

**29th
ANNUAL REPORT
2013-2014**



**Capricorn Systems
Global Solutions Limited**

People and Solutions

BOARD OF DIRECTORS

- | | | |
|----|------------------------|-------------------|
| 1. | Mr. S. Man Mohan Rao | Managing Director |
| 2. | Mr. Anand Deshmukh | Director |
| 3. | Mr. K.V. Srinivasa Rao | Director |
| 4. | 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.

Physical & Demat Registrars :

Venture Capital and Corporate Investments Pvt. Limited
12-10-167
Bharat Nagar Colony
Hyderabad – 500018
Tel: 040-23818475 / 76
Fax: 91-40-23868024 email: info@vccilindia.com

Bankers:

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

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED will be held on the Tuesday , 30th day of September, 2014 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 Financial Statements of the Company including the audited Balance Sheet of the Company as at 31st March, 2014 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 consider and appoint M/s. Satyanarayana & Co., Chartered Accountants as the Statutory Auditors of the Company to hold office until the conclusion of 32nd Annual General Meeting to be held in 2017 and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions. if any of the Companies Act'2013 (“Act”) and Rules framed there under read with Schedule IV to the Act, as amended from time to time , Mr.Anand Deshmukh (DIN 03110963) , a non executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, with effect from 30th September' 2014 to 29th September' 2019”.

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions. if any of the Companies Act'2013 (“Act”) and Rules framed there under read with Schedule IV to the Act, as amended from time to time , Mr.K.V. SRINIVASA RAO (DIN 02834578) , a non executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, with effect from 30th September' 2014 to 29th September' 2019”.

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions. if any of the Companies Act'2013 (“Act”) and Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. G. Ramesh Babu (DIN03330416) , a non executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, with effect from 30th September' 2014 to 29th September' 2019”.

Place: Hyderabad

Date: 01.09.2014

Registered Office: # 8-2-293/82A/408A,

Plot No: 408A, Road No: 22A, Jubilee Hills,

Hyderabad – 500 033.

Phone: 9032008866

Fax: 040-23547889
Email id: complaintsofficer@capricornsys-global.com
Website: www.capricornsys.com
CIN: L52510TG1985PLC043347

By order of the Board
For Capricorn Systems Global Solutions Limited

S. Man Mohan Rao
Managing Director
DIN : 00109433

NOTES:

1. The relative Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the special business set out in item no.3&4 above is annexed hereto.
2. The relevant details as required under Clause 49 of the Listing Agreements with the Stock Exchange, of persons seeking reappointment relating to item no .3, 4 and 5 of the Notice are also annexed/
3. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a member of the Company. A person act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other member.

The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of Limited companies, societies etc, must be supported by appropriate resolutions/authority, as applicable.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 24th September, 2014 to Tuesday 30th September, 2014 (both days inclusive).
5. 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.
6. 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 shareholders 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.

7. Electronic copy of the Annual report is being sent to all the members whose email ID are registered with the Company/Depository Participants(s) unless any members has request for a hard copy of the same. For members who has not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

8. Voting through electronic means:**1. E-Voting:**

The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) for all shareholders to enable them to cast their votes electronically on the items mentioned in this notice of the 29th Annual General Meeting of the Company. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 29 August, 2014.

The instructions for E-Voting are as under:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> - Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 25th September, 2014 at 9.00 a. m., and ends on 26th September, 2014 at 6.00 p. m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to .
 - I. The company has appointed Mr. N. Satyanarayana, a practicing Chartered Accountant, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
 - II. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period shall unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any forthwith to the Chairman of the Company.
 - III. The results shall be declared on or after the AGM of the Company. The results along with the Scrutinizer's report shall be placed on the Company's Website and the website of CDSL.

By Order of the Board of Directors

Place: Hyderabad
Date: 01.09.2014

S. MANMOHAN RAO
Managing Director
DIN : 00109433

Registered Office: # 8-2-293/82A/408A,
Plot No: 408A, Road No: 22A, Jubilee Hills,
Hyderabad – 500 033.
Phone: 9032008866
Fax: 040-23547889
Email id: complaintsofficer@capricornsys-global.com
Website: www.capricornsys.com
CIN: L52510TG1985PLC043347

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No:3

Mr. Anand Deshmukh, has joined the Board of the company on 30-06-2008. He is a non-executive independent director of the company and is considered as an Independent director of the company under Clause 49 of the Listing Agreement.

He is a Commerce Graduate having more than 17 years of experience in the business areas of manufacturing, service and hospitality. He is also on the Board of Globus Stay Solutions Private Limited a company engaged in providing Turnkey travel solutions to large MNCs and corporates.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into existence with effect from 1st April 2014, an Independent Director shall hold office for a term upto Five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Anand Deshmukh has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. Anand Deshmukh fulfils the conditions specified in the Act and Rules made there under for appointment as an Independent Director and he is independent of the management.

The Company has received from Mr. Anand Deshmukh (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In compliance with the provisions of Section 149 read with Schedule VI of the Act, the appointment of Mr. Anand Deshmukh as Independent Director is now being placed before the members in general meeting for their approval.

None of the Directors or key managerial persons (KMP) or relatives of directors and KMP except Mr. Anand Deshmukh is concerned or interested in the Resolution at Item No.3 of the Notice. Mr. Anand Deshmukh and his relatives are interested or concerned in the Resolution concerning his appointment proposed at agenda item no.3.

Item No: 4

Mr. K. V. SRINIVASA RAO has joined the Board of the company on 30-06-2008. He is a non-executive independent director of the company and is considered as an Independent director of the company under Clause 49 of the Listing Agreement.

He is a Post Graduate in Commerce having more than 16 years of experience Business Process, Re-Engineering, Management Consulting, Advisory Services in Scaling up of small and medium enterprises.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into existence with effect from 1st April, 2014 an Independent Director shall hold office for a term upto Five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. K. V. SRINIVASA RAO has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. K.V. SRINIVASA RAO fulfils the conditions specified in the Act and Rules made there under for appointment as an Independent Director and he is independent of the management.

The Company has received from Mr. K. V. Srinivasa Rao (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In compliance with the provisions of Section 149 read with Schedule VI of the Act, the appointment of Mr. K. V. SRINIVASA RAO as Independent Director is now being placed before the members in general meeting for their approval.

None of the Directors or key managerial persons (KMP) or relatives of directors and KMP except Mr. K. V. SRINIVASA RAO is concerned or interested in the Resolution at Item No.3 of the Notice. Mr. K. V. SRINIVASA RAO and his relatives are interested or concerned in the Resolution concerning his appointment proposed at agenda item no.4.

Item No: 5

Mr. G. RAMESH BABU has joined the Board of the company on 13-08-2012. He is a non-executive independent director of the company and is considered as an Independent director of the company under Clause 49 of the Listing Agreement.

He is a Graduate in Commerce and he has 21 years of Managerial experience in the areas of Business Process out sourcing. The industry exposure includes Software Services, Manufacturing.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into existence with effect from 1st April, 2014, an Independent Director shall hold office for a term upto Five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. G. RAMESH BABU has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. G. RAMESH BABU fulfils the conditions specified in the Act and Rules made there under for appointment as an Independent Director and he is independent of the management.

The Company has received from Mr. G. Ramesh Babu (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In compliance with the provisions of Section 149 read with Schedule VI of the Act, the appointment of Mr. G. RAMESH BABU as Independent Director is now being placed before the members in general meeting for their approval.

None of the Directors or key managerial persons (KMP) or relatives of directors and KMP except Mr. G. RAMESH BABU is concerned or interested in the Resolution at Item No.3 of the Notice. Mr. G. RAMESH BABU and his relatives are interested or concerned in the Resolution concerning his appointment proposed at agenda item no.5

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING.

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr Anand Deshmukh	Mr K.V. Srinivasa Rao	Mr G. Ramesh Babu
Date of Birth	18-04-1973	16-11-1969	25-08-1967
Date of Appointment	30-06-2008	30-06-2008	13-08-2012
Qualification	Graduate	Post Graduate	Graduate
Expertise in specific functional area	Management	Consultant & Taxation	IT & ITES Services
Chairmanship / Directorship of other companies including Foreign companies and section 25 Companies	2	2	2
Chairmanship / Membership of other Public Companies	NIL	NIL	NIL
No of shares held in the Company	NIL	NIL	NIL

DIRECTORS' REPORT

To,

The Members,
CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March, 2014 and the report of the Auditors thereon.

(Rs. Lakhs)		
Particulars	2013-14	2012-13
Total Income	416.38	332.20
Expenditure	394.20	304.83
Profit before Tax, Interest and Depreciation	22.18	27.37
Less : Depreciation	9.20	9.81
Less : Interest	0.51	9.83
Profit before Tax	12.48	7.73
Provision for Income Tax	5.55	2.86
Provision for Deferred Tax Liability	(0.39)	0.38
Net Profit after Tax	7.32	4.49
Profit brought forward	64.96	60.47
Balance available for appropriation	72.28	64.96
Profit carried to Balance Sheet	72.28	64.96

OPERATIONS & FUTURE PROSPECTS:

During the year the company has been successful in delivering the works to its existing contracts. Backed by the robust committed orders the turnover of the company has recorded a consistent growth path. Considering the consistent recovery being made in the US markets from where the business of the company is sourced, the outlook for the company is healthier 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 2013-14

DIRECTORS:

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 1st September, 2014 recommended appointment of Mr. Anand Deshmukh, Mr. K.V. Srinivasa Rao and Mr. G. Ramesh Babu as independent directors of the company not liable to retire by rotation for 5 years from the date of its 29th Annual General Meeting of the company subject to approval of the members of the Company.

The Directors have given declaration to the Board that they meet criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they would abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013. The Board recommends the resolutions for your approval for the above appointments.

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, 2014, 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, 2014 on a going concern basis.

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 said auditors have furnished the certificate of their eligibility for the reappointment. Pursuant to the provisions of the Section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to appoint M/s. Satyanarayana & Co as Statutory Auditors of the Company from the Conclusion of the forthcoming AGM till the conclusion of the 32nd Annual General Meeting to be held in the year 2017 subject to ratification of their appointment at the subsequent AGMs.

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.

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, 2014 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.