

23rd ANNUAL REPORT 2007-2008



**Capricorn Systems
Global Solutions Limited**

People and Solutions

BOARD OF DIRECTORS

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:

306, Maitrivanam HUDA Complex,
S.R. Nagar,
Hyderabad – 500 038.

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.

The logo for Report Junction, featuring the text "Report" in a light grey font, a yellow diamond icon with a black arrow pointing upwards and to the right, and the text "junction.com" in a light green font, all enclosed within a light green rounded rectangular border.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the Share holders of the Company that the **23rd Annual General Meeting of Capricorn Systems Global Solutions Limited** will be held at the Registered Office of the Company at #306, Maitrivanam, HUDA Complex, SR Nagar, Hyderabad - 500038 on Tuesday the **30th September 2008**, 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 31st March, 2008 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 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:

4. To consider and if thought fit, to pass the following resolutions with or without modifications, as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. Anand Deshmukh be and is hereby appointed as Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass the following resolutions with or without modifications, as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. S. Jagadeswar Reddy be and is hereby appointed as Director of the Company liable to retire by rotation."
6. To consider and if thought fit, to pass the following resolutions with or without modifications, as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. K.V. Srinivasa Rao be and is hereby appointed as Director of the Company liable to retire by rotation."

Place : Hyderabad

by Order of the Board

S. Man Mohan Rao
Director

Date : 30-06-2008.

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 24th September 2008 to 30th September 2008 (both the days inclusive).
5. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is enclosed herewith.
6. 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.
7. 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.
8. 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.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 4:**

The Board of Directors of the Company appointed Mr. Anand Deshmukh as an Additional Director during the year. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the aforesaid director holds office upto the date of this Annual General Meeting. The Company has received notice along with a deposit of Rs.500/- in terms of Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Anand Deshmukh for appointment as Director of the Company. The Board is of the opinion that the continuation of Mr. Anand Deshmukh as Director would be in the best interests of the Company and accordingly recommends his appointment.

None of the Directors of the Company except Mr. Anand Deshmukh is interested or concerned in the said resolution.

Item No. 5:

The Board of Directors of the Company appointed Mr. S. Jagadeswar Reddy as an Additional Director during the year. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the aforesaid director holds office upto the date of this Annual General Meeting. The Company has received notice along with a deposit of Rs.500/- in terms of Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. S. Jagadeswar Reddy for appointment as Director of the Company. The Board is of the opinion that the continuation of Mr. S. Jagadeswar Reddy as Director would be in the best interests of the Company and accordingly recommends his appointment.

None of the Directors of the Company except Mr. S. Jagadeswar Reddy is interested or concerned in the said resolution.

Item No. 6:

The Board of Directors of the Company appointed Mr. K.V. Srinivasa Rao as an Additional Director during the year. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the aforesaid director holds office upto the date of this Annual General Meeting. The Company has received notice along with a deposit of Rs.500/- in terms of Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. K.V. Srinivasa Rao for appointment as Director of the Company. The Board is of the opinion that the continuation of Mr. K.V. Srinivasa Rao as Director would be in the best interests of the Company and accordingly recommends his appointment.

None of the Directors of the Company except Mr. K.V. Srinivasa Rao is interested or concerned in the said resolution.

Brief profile of the Directors proposed to be appointed / re appointed :

S. Murali Krishna, is a graduate in Engineering with masters in Sciences. He has over 30 years experience in Electronics, Information Technology Industries. He is presently the CEO of Capricorn Systems Inc., USA.

Anand Deshmukh, is a commerce graduate has extensive experience in the areas of Business Development and marketing. He is presently consultant to various companies engaged in wide range of industries.

S. Jagadeswara Reddy, is a practicing Chartered Accountant and has experience in the areas of management consultancy, project financing and corporate advisory and assurance services.

K.V. Srinivasa Rao, is a Post Graduate in Commerce has over 20 years experience in the areas of direct and indirect taxation.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Accounts of the Company for the year Ended 31st March 2008.

(Rs. Lakhs)

Particulars	2007-08	2006-07
Income	118.17	89.83
Profit before Depreciation and Taxation	17.42	15.19
Depreciation	15.40	12.22
Profit before Tax	2.02	2.97
Provision for Tax	0.75	1.10
Profit after Tax	1.27	1.87

OPERATIONS:

During the year your Company has executed software development works for the overseas customers which resulted in an export turnover of Rs.118.10 crores. The company is confident that it would be able to sustain its operations in the present competitive times due to its high quality human resources and processes and procedures that are well laid out for handling any challenging development Projects.

DIVIDEND:

As the company is in the process of stabilizing its operations in the changed market conditions no dividend is proposed for the year.

MARKET AND FUTURE OUTLOOK:

The future outlook of the Company is encouraging. The Company with a dedicated and talented pool of resources is bidding for new projects apart from undertaking customized product development projects which would enable the company to grow in the long term.

DEMATERIALISATION OF SHARES:

9.64% Shares of the Company has been dematerialized up to 31st March, 2008.

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 is making efforts to get the suspension revoked.

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. Rajan Dass has ceased to be the director of the company by virtue of the provisions of the Section 283 (1) (g) of the Companies Act'1956 with effect from 30th June'2008.

Mr.Anand Deshmukh, Mr. S. Jagadeswar Reddy and Mr. K.V. Srinivasa Rao were appointed as Additional Directors during the year and hold office upto the date of ensuing Annual General Meeting. The Company has received a notice from a member signifying his intention to propose Mr.Anand Deshmukh, Mr. S.Jagadeswar Reddy and Mr. K.V. Srinivasa Rao for appointment as Directors of the Company.

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 2008, 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 2008 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.

EXPLANATION TO QUALIFICATION IN AUDITORS REPORT :

Reply to Clause 3 (d) of the Auditors report.

As there is no significant timing difference, the company has not provided for the said defer tax asset/liability.

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.1,01,38,157
Foreign Exchange Outgo	: -nil-

CORPORATE GOVERNANCE :

The Company has complied with the provisions of Corporate Governance under listing agreement after broad basing of the Board.

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

Place: Hyderabad
Date : 30-06-2008.

S. Man Mohan Rao
Director.