	#306, Maitrivanam HUDA, S.R.Nagar, Hyderabad – 500 038	28-09-2008	4.00 P.M.

3. 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 markets. During the period the company has received in principle approval from the Bombay Stock Exchange (BSE) for revocation of the suspension on the equity shares of the company which are under suspension since 2005.

8. GENERAL SHAREHOLDER INFORMATION:

8.1	Annual General Meeting	26 th Annual General Meeting (AGM)	
	Date and Time	28 th September, 2011, at 11.00 a. m.	
	Venue	# 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad – 500 033	

8.2	Financial Calendar 2010-11 (Tentative)		
	Annual General Meeting	September 2012	
	Board Meetings	Results for the quarter ending June 30, 2011	During second week of August 2011.
		Results for the quarter ending September 30, 2011	Second week of November 2011.
		Results for the quarter ending December 31, 2011	Second week of February 2012.
	Results for the quarter ending March 31, 2012	Last week of May 2012	

8.3	Book Closure Date	22 nd to 28 th September'2011 (both the days inclusive)
8.4	Listing of Equity Shares on Stock Exchanges at	The Bombay Stock Exchange Limited (BSE)
8.5	Registrar and Transfer Agents	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
8.6	SHARE HOLDING PATTERN:	
	Category	% of Total Capital
	Promoters & Associates	75.00%
	Directors and Relatives	-
	Bodies corporate	04.10%
	Others	20.90%
8.7	DISTRIBUTION OF SHARE HOLDING:	
	Range in No. of Shares	% of Total Capital
	Up to 1000	1.41%
	1001 5000	0.94%
	5001 10000	1.34%
	10001 20000	0.88%
	20001 30000	2.01%
	30001 40000	4.79%
	40001 50000	5.00%
	50001 100000	6.36%
	100001 & Above	77.27%
8.8	De-materialization of Shares	As on date of 14.86% of shares is dematerialized
8.9	Development Center	# 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033
8.10	Address for Investor Correspondence	Compliance Officer, Capricorn Systems Global Solutions Limited, : complianceofficer@capricornsys-global.com
	For Transfer / dematerialization of shares and any other query relating to shares of the company	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
	Any Query in Annual Report	Compliance officer, Capricorn Systems Global Solutions Limited # 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, S. Man Mohan Rao, Chief Executive Officer and Managing Director of CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED, to the best of our knowledge and belief, certify that:

1. I had reviewed the Balance Sheet and Profit and Loss Account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the company, and I have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the company, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure, controls and procedures and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. I had disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
 - a) significant changes in internal controls during the year covered by this report;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place : Hyderabad
Date : 27.08.2011

Sd/-
S. MAN MOHAN RAO
Managing Director

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 31st March ' 2011 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.
 - 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 31st March '2011 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 polices 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 31st of March ' 2011 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
FRN No. 003680S

Sd/-

J. JAGANNADHA RAO

Partner

Membership No. 006239

Place: Hyderabad.
Date: 30-05-2011

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 which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were notice 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 no 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 not taken any loans from parties mentioned in the register maintained under section 301 of the Companies Act'1956.
 - b) There are no loans which are given during the year.
- (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, 1975with regard to the deposits accepted form the public.
- (vii) The Company has an internal audit system, the scope of the same need to be increase 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 31st March ' 2011 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 except 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
FRN No. 003680S

Sd/-

J. JAGANNADHA RAO
Partner
Membership No. 006239

Place: Hyderabad.
Date: 30-05-2011

Capricorn Systems Global Solutions Limited

(Formerly known as Badal Exports and Consultants Limited)

BALANCE SHEET AS AT MARCH 31, 2011

(Rupees)

Particulars	Sch	For the year ended 31-03-11		For the year ended 31-03-10	
I. Sources of Funds					
A) Share Capital	1		39,960,000		39,960,000
B) Reserves & Surplus	2		12,533,600		12,335,062
II. Secured Loans			--		--
Total Sources			52,493,600		52,295,062
II. Application of Funds					
A) Fixed Assets	3				
Gross Block		33,781,729		34,651,440	
Less : Depreciation		6,475,733		6,412,942	
Net Block			27,305,996		28,238,498
B) Current Assets, Loans & Advances					
i) Cash & Bank Balances	4	2,463,075		2,079,372	
ii) Sundry Debtors	5	-		134,256	
iii) Loans & Advances	6	24,456,984		23,157,621	
Total Current Assets			26,920,059		25,371,249
C) Current Liabilities Provisions	7		1,732,455		1,314,685
Net Current Assets			25,187,604		24,056,564
Total Application			52,493,600		52,295,062
Notes to Accounts	11				

As per our report of even date

for **Satyanarayana & Co**

Chartered Accountants

(FRN : 003680 S)

Sd/-

J Jagannadha Rao

Partner

Membership No. 006239

Place: Hyderabad.

Date : 30-05-2011

for and on behalf of the Board

Sd/-

S. Manmohan Rao

Managing Director

Sd/-

G. Surender Reddy

Director

Capricorn Systems Global Solutions Limited

(Formerly known as Badal Exports and Consultants Limited)

PROFIT & LOSS ACCOUNT
For the Period ended 31st March, 2011

(Rupees)

Particulars	Sch	For the year Ended 31-03-11	For the year Ended 31-03-10
I) Income			
Software Development Charges	8	14,830,215	12,915,158
Other Income		356,917	24,871
Total Income		15,187,132	12,940,029
II) Expenditure			
Software Development Expenses	9	10,343,150	9,289,038
Administration & Other Expenses	10	3,323,606	2,449,036
Loss on Sale of Fixed Assets		415,859	--
Finance Charges		24,046	--
Depreciation	3	646,932	909,928
Total Expenditure		14,753,593	12,648,002
Net Profit for the Year before Tax		433,539	292,027
Less : Provision for Tax		235,000	183,000
Net Profit after Tax		198,539	109,027
Balance of Profit / (Loss) Transferred to Balance Sheet		198,539	109,027
Earnings per share		0.05	0.03
Notes to Accounts	11		

As per our report of even date

for **Satyanarayana & Co**

Chartered Accountants
(FRN : 003680 S)

Sd/-

J Jagannadha Rao

Partner

Membership No. 006239

Place: Hyderabad.

Date : 30-05-2011

for and on behalf of the Board

Sd/-

S. Manmohan Rao

Managing Director

Sd/-

G. Surender Reddy

Director

Schedule of Forming Part of Accounts

(Rupees)

Particulars	For the year ended 31-03-11	For the year ended 31-03-10
1. Share Capital		
Authorized (50,00,000 equity shares of Rs.10/- each)	50,000,000	50,000,000
Total	50,000,000	50,000,000
Issued, Subscribed and Paid-Up Capital (39,96,000 equity shares of Rs. 10/- each) (includes 20,00,000 equity shares of Rs.10/- each allotted for consideration other than cash)	39,960,000	39,960,000
Total	39,960,000	39,960,000
2. Reserves & Surplus		
General Reserve	6,634,006	6,634,006
P&L Opening Balance	5,701,055	5,592,029
Profit & Loss Account for the year	198,539	109,027
Total	12,533,600	12,335,062
4. Cash & Bank Balances		
Cash in Hand	72,971	192,615
Cash at Bank	890,967	402,620
Balances in Deposits	1,499,137	1,484,137
Total	2,463,075	2,079,372
5. Sundry Debtors		
Debts outstanding for a period exceeding 6 months	-	-
Other Debtors	-	134,256
Total	-	134,256
6. Loans and Advances		
Share Application Money - Pending Allotment	6,100,000	11,900,000
Pre-paid Expenses	-	53,364
Advances	16,921,917	9,703,074
Advance Tax Paid	460,541	463,029
Deposits	974,527	1,038,154
Total	24,456,984	23,157,621
7. Current Liabilities & Provisions		
Creditors for Expenses & Services	1,314,455	1,131,685
Provision for Taxation	418,000	183,000
Total	1,732,455	1,314,685

Schedule of Forming Part of Accounts

(Rupees)

Particulars	For the year ended 31-03-11	For the year ended 31-03-10
8. Software Development Income		
Export Sale	14,830,215	12,915,158
Domestic Sale	--	--
Total	14,830,215	12,915,158
9. Software Development Expenses		
Salaries & Other Benefits	9,853,224	8,717,592
Software Development cost	489,926	571,446
Total	10,343,150	9,289,038
10. Administration & Other Expenses		
Salaries & Benefits to Other Staff	239,056	180,307
Printing & Stationery	31,857	27,632
Postage & Telephones	176,460	101,581
Rent, Rates & Taxes	1,426,074	1,224,444
Electricity Charges	377,792	325,263
Travelling & Conveyance	335,338	118,780
Repairs & Maintenance	479,201	238,296
Advertisement	23,824	21,926
Professional & Consultancy Charges	101,508	90,555
Audit Fee	19,303	19,303
Foreign Currency Fluctuation Account	(185)	(3,969)
Web Domain Charges	8,033	--
General Expenses	30,932	43,707
Office Maintenance & Security	74,413	61,211
Total	3,323,606	2,449,036

Schedules Forming Part of Accounts

3. Fixed Assets

Description of Asset	Gross Block			Depreciation				Net Block	
	as on 01-04-10	additions during the period	deletions during the period	as on 01-04-10	for the period	Deletions	as on 31-03-11	as on 31-03-11	as on 31-03-10
1 Goodwill	20,000,000	-	-	-	-	-	-	20,000,000	20,000,000
2 Plant & Machinery	1,332,557	81,500	-	748,774	64,251	-	813,025	601,032	583,783
3 Computers	3,053,171	451,305	-	2,178,174	108,986	-	2,287,161	2,217,315	874,997
4 Furniture & Fixtures	3,904,625	106,984	-	2,198,322	249,549	-	2,447,870	1,563,739	1,706,303
5 Electrical Installations	328,455	-	-	191,432	15,602	-	207,033	121,422	137,023
6 Office Equipment	347,337	90,500	-	193,067	18,151	-	157,218	280,619	208,270
7 Vehicles	2,406,572	-	1,600,000	886,452	129,512	584,141	431,824	374,748	1,520,120
8 Land	1,642,500	-	-	-	-	-	-	1,642,500	1,642,500
9 Net working @ Jubilee	226,978	-	-	41,527	35,749	-	77,276	149,702	185,451
10 Interiors @ Jubilee	210,000	-	-	15,441	13,293	-	28,734	181,266	194,559
11 Electrical @ Jubilee	249,245	-	-	13,753	11,839	-	25,592	223,653	235,492
12 CWIP	950,000	-	-	-	-	-	-	950,000	950,000
Total	34,651,440	730,289	1,600,000	6,412,942	646,932	584,141	6,475,733	27,305,996	28,238,498
Previous Year	34,891,804	92,835	333,199	5,836,214	909,928	333,199	6,412,942	28,238,498	29,055,591

SCHEDULE - 11

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

I) Significant Accounting Policies:

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:

1. Contingent Liabilities :

(a) On Account of Bank Guarantee given by Bankers Rs.1,60,000 (previous Year Rs.1,60,000)

2. Directors' Remuneration:	2010-2011	2009-2010
	Rs.	Rs.
Salary and allowances	Nil	Nil

3. Remuneration to Auditors:

As Auditors (including service tax)	19,303	19,303
--	--------	--------

4. Additional information as required by Part - II of Schedule - VI of the Companies Act, 1956.

	2010-2011	2009-2010
	Rs.	Rs.
A. Expenditure in Foreign Currency:	Nil	Nil
B. Earnings in Foreign Exchange: (on cash basis)		
Software Development Charges	14,964,656	132,66,773
C. C I F Value of Imports:	Nil	Nil

5. 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

(ii) Transactions during the year with related parties:

S. No.	Nature of Transaction	Associate	Managerial Personnel	Total
A)	Sales	148.30		148.30

BALANCE SHEET ABSTRACT AND COMPANY GENERAL PROFILE

I	Registration details	
	Registration number	43347
	Balance Sheet	31-Mar-2011
	State Code	1
II	Capital raised during the year	Rs. '000
	Public Issue	Nil
	Bonus Issue	Nil
	Rights Issue	Nil
	Private Placement	Nil
III	Position of Mobilization and Deployment of Funds	Rupees
	Total Liabilities	5,24,93,785
	Total Assets	5,24,93,785
	SOURCES OF FUNDS :	
	Paid-up Capital	3,99,60,000
	Secured Loans	00
	Reserves & Surplus	1,25,33,785
	Un-secured Loans	0
	APPLICATION OF FUNDS	
	Net Fixed Assets	2,73,05,996
	Net Current Assets	2,51,87,789
	Misc. Expenditure	0
	Accumulated Losses	0
	Investments	0
IV	PERFORMANCE OF COMPANY	Rupees
	Turnover	15,187,132
	Profit/(Loss) Before Tax	433,539
	Earnings Per Share in Rs.	0.05
	Total Expenditure	1,47,53,593
	Profit/(Loss) After Tax	1,98,539
	Dividend Rate %	0
V	GENERRIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per Monetary Terms)	
	Item Code No. (ITL Code)	
	Product Description	85429009.10 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
(FRN : 003680 S)

Sd/-

J Jagannadha Rao

Partner

Membership No. 006239

Place: Hyderabad.

Date : 30-05-2011

for and on behalf of the Board

Sd/-

S. Manmohan Rao

Managing Director

Sd/-

G. Surender Reddy

Director

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

(Rupees In Lakhs)

Particulars	31/03/2011	31/03/2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extraordinary items	1.99	1.09
Adjustments for :		
Depreciation	6.47	9.10
Loss on sale of Assets	4.16	-
Provision for Income Tax	2.35	1.83
	12.98	10.93
Operating profit before working capital changes	14.97	12.02
(Increase) / Decrease in Trade and Other Receivables	1.34	3.48
(Increase) / Decrease in Loans and Advances	(12.99)	(11.23)
Increase / (Decrease) in Trade Payables	1.83	5.69
	(9.83)	(2.06)
Income Tax Paid	-	(1.83)
Cash Generated From Operations	5.14	9.96
Net Cash Flow from Operating Activities	5.14	8.13
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	6.00	-
Product Development Expenditure	(7.30)	(0.93)
Net Cash Flow from Investing Activities	(1.30)	(0.93)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Sale of Shares/ Investments	-	-
Proceeds from Long Term Borrowings	-	-
Net Inflow From Financing Activities	0.00	0.00
Net Increase in Cash and Cash Equivalents	3.84	7.20
Cash and cash Equivalents at the Beginning of the period	20.79	13.59
Cash and cash Equivalents at the end of the period	24.63	20.79
	3.84	7.20

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

(FRN : 003680 S)

Sd/-

J Jagannadha Rao

Partner

Membership No. 006239

Place: Hyderabad.

Date : 30-05-2011

for and on behalf of the Board

Sd/-

S. Manmohan Rao

Managing Director

Sd/-

G. Surender Reddy

Director



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 **26th 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 Wednesday 28th September, 2011 at 11.00 a.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

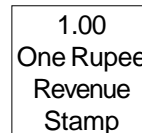
PROXY FORM

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 **26th Annual General Meeting** of the company, to be hed on Wednesday 28th September, 2011 at 11.00 a.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 _____ 2011

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
BOOK POST**

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

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