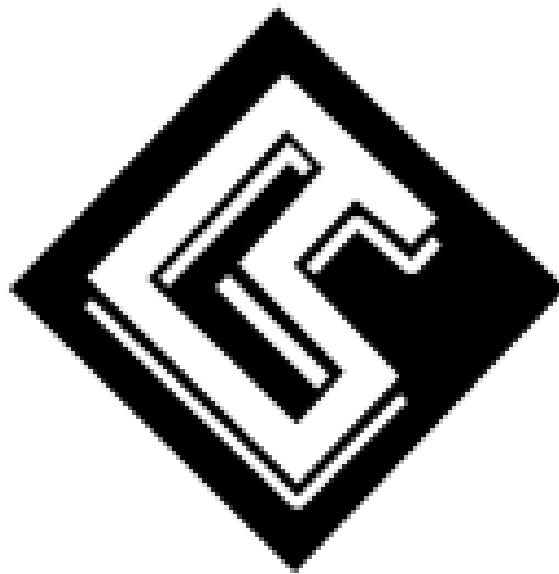


**28th  
ANNUAL REPORT  
2012-2013**



**Capricorn Systems  
Global Solutions Limited**

People and Solutions

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**BOARD OF DIRECTORS**

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- |    |                        |                                     |
|----|------------------------|-------------------------------------|
| 1. | Mr. S. Murali Krishna  | Chairman (Upto 10th December, 2012) |
| 2. | Mr. S. Man Mohan Rao   | Managing Director                   |
| 3. | Mr. G. Surender Reddy  | Director (Upto 20th June, 2013)     |
| 5. | Mr. Anand Deshmukh     | Director                            |
| 6. | Mr. K.V. Srinivasa Rao | Director                            |
| 7. | Mr. G. Ramesh Babu     | 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

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED will be held on the 30th day of September, 2013 at the Registered Office of the Company situated at # 8-2-293/82A/408A, Plot No. 408A, Road No: 22A, Jubilee Hills, Hyderabad – 500033 at 11.00 A.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March, 2013 and the Profit and Loss Account and Cash Flow Statement for the year ended as on that date together with the schedules and notes thereon and the Directors and Auditors Report thereof.
2. To appoint a Director in place of Sri. K.V. Srinivasa Rao, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri G. Ramesh Babu, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and appoint M/s. Satyanarayana & Co., Chartered Accountants as the Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

By order of the Board  
For Capricorn Systems Global Solutions Limited

Place: Hyderabad  
Date: 02 September 2013

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 HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Pursuant to the provisions of Section 154 of the Companies Act, 1956 read with Clause 16 of the Listing Agreement entered into with Bombay Stock Exchange Limited the Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2013 to 30.09.2013 (both days inclusive).
3. Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio. If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.
4. Green Initiatives in the Corporate Governance – Electronic Mode of Service of Documents: Keeping in view the theme underlying the Circular issued by Ministry of Corporate Affairs (Circular No. 17/ 2011 dated 21.04.2011 read with Circular No. 18/2011 dated 29.04.2011), the Company proposes to send communications (including the Notice calling for the Annual General Meeting, Audited Financial

Statements, Directors Report, Auditors Report etc., for the year ending 31st March, 2013) to the in electronic form to email addresses of those members which are available in the records of the Registrar. Members who have not registered their email ids are requested to register the same.

Registration of email id of the members holding shares in electronic form should be done with the concerned Depository Participant (DP) and Registration of email id of the members holding shares in Physical Form should be done with the Registrar.

**REQUEST TO THE MEMBERS:**

1. Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
2. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.
3. Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.
4. Members are requested to avoid being accompanied by non-members and or children.

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

**PROFILE OF SRI K.V. SRINIVASA RAO:** Sri. K.V. Srinivasa Rao, is aged 43 years is a Graduate in Commerce and he has 15 years of experience in Business Process, Re-Engineering, Management Consulting, Advisory Services in Scaling up of small and medium enterprises.

**PROFILE OF SRI G. RAMESH BABU:** Sri G. Ramesh Babu, is aged 44 years is a Post Graduate in Commerce and he has 20 years of Managerial experience in the areas of Business Process out sourcing. The industry exposure includes Software Services and Hospitality and Manufacturing.

## **DIRECTORS' REPORT**

To,

The Members,  
CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED

Your Directors have pleasure in presenting the Twenty Eight Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March, 2013 and the report of the Auditors thereon.

(Rs. Lakhs)		
Particulars	2012-13	2011-12
Total Income	332.20	241.99
Expenditure	304.83	229.85
Profit before Tax, Interest and Depreciation	27.37	12.14
Less : Depreciation	9.81	7.56
Less : Interest	9.83	0.21
Profit before Tax	7.73	4.37
Provision for Income Tax	2.86	2.18
Provision for Deferred Tax Liability	0.38	0.71
Net Profit after Tax	4.49	1.48
Profit brought forward	60.47	58.99
Balance available for appropriation	64.96	60.47
Profit carried to Balance Sheet	64.96	60.47

### **OPERATIONS & FUTURE PROSPECTS:**

During the year the company has successfully added new works to its existing contracts due to which the turnover of the company has taken a quantum leap compared to the earlier periods. Considering the buoyancy being witnessed in the US markets from where all the turnover of the company is presently derived, the company expects to achieve higher turnover during the coming years .

### **CORPORATE GOVERNANCE:**

The Corporate Governance Report regarding compliance of the conditions of corporate governance by your Company as stipulated in clause 49 of the Listing Agreement entered into with The Bombay Stock Exchange Limited is annexed to this Report.

### **MATERIAL CHANGES:**

There are no material changes affecting the business of the Company after the date of the Balance Sheet.

### **DEPOSITS:**

During the year under review the Company has not accepted any deposits from public as defined under the provisions of Section 58 A of the Companies Act, 1956

### **DIVIDEND:**

No dividend is recommended by the Board of Directors for the year 2012-13

### **DIRECTORS:**

Sri. S. Murali Krishna, G. Surender Reddy have resigned as the Directors of the company during the year. Your board places on record appreciation for the dedicated services rendered by them to the company during their tenure Mr. G. Ramesh Babu and Mr. K V Srinivasa Rao, Directors of the company who retire by rotation and being eligible offer them self for re appointment. The Board recommends their re appointment.

**AUDITORS:**

M/s Satyanarayana & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a notice stating that they would be within the limits as prescribed under the provisions of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment

**PERSONNEL:**

During the year under review, there were no employees drawing remuneration in excess of the limits laid down in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's) Rules, 1975.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 we, the Board of Directors of the Company hereby state:

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that we had prepared the annual accounts for the year ended 31st March, 2013 on a going concern basis.

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

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2013 are as follows:

**A. CONSERVATION OF ENERGY:**

- a. Adequate measures have been taken to conserve energy wherever possible.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- c. Impact of measures for reduction of energy consumption / energy conservation: NIL

**B. RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION :**

1. The company has an Inhouse team for upgradation / development of technologies and products.
2. Benefits Derived : Faster turn around time in delivery of the projects.
3. Future plan of action : Enhancing the capacity & capability of the team as per growth needs of the company.

**C. In case of imported technology, imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished:**

- a. Technology Imported: N. A.
- b. Year of Import: N. A.
- c. Has technology fully absorbed areas where this has not been taken place, reasons thereof and plan of action: N. A.

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

The entire software developed is exported to USA. The management does not have any immediate plans to export its services to other countries.

**2. Total Foreign Exchange used and earned:**

S.No.	Particulars of the transaction	2012 - 2013 (in Rs.)	2011 - 2012 (in Rs.)
1.	<b>Total Foreign Exchange earnings</b>	345,86,434	23,812,269
2.	Foreign Exchange outgo	Nil	Nil
	a. on account of Travel	Nil	Nil
	<b>Total Foreign Exchange outgo</b>	<b>Nil</b>	<b>Nil</b>

**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:**

The Board places a record of appreciation to the Bankers, Government and Non Government authorities, Members and Employees of the Company for their continued support and confidence in the Company.

For and on behalf of the Board  
**For Capricorn Systems Global Solutions Limited**

Place: HYDERABAD  
 Date : 02 September 2013

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 added new works to its existing portfolio of works with significant addition of new staff which enabled it to achieve higher turnover during the year.

### **FINANCIAL REVIEW:**

The Company has achieved a total turnover of Rs.332.20 Lakhs (Previous Year Rs.241.99 Lakhs). The Gross Profit (earnings before interest, depreciation and taxes) was Rs. 27.37 Lakhs (Previous Year Rs.12.14 Lakhs). The paid-up share capital as at 31st March 2013 amounts to Rs.399.6 Lakhs (Previous Year Rs.399.60 Lakhs).

### **OPPORTUNITIES:**

The primary market the company services is United States of America. With the very positive out look of the Marco economic scenario prevailing there the company expects that it would be able to enhance its presence in new areas of work. 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 being faced by the company is attracting and retaining the competent personnel for the operations of the company 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 around 15% CSGSL is targeting a growth rate of around 25% 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 is ISO 9001:2000 certified.

### **HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

CSGSL has 63 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 2013 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: 29 May 2013

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF 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:

Composition and Functions:

The Board at present consists of 4 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non- executive directors. The Board's composition meets the stipulated requirement of at least one – half of the Board comprising independent directors.

None of the non-executive directors have any pecuniary relationship or transactions with the Company,...

The number and dates of the Board Meetings held during the year under review:

Board Meetings were held during the financial year 2012 – 2013 on the following dates: 30-05-2012, 12-08-2012, 03-09-2012, 14-11-2012, 12-12- 2012 and 13-02-2013.

During the year under review the time gap between any two consecutive meetings did not exceed four months.

The details of the attendance of directors at meetings of the Board and annual general meeting, held during the year (April 2012 to March 2013), along with the details of Committee memberships and their other directorships are furnished below:

Name of the Director and category of Directorship	Attendance Particulars		No. of other Directorships and Committee Memberships	
	Board Meetings	Last AGM	Other Directorships	Committee Membership
Sri S. Murali Krishna (upto 10-12-2012) (Promoter and Non Executive Chairman)	NIL	NO	1	-
Sri S. Man Mohan Rao (Promoter and Managing Director)	6	YES	-	1
Sri G. Surender Reddy (upto 20-6-13) (Promoter and Non Executive Director)	6	YES	1	1
Sri K.V. Srinivasa Rao (Non Promoter and Independent Director)	6	YES	-	1
Sri Anand Deshmukh (Non Promoter and Independent Director)	6	YES	-	1
Sri G. Ramesh Babu (Non Promoter and Independent Director)	1	NO	1	1