

31st
ANNUAL REPORT
2015-2016

Capricorn Systems
Global Solutions Limited

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
5.	Mrs. Lakshmi Gurram	Director

Registered Office & Development Centre:

Plot No. 400, H.No. 8-2-293/82A/400,

Road No: 22A,

Jubilee Hills,

Hyderabad – 500 033.

Email id: complianceofficer@capricornsys-global.com

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.

Registered Office:

Plot No. 400, H.No. 8-2-293/82A/400,

Road No: 22A, Jubilee Hills,

Hyderabad – 500 033. Phone: 9032008866

Fax: 040-23547889

Email id: complianceofficer@capricornsys-global.com

Website: www.capricornsys-global.com

CIN: L52510TG1985PLC043347

NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the members of CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED will be held on Friday the 30th September, 2016 at the registered office of the Company situated at Plot No. 400, H.No. 8-2-293/82A/400, Road No: 22A, Jubilee Hills, Hyderabad – 500 033. at 11.30 A. M., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2016, including the audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the year ended on that date, the cash flow statement for the year ended and the reports of the Board of Directors ('the Board') and Auditors thereon.
2. To appoint a Director in place of Sri K.V. Srinivasa Rao (DIN: 02834578) who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
3. To appoint a Director in place of Sri Anand Deshmukh (DIN: 03110963) who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
4. To ratify the appointment of Auditors and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made there under and pursuant to the resolution passed by the members at the 30th AGM held on 30th September, 2015 the appointment of M/s. Satyanarayana & Co., Chartered Accountants (Registration No. 003680S) as the Auditors to hold office till the conclusion of the 32nd AGM be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March, 2017 as may be determined by the Board of Directors and that such remuneration as may be agreed upon between the auditors and the Board of Directors.

Place: Hyderabad

Date: 31-8-2016

By order of the Board

For Capricorn Systems Global Solutions Limited

S. Man Mohan Rao

Managing Director

DIN : 00109433

Registered Office:

Plot No. 400, H.No. 8-2-293/82A/400,

Road No: 22A, Jubilee Hills,

Hyderabad – 500 033. Phone: 9032008866

Fax: 040-23547889

Email id: complianceofficer@capricornsys-global.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Pursuant to Regulation 42 of SEBI (Listing obligations and disclosure requirements regulations 2015) read with Section 91 of the Companies Act, 2013 the Register of Members and Register of Share Transfer Books of the Company will remain closed from 24th September, 2016 to 30th September, 2016 (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. Statement as required under the provisions of Section 102 (1) of the Companies Act, 2013 is enclosed to this notice.

5. Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.

6. 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.

7. In accordance with Section 101 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Annual Report (Audited Financial Statements, Directors Report, Auditors Report etc.) is being sent to the shareholders in electronic form to the email address registered with their Depository Participant (in case of electronic shareholding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding).

We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding) mentioning your folio no./demat account details.

However, in case you wish to receive the above shareholder communication in paper form, you may write to the Company's Registrar and Share Transfer Agents M/s Venture Capital and Corporate Investments Pvt. Ltd. Unit: Capricorn System Global Solutions Limited or send an email at mentioning your folio no. / demat account details.

The soft copy of the Annual Report 2015 – 2016 can also be downloaded from the company's website i.e., www.capricornsys-global.com

8. Requests for transfer of physical shares received during the period of book closure shall be considered only after the reopening of Books.

9. Shareholders may avail the nomination facility under Section 72 of the Companies Act, 2013. The relevant nomination form is appended to this notice.

10. SEBI has made it mandatory for every participant in the securities / capital market to furnish the

details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details off PAN along with a Photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Company.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Tuesday, the 27th September, 2016 from 9.00 A.M. (09.00 Hrs) and will ends on Thursday the 29th September, 2016 at 5.00 P.M. (17.00 Hrs). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (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*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.

The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.granulesindia.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges. xi. Subject to receipt of requisite number of votes, the

resolutions shall be deemed to be passed on the date of the Meeting, i.e. August 11, 2016.

- (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 same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store.
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on 27th September, 2016 at 9.00 a. m., and ends on 29th September, 2016 at 5.00 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, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.
- III. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30th September, 2016..

Place: Hyderabad

Date: 31.08.2016

Registered Office:

Plot No. 400, H.No. 8-2-293/82A/400,

Road No: 22A, Jubilee Hills,

Hyderabad – 500 033. Phone: 9032008866

Fax: 040-23547889

By Order of the Board of Directors

S. MANMOHAN RAO

Managing Director

DIN : 00109433

PROFILE OF DIRECTORS RETIRING BY ROTATION AS REQUIRED UNDER REGULATION OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS REGULATIONS 2015) OF THE LISTING AGREEMENT:

PROFILE OF Mr. ANAND DESHMUKH (DIN 03110963)

Mr. Anand Deshmukh, has joined the Board of the company on 30-06- 2008. He is a non—executive independent Director of the company. He is a Commerce Graduate having more than 19 years of experience in the business areas of manufacturing, service and hospitality.

PROFILE OF Mr. K.V. SRINIVASA RAO (DIN 02834578)

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. He is a Post Graduate in Commerce having more than 18 years of experience Business Process, Re-Engineering, Management Consulting, Advisory Services in Scaling up of small and medium enterprises.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(Persuant to Clause 49 of the Listing Agreement)

Particulars	K.V. Srinivasa Rao	Mr Anand Deshmukh
Date of Birth	16-11-1969	18-04-1973
Date of Appointment	30-06-2008	30-06-2008
Qualification	Post Graduate	Graduate
Expertise in specific functional area	Management Consulting	Financial Services
Chairmanship / Directorship of other companies including Foreign companies and section 25 Companies	NIL	NIL
Chairmanship / Membership of other Public Companies	NIL	NIL
No of shares held in the Company	NIL	NIL

DIRECTORS' REPORT

To,
The Members,
CAPRICORN SYSTEMS GLOBAL SOLUTIONS LIMITED

Your Directors have pleasure in presenting the 31st (Thirty First) Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March, 2016 and the report of the Auditors thereon.

(Rs. Lakhs)

Particulars	2015-16	2014-15
Total Income	412.77	394.36
Expenditure	391.71	368.57
Profit before Tax, Interest and Depreciation	21.06	25.79
Less : Depreciation	7.83	9.40
Less : Interest	0.00	0.02
Profit before Tax	13.23	16.37
Provision for Income Tax	4.98	6.85
Provision for Deferred Tax Liability	(0.83)	(0.87)
Net Profit after Tax	9.08	10.39
Profit brought forward	82.67	72.28
Balance available for appropriation	91.75	82.67
Profit carried to Balance Sheet	64.33	82.67

STATE OF COMPANY'S AFFAIRS:**OPERATIONS & FUTURE PROSPECTS:**

The operations of the company have been progressing steadily with the support of the long standing customers. The revenue of the company has witnessed a marginal increase during the year. The company has been successful in obtaining the repeat works from the customers. Company with the committed and long standing work force with the lowest employee turnover is working on development of delivering new technologies.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The company is engaged in the business of software development, providing Business Process Out sourcing, consultancy services in the fields of software and allied services. The industry is expected to grow at the rate 12-14% during the year 2016-17 and the company is expecting to expand its business areas to capitalise on the growing market.

LISTING OF EQUITY SHARES:

The Company's Equity shares are presently listed on BSE Limited and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the financial year 2015 – 2016.

TRANSFER TO RESERVES:

Profit earned by the company after taxes Amounting Rs.9.08 Lakhs is being transferred to Reserves.

CHANGE IN NATURE OF BUSINESS, IF ANY:

During the year under review, there has been no change in the nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT:

There are no material changes and commitments in the business operations of the Company from the financial year ended 31st March, 2016 to the date of signing of the Directors Report.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY:

The Company does not have any subsidiaries or associate companies. Hence the required information under this head is not being attached to the report.

CORPORATE GOVERNANCE:

The Corporate Governance Report and a certificate by the Statutory Auditors regarding compliance of the conditions of corporate governance by your Company as stipulated in Listing Regulations SEBI 2015 of the Listing Agreement with Stock Exchanges, are annexed to this Report.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

All the Independent Directors have given declarations of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

MEETING OF INDEPENDENT DIRECTORS:

The performance of the Individual Directors on the Board and the Committees thereof is done by the Board and the Independent Directors in their exclusive meeting done as per the policy formulated by the Board in this regard.

VIGIL MECHANISM:

In terms of the provisions of Section 177 of the Companies Act, 2013 your Company has formulated a Whistle Blower Policy as a Vigil Mechanism. This mechanism aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the policy.

This mechanism is for the employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

CHANGES IN DIRECTORS:**INDUCTIONS:**

Mrs. Lakshmi Gurram's appointment as independent director of the company was confirmed at the Annual General Meeting of the company held on 30th September '2015. There are no new Directors inducted into the company during the year.

RE – APPOINTMENTS:

As per the provisions of the Companies Act 2013, Sri.K.V.Srinivasa Rao and Sri Anand Deshmukh two of the present independent directors retire at the ensuing Annual General Meeting and being eligible, seek his re-appointment. The Board recommends their re-appointment.

RESIGNATIONS:

None of the Directors have resigned during the year under review.

CHANGES IN KEY MANAGERIAL PERSONNEL:

There have been no changes in the Key Managerial Personnel.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review 6 Board meetings were held during the Financial Year 2015-16 on the following dates:- 28/05/2015, 14/08/2015, 31/08/2015, 13/11/2015 & 12/02/2016.

The intervening gap between any two Board Meetings was within the period prescribed under the provisions of the Companies Act, 2013. All the recommendations given by the Audit Committee are accepted by the Board.

INTERNAL FINANCIAL CONTROL:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(5) of the Act, and based on the representations received from the management, the directors hereby confirm that:

- i. in the preparation of the annual accounts for the financial year 2015–2016, the applicable accounting standards have been followed and there are no material departures;
- ii. 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 the financial year;
- iii. and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. prepared the annual accounts on a going concern basis;
- v. laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

RISK AND RISK MITIGATION POLICY:

The operations of the company are dependent on the export to overseas markets. The international economic environment directly influences the spending patterns of the industry on the Information Technology. Also with the growing demand for the skilled manpower and ever growing business environment poses risk of availability of skilled man power. With the employee friendly policies the company pursued the employee retention rate has been very high in the company.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company does not fall under any of the criteria specified under the provisions of Companies Act, 2013. Hence the Company has not constituted any committee and is not required to furnish information required under the provisions of the said Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

There have been no loans, guarantees and investments under Section 186 of the Act during the financial year 2015–2016.