

24th
ANNUAL REPORT
2008-2009



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 **24th 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 - 500033 on Wednesday the **30th September 2009**, 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, 2009 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. Man Mohan Rao , who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Mr. G. Surender Reddy , 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

Date : 30-06-2009.

S. Man Mohan Rao
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 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 27th September 2009 to 30th September 2009 (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.

Brief Profile of Mr. MANMOHAN RAO SUDDALA

Mr. MANMOHAN RAO SUDDALA, BE has an extensive experience in running Small and Medium enterprises in the areas of paper, packaging and textiles.

Brief Profile of Mr. SURENDER REDDY GARLAPATI

Mr. SURENDER REDDY GARLAPATI, is a graduate has rich experience in the areas of operations management and marketing related to manufacturing industries.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Accounts of the Company for the year Ended 31st March 2009.

(Rs. Lakhs)

Particulars	2008-09	2007-08
Income	111.82	118.17
Profit before Depreciation and Taxation	13.16	17.42
Depreciation	9.82	15.40
Profit before Tax	3.34	2.02
Provision for Tax	2.00	0.75
Profit after Tax	1.33	1.27

OPERATIONS:

During the year your Company has executed software development works for the overseas customers which resulted in an export turnover of Rs.111.17 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, 2009.

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. S. Man Mohan Rao and Mr. G. Surender Reddy, directors of the company retire by rotation at the ensuing 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 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 2009 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.1,33,37,088/-

Foreign Exchange Outgo : -Nil-

CORPORATE GOVERNANCE :

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.

COMPLIANCE CERTIFICATE :

The Board has appointed DSMR & Associates, Practicing Company Secretaries for issuance of Compliance Certificate in terms of the provisions of Section 383A(1)(a) of the Companies Act, 1956.

The Compliance Certificate received in accordance with the aforesaid provisions read with the Companies (Compliance Certificate) Rules, 2001 is annexed 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 : 30-06-2009.

S. Man Mohan Rao
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 is consolidating its areas of operations in the new and emerging technologies . The delivery of the projects to the customers has been as per the agreed time schedules. Basing on the marketing efforts company is planning to increase the head count of the organization in the near future.

FINANCIAL REVIEW:

The Company has achieved a total turnover of Rs.111.82 Lakhs. The Gross Profit (earnings before interest, depreciation and taxes) was Rs.13.16 Lakhs. The paid-up share capital as at 31st March 2009 amounts to Rs.399.96 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. Through there has been considerable drop in the IT spending all across the globe due to the un precedential recession witnessed in the global economies the company with its firm commitment of work is positioned to consolidate its presence .

CHALLENGES:

CSGSL encounters normal market competition from other similar companies In the face of the slow down in the industry due to the economic recession the challenge would be to manage costs very well in the face of the possible drop in the earnings and margins. The company is gearing to optimize its cost structure by enhancing its service range effectively backed up by adopting appropriate combination of the strategies.

OUTLOOK:

The software industry is poised to register a growth rate of 10-15% per annum over the coming years, and CSGSL is targeting a growth rate of around 10% 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.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

CSGSL has 25 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 2009 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 : 30-06-2009

J. Jagannadha Rao
Partner

CORPORATE GOVERNANCE DISCLOSURE:

1. COMPANY PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The basic philosophy of corporate governance in the company is to attain excellence in the operation keeping in view the interests of the shareholders, employees and government.

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:

The Board of Directors of the company consists of 6 Directors. At present all of them are non-Executive Directors who have very rich experience in various matters.

During the year 2008-09 the Board has met 6 times (as against the minimum of requirement of 4 meetings). The maximum time gap between any two meetings was not more than 3 calendar months.

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting number of memberships held by directors in the board/committee of various companies.

Name	Category	Attendance particulars		Other Directorships
		Board Meetings	Last AGM	
S. Man Mohan Rao	NED	6	Yes	1
G. Surender Reddy	NED	5	Yes	2
S. Murali Krishna	NED	0	No	-
Anand Deshmukh	NED	5	NA	-
S. Jagadeswar Reddy	NED	4	NA	-
K.V. Srinivasa Rao	NED	6	NA	-

NED: Non-Executive Director

3. AUDIT COMMITTEE:

The audit Committee has been reconstituted during the year to include Mr. Anand Deshmukh as member of the committee.

Mr. S. Jagadeswar Reddy and Mr. G. Surender Reddy continue to be the member of the committee. Mr. S. Man Mohan Rao ceased to be the member of the committee.

4. REMUNERATION COMMITTEE:

The company has not constituted any remunerative committee as no remuneration is paid to the directors. The company has not paid any sitting fees to the director during the year.

5. SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE:

The committee comprises 2 directors, Mr. S. Man Mohan Rao is Chairman and Mr. G. Surender Reddy is member. The Committee, *inter alia*, approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfer. The Committee also looks into redressing of shareholders/investor's complaints like transfer of shares, non-receipt of balance sheet, etc. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investors' services.

The Company has not received any complaints from the shareholders during the year.

6. GENERAL BODY MEETINGS:

The last three Annual General Meeting of the Company were held as under:

Year	Location	Date	Time
2007-2008	#306, HUDA Maitrivanam, S.R.Nagar, Hyderabad – 500 038	30-09-2007	4.00 P.M.
2006-2007	#306, HUDA Maitrivanam, S.R.Nagar, Hyderabad – 500 038	28-09-2007	3.00 P.M.
2005-2006	#306, HUDA Maitrivanam, S.R.Nagar, Hyderabad – 500 038	29-09-2006	3.00 P.M.

7. DISCLOSURES:

- (i) Disclosure on materially significant related party transactions, i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interest of the company.

- (ii) Details of the non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital. During the year The Bombay Stock Exchange (BSE) has given notice to Company for non – receipt of Book Closure of the Company for the Year 2004 – 2005.

8. GENERAL SHAREHOLDER INFORMATION:

8.1	Annual General Meeting	24 th AGM
	Date and Time	30 th September, 2009, at 4.00 p. m.
	Venue	# 8-2-293/82A/408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad – 500 033

8.2	Financial Calendar 2009-10 (Tentative)		
	Annual General Meeting	September 2009	
	Board Meetings	Results for the quarter ending June 30, 2009	Last week of July 2009.
		Results for the quarter ending Sept 30, 2009	Last week of October 2009.
		Results for the quarter ending Dec 31, 2009	Last week of January 2010.
	Results for the quarter ending Mar 31, 2010	Last week of June 2010	

8.3	Book Closure Date	27 th to 30 th September'2010 (both days inclusive)
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8.4	Listing of Equity Shares on Stock Exchanges at	Bombay Stock Exchange
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8.5	Registrar and Transfer Agents	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
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8.6	SHARE HOLDING PATTERN:	
	Category	% of Total Capital
	Promoters & Associates	-
	Directors and Relatives	88.67%
	Bodies corporate	4.10%
Others	7.23%	

8.7	DISTRIBUTION OF SHARE HOLDING:	
	Range in No. of Shares	
	% of Total Capital	
	Up to 1000	0.95%
	1001 5000	0.73%
	5001 10000	1.40%
	10001 20000	1.34%
	20001 30000	1.45%
	30001 40000	2.79%
	40001 50000	-
50001 100000	8.07%	
100001 & Above	83.27%	
8.8	De-materialization of Shares	
	Trading in Equity shares of the company on the Stock Exchanges is permitted only in dematerialised form w.e.f. 2 nd January, 2002 As on date of 9.64% of shares is dematerialized	
8.9	Development Center	# 8-2-293/82A, 408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033
8.10	Address for Investor Correspondence	Compliance Officer, Capricorn Systems Global Solutions Limited, : complianceofficer@capricornsys-global.com
	For Transfer / dematerialization of shares and any other query relating to shares of the company	Venture Capital and Corporate Investments Limited 12-10-167 (MIG-167), Bharat Nagar Colony Hyderabad – 500018
	Any Query in Annual Report	Compliance officer, Capricorn Systems Global Solutions Limited # 8-2-293/82A, 408A, Plot No. 408A, Road No:22A, Jubilee Hills, Hyderabad-500 033

AUDITOR'S REPORT

**To,
The Members of Capricorn Systems Global Solutions Limited,
Hyderabad.**

We have audited the attached Balance Sheet of Capricorn Systems Global Solutions Limited, Hyderabad as on 31st March ' 2009 and also the Profit and Loss Account for the Year Ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, We give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Our comments on the accounts are as under:
 - a) Balances appearing under Sundry Debtors, Loans and Advances are subject to confirmation and / or reconciliation of balances.
 - b) According to the information and the explanations given to us, the Company does not have any over – dues to SSI units and hence no provision for interest is made in accounts.
3. Subject to our observations in the annexure referred to in paragraph (1) and our comments in paragraph (2) above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of Account.
 - d) In our opinion the Balance sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Sec. 211 (3C) of the companies Act, 1956, excepting in relation to Accounting Standard 22 on Accounting for Taxes on Income.
 - e) In our opinion, and based on the information and explanations given to us, none of the Directors of the Company are disqualified as on 31st March ' 2009 from being appointed as a Director under clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance sheet, of the state of affairs of the Company as on 31st of March ' 2009 and
 - ii) In so far as it related to the Profit and Loss Account, of the Profit of the Company for the Year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

for SATYANARAYANA & Co
CHARTERED ACCOUNTANTS

Place: Hyderabad.
Date: 30-06-2009

J. JAGANNADHA RAO
Partner

ANNEXURE REFERRED TO IN PARAGRAPH (1)
OF THE REPORT OF EVEN DATE:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected
- (ii) The Clauses relating to the physical verification of inventories, maintenance of records of inventory is not applicable to the Company as the company is engaged in the development of software and there are not inventories in the operations of the Company.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company has taken loans from one party. The maximum amount outstanding during the year in relation to the loans taken aggregate to Rs. 5.93 Lakhs .
 - (b) In our opinion and according to the information and explanations given to us, no rates of interests are specified for the loans taken. The other terms and conditions for these loans are not prima facie prejudicial to the interest of the Company.
 - (c) There are no loans which are given during the year.
 - (d) In our opinion and according to the information and explanations given to us there are not overdue amounts in respect of loans extended by the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets, and with regard to the sale of services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government has not specified maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 to the company for the year under audit.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us no undisputed amounts payable in respect of wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March ' 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses. The company has not suffered any cash losses during the financial year covered by the audit and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company does not have any outstanding loans payable to Financial Institutions and Banks and hence the clause relating to the dues to FIs and Banks is not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order'2003 is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us the Company is not dealing in shares and securities.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given guarantees for the loans taken by others from Banks or Financial Institutions.
- (xvi) The Company has not raised any new term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment, No long term loan funds have been used to finance short terms assets expect permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to parties and the Companies covered in the Register maintained under Section 301 of the Companies Act' 1956 during the year.
- (xix) The Clause 4(xix) of the Companies (Audit Report) Order 2003 relating to the creation of security for the Debentures is not applicable to the Company as no debentures are raised by the Company.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that caused the financial statements to be materially misstated.

for SATYANARAYANA & Co
CHARTERED ACCOUNTANTS

Place: Hyderabad.
Date : 30-06-2009

J. JAGANNADHA RAO
Partner

Capricorn Systems Global Solutions Limited

(Formerly known as Badal Exports and Consultants Limited)

BALANCE SHEET AS AT MARCH 31, 2009

(Rupees)

Particulars	Sch	as at 31-03-09		as at 31-03-08	
I. Sources of Funds					
A) Share Capital	1		39,960,000		39,960,000
B) Reserves & Surplus	2		12,226,036		12,092,216
II. Secured Loans					197,752
Total Sources			52,186,036		52,249,968
II. Application of Funds					
A) Fixed Assets	3				
Gross Block		34,891,804		40,330,099	
Less : Depreciation		58,36,213		9,375,996	
Net Block			29,055,591		30,954,103
B) <u>Current Assets,</u> <u>Loans & Advances</u>					
i) Cash & Bank Balances	4	1,359,321		184,404	
ii) Sundry Debtors	5	481,902		2,699,190	
iii) Loans & Advances	6	22,034,705		20,053,435	
Total Current Assets			23,875,928		22,937,029
C) Current Liabilities	7		745,483		1,641,164
Provisions					
Net Current Assets			23,130,445		21,295,865
Total Application			52,186,036		52,249,968
Notes to Accounts	11				

As per our report of even date

for Satyanarayana & Co
Chartered Accountants

for and on behalf of the Board

J Jagannadha Rao
Partner

S. Manmohan Rao
Director

G. Surender Reddy
Director

Place: Hyderabad.
Date : 30-06-2009

Capricorn Systems Global Solutions Limited

(Formerly known as Badal Exports and Consultants Limited)

PROFIT & LOSS ACCOUNT**For the Period ended 31st March, 2009**

(Rupees)

Particulars	Sch	For the Period Ended 31-03-09	For the Period Ended 31-03-08
I) Income			
Software Development Charges	8	11,117,040	11,810,185
Other Income		65,150	7,600
Total Income		11,182,190	11,817,785
II) Expenditure			
Software Development Expenses	9	7,412,717	8,101,567
Administration & Other Expenses	10	2,449,861	1,890,535
Finance Charges		3,119	82,899
Depreciation	3	982,462	1,540,437
Total Expenditure		10,848,159	11,615,438
Net Profit for the Year before Tax		334,031	202,347
Less : Provision for Tax		200,212	75,000
Net Profit after Tax		133,819	127,347
Balance of Profit / (Loss) Transferred to Balance Sheet		133,819	127,347
Notes to Accounts	11		

As per our report of even date

for Satyanarayana & Co

Chartered Accountants

for and on behalf of the Board**J Jagannadha Rao**

Partner

S. Manmohan Rao

Director

G. Surender Reddy

Director

Place: Hyderabad.

Date : 30-06-2009

Schedule of Forming Part of Accounts

(Rupees)

Particulars	as at 31-03-09	as at 31-03-08
1. Share Capital		
Authorized (50,00,000 equity shares of Rs.10/- each)	50,000,000	50,000,000
Total	50,000,000	50,000,000
Issued, Subscribed and Paid-Up Capital (39,96,000 equity shares of Rs. 10/- each) each allotted for consideration other than cash)	39,960,000	39,960,000
Total	39,960,000	39,960,000
2. Reserves & Surplus		
General Reserve	6,634,006	6,634,006
P&L Opening Balance	5,458,211	5,330,863
Profit & Loss Account for the year	133,819	127,347
Total	12,226,036	12,092,216
4. Cash & Bank Balances		
Cash in Hand	160,627	61,574
Cash at Bank	1,149,557	73,693
Balances in Deposits	49,137	49,137
Total	1,359,321	184,404
5. Sundry Debtors		
Debts outstanding for a period exceeding 6 months	-	-
Other Debtors	481,902	2,699,190
Total	481,902	2,699,190
6. Loans and Advances		
Share Application Money - Pending Allotment	11,900,000	11,900,000
Pre-paid Expenses	53,364	53,364
Advances	8,544,433	7,258,085
Advance Tax Paid	498,754	208,525
Deposits	1,038,154	633,461
Total	22,034,705	20,053,435
7. Current Liabilities & Provisions		
Creditors for Expenses & Services	511,248	1,532,141
Provision for Taxation	234,235	109,023
Total	754,483	1,641,164

Schedule of Forming Part of Accounts

(Rupees)

Particulars	as at 31-03-09	as at 31-03-08
8. Software Development Income		
Export Sale	11,170,040	11,810,185
-		
Total	11,117,040	11,810,185
9. Software Development Expenses		
Salaries & Other Benefits	6,988,074	7,531,440
Software Development cost	424,643	570,127
Total	7,412,717	8,101,567
10. Administration & Other Expenses		
Salaries & Benefits to Other Staff	204,231	182,733
Printing & Stationery	21,927	26,592
Postage & Telephones	136,938	135,385
Rent, Rates & Taxes	1,164,734	502,533
Electricity Charges	463,877	446,357
Travelling & Conveyance	81,260	109,254
Repairs & Maintenance	148,289	106,817
Advertisement	20,271	10,589
Professional & Consultancy Charges	91,546	188,115
Audit Fee	27,576	19,663
Foreign Currency Fluctuation Account	(2,760)	-
Web Domain Charges	3,460	-
General Expenses	31,933	106,500
Office Maintenance & Security	56,579	55,997
Total	2,449,861	1,890,535

Schedules Forming Part of Accounts

3. Fixed Assets

Sl.No.	Description of Asset	Gross Block				Depreciation					Net Block	
		as on 01-04-08	additions during the period	deletions during the period	as on 31-03-09	Rate	as on 01-04-08	for the period	Deletions	as on 31-03-09	as on 31-03-09	as on 31-03-08
1	Goodwill	20,000,000	-	-	20,000,000	0.00%	-	-	-	-	20,000,000	20,000,000
2	Plant & Machinery	1,302,057	30,500	-	1,332,557	4.75%	623,491	61,987	-	685,477	647,080	678,566
3	Computers	7,487,320	56,100	4,522,243	3,021,177	15.75%	5,948,208	472,817	4,522,243	1,898,781	1,122,396	1,539,112
4	Furniture & Fixtures	3,222,659	621,125	-	3,843,784	6.33%	1,771,524	181,165	-	1,952,689	1,891,095	1,451,135
5	Electrical Installations	328,455	-	-	328,455	4.75%	162,881	12,949	-	175,830	152,625	165,574
6	Office Equipment	347,337	-	-	347,337	4.75%	107,490	15,079	-	122,568	224,769	239,847
7	Vehicles	2,739,771	-	-	2,739,771	9.50%	762,403	228,624	-	991,027	1,748,744	1,977,368
8	Land	1,642,500	-	-	1,642,500	0.00%	-	-	-	-	1,642,500	1,642,500
9	Net working @ Jubilee	-	226,978	-	226,978	15.75%	-	5,779	-	5,778	221,200	-
10	Interiors @ Jubilee	-	210,000	-	210,000	6.33%	-	2,149	-	2,148	207,852	-
11	Electrical @ Jubilee	-	249,245	-	249,245	4.75%	-	1,914	-	1,913	247,332	-
12	CWIP	3,260,000	-	2,310,000	950,000	0.00%	-	-	-	-	950,000	3,260,000
Total		40,330,099	1,393,948	6,832,243	34,891,804		9,375,996	982,462	4,522,243	5,836,213	29,055,591	30,954,103
Previous Year		40,330,098	-	-	40,330,099		7,835,559	1,540,437	-	9,375,996	30,954,103	32,494,540

SCHEDULE - 11

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

I) Significant Accounting Policies:

A. Basis for preparation of accounts:

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

B. Fixed Assets:

- i) Fixed Assets are stated at Historical Cost, less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties, taxes and incidental expenses thereto and interest on direct borrowings up to commissioning, wherever applicable.
- ii) Depreciation is provided in accordance with the rates and rules specified in Schedule XIV to the Companies Act, 1956, under Straight Line Method.
- iii) Capital Work-in-Progress includes advances for capital items, capital items under erection and pre-operative expenses pending allocation on the assets to be commissioned.

C. Foreign Exchange Transactions:

Transactions in Foreign Exchange, other than those covered by Forward Contracts, are accounted for at the exchange rates prevailing on the date of transactions. Assets and Liabilities remaining unsettled at the end of the year other than those covered by forward contracts are translated at the closing rate. Realized gains and losses on foreign exchange transactions other than those relating to Fixed Assets are recognized in the Profit and Loss Account. Gain or Loss on translation and realized Gain or Loss in respect of Liabilities incurred to acquire Fixed Assets are adjusted to the carrying cost of Fixed Assets.

D. Miscellaneous Expenditure:

To write off Preliminary Expenses over a period of Ten Years.

E. Accounting Convention:

The Financial Statements are prepared under Historical Cost Convention on an accrual basis.

F. Revenue Recognition:

Revenue from Software Development is recognized based on Software Developed and billed as per the terms of specific contracts. Revenue from the training activity is accounted basing on the proportion of the completion of the course as at the end of the year. Income from dividend is accounted on cash basis.

II) Notes Forming Part of Accounts for the Year Ended:

1. Contingent Liabilities:

- (a) On Account of Bank Guarantee given by Bankers Rs.1.60,000 (previous Year Rs.1,60,000).

2. Secured Loans represents Hire purchased loans taken by the company to purchase of Vehicles. These loans are secured by Hypothecation of respective Vehicles and further secured by the personal Guarantee of Directors.

3. Directors' Remuneration:

	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
Salary and allowances	Nil	Nil

4. Remuneration to Auditors:

As Auditors	44,122	19,663
<i>(including service tax)</i>		

5. **Additional information as required by Part - II of Schedule - VI of the Companies Act, 1956.**

	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
A. Expenditure in Foreign Currency:	Nil	Nil
B. Earnings in Foreign Exchange: (on cash basis)		
Software Development Charges	111,17,040	118,10,185
C. C I F Value of Imports:	Nil	Nil

6. **Segment Reporting:**

The Company has only Software Development activity hence segment report has not been given.

1. **Related Party:**

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in Accounting Standards are given below:

(i) List of related parties with whom transactions have taken place and relationships:

S. No.	Name of the Related Party	Relationship
1	Capricorn Systems Inc.	Associate Concern
2	LN Polyesters Limited	Associate Concern

(ii) Transactions during the year with related parties:

S. No.	Nature of Transaction	Associate	Managerial Personnel	Total
A)	Sales	111.17		111.17
B)	Loan			
	As on 01-04-08	3.93		
	Taken during the year	2.00		
	Repaid during the year	0.00		
	Balance as at 31-03-09	5.93		5.93

BALANCE SHEET ABSTRACT AND COMPANY GENERAL PROFILE

I	Registration details	
	Registration number	43347
	Balance Sheet	31-Mar-2009
	State Code	1
II	Capital raised during the year	Rs. '000
	Public Issue	Nil
	Bonus Issue	Nil
	Rights Issue	Nil
	Private Placement	Nil
III	Position of Mobilization and Deployment of Funds	Rupees
	Total Liabilities	52,186,036
	Total Assets	52,186,036
	SOURCES OF FUNDS :	
	Paid-up Capital	3,99,60,000
	Secured Loans	00
	Reserves & Surplus	12,226,036
	Un-secured Loans	0
	APPLICATION OF FUNDS	
	Net Fixed Assets	290,55,591
	Net Current Assets	231,30,445
	Misc. Expenditure	0
	Accumulated Losses	0
	Investments	0
IV	PERFORMANCE OF COMPANY	Rupees
	Turnover	111,82,190
	Profit/(Loss) Before Tax	334,031
	Earnings Per Share in Rs.	0.04
	Total Expenditure	108,48,159
	Profit/(Loss) After Tax	1,33,819
	Dividend Rate %	0
V	GENERRIC NAMES OF THREE PRINCIPALPRODUCTS/SERVICES OF THE COMPANY	
	(As per Monetary Terms)	
	Item Code No. (ITL Code)	85429009.10
	Product Description	Software Development

Schedules 1 to 11 form an integral part of the Balance Sheet and Profit & Loss Account.

As per our report of even date

for **Satyanarayana & Co**
Chartered Accountants

for and on behalf of the Board

J. Jagannadha Rao
Partner

S. Man Mohan Rao
Director

G. Surender Reddy
Director

Place: Hyderabad
Date : 30-06-2009

CASH FLOW STATEMENT
(As per clause 32 of the Stock Exchange Listing Agreement)

(Rupees In Lakhs)

Particulars	31/03/2009		31/03/2008	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Tax and Extraordinary items		1.34		1.27
Adjustments for :				
Depreciation	18.98		15.40	
Loss on sale of Securities/ Investments	0.00		0.00	
Provision for Income Tax	2.00		0.75	
		20.99		16.15
Operating profit before working capital changes		22.32		17.43
(Increase) / Decrease in Trade and Other Receivables	22.17		(5.79)	
(Increase) / Decrease in Loans and Advances	3.19		(14.01)	
Increase / (Decrease) in Trade Payables	(8.96)		7.79	
		16.40		(12.01)
Income Tax Paid	(2.00)		(0.75)	
Cash Generated From Operations	38.73		5.42	
Net Cash Flow from Operating Activities		36.73		4.67
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	0.00		0.00	
Product Development Expenditure	0.00		0.00	
Net Cash Flow from Investing Activities		0.00		0.00
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Sale of Shares/ Investments	0.00		0.00	
Proceeds from Long Term Borrowings	(1.98)		(9.04)	
Net Inflow From Financing Activities		(1.98)		(9.04)
Net Increase in Cash and Cash Equalents		34.75		(4.37)
Cash and cash Equivalents at the Beginning of the period	1.84		6.22	
Cash and cash Equivalents at the end of the period	36.59		1.84	

Note :

- The above Cash Flow Statement has been prepared using the "Indirect Methods" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Previous year figures regrouped wherever necessary to confirm with the current year presentation. This is the cash Flow Statement referred to in our report of even date.

As per our report of even date

for Satyanarayana & Co
Chartered Accountants

for and on behalf of the Board

J Jagannadha Rao
Partner

S. Manmohan Rao
Director

G. Surender Reddy
Director

Place: Hyderabad
Date : 30-06-2009