

**25th
ANNUAL REPORT
2009-2010**



**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:

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 **25th 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 **30th 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 31st 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 24th September 2010 to 30th 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 31st 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 31st 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 31st 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.12.01 Lakhs. The paid-up share capital as at 31st 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 31st 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

Place : Secunderabad
Date : 29-05-2010

Sd/-
J. Jagannadha Rao
Partner