



***Tera Software Limited***

**20<sup>th</sup>**

***Annual Report***  
***2013-2014***

# Board of Directors



**Sri. D. Seetharamaiah**  
Chairman



**Dr. T. Hanuman Chowdary**  
Director



**Sri. R.S. Bakkannavar**  
Director



**Dr. T.V. Lakshmi**  
Director



**Sri. T. Gopichand**  
Vice Chairman &  
Managing Director



**Sri. K. Rama Rao**  
Wholetime Director



**Sri. T. Bapaiah Chowdary**  
Director



**Smt. T. Pavana Devi**  
Director



**Sri. Koteswara Rao SSR**  
Additional Director

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## **Cautionary Statement**

The report contains certain statements that include forward looking statements based on current expectations, beliefs or assumptions about future events that are subject to uncertainties. They may differ materially from those described. However readers are advised not to rely upon these forward looking statements which do not guarantee future performance and are subject to a number of risks and uncertainties. This report should be read in conjunction with the financial statements included herein and the notes thereto.

# Tera Software Limited



## BOARD OF DIRECTORS

Sri D. SEETHARAMAIAH	CHAIRMAN
Sri R. S. BAKKANNAVAR	DIRECTOR
Dr. T. HANUMAN CHOWDARY	DIRECTOR
Dr. T. V. LAKSHMI	DIRECTOR
Sri T. BAPAIAH CHOWDARY	DIRECTOR
Smt. T. PAVANA DEVI	DIRECTOR
Sri K. RAMA RAO	WHOLE TIME DIRECTOR
Sri T. GOPICHAND	VICE CHAIRMAN and MANAGING DIRECTOR

## REGISTERED OFFICE

# 8-2-293/82/A/1107,  
Plot No: 1107, Road No: 55,  
Jubilee Hills, Hyderabad-500033  
Tel : 040-2354 0446, 040 - 2354 7447/8  
Fax : 040 - 2354 7449  
E-Mail : info@terasoftware.com  
Url : www.terasoftware.com

## AUDITORS

M/s. NARVEN ASSOCIATES  
Chartered Accountants  
302 & 303, Lingapur House,  
Himayat Nagar, Hyderabad - 500029.

## BANKERS

BANK OF MAHARASHTRA,  
Basheerbagh,  
Hyderabad - 500029.

## CANARA BANK

Prime Corporate Branch  
T S R Complex, S P Road,  
Secunderabad -500003.

## REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited  
Plot No.17-24, Vittalrao Nagar, Madhapur,  
Hyderabad - 500 081, India.  
Ph : 040 44655000, Fax : 040 23354042.  
E-mail : einward.ris@karvy.com

## TERA SOFTWARE LIMITED

**Registered Office:** 8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033

**CIN:** L72200TG1994PLC018391, Tel.Nos.040-23540446, 040 - 23547447/8; Fax : 040 - 23547449

**Email:** [info@terasoftware.in](mailto:info@terasoftware.in) ; **Website:** [www.terasoftware.com](http://www.terasoftware.com)

## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of Tera Software Limited will be held on Tuesday, 30<sup>th</sup> September, 2014 at 3.00 p.m. at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Smt. T. Pavana Devi (DIN: 00107698), who retires by rotation and being eligible, offers herself for reappointment.
4. Appointment of Statutory Auditors

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

**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding rules and based on the recommendations of the Audit Committee, M/s. S. Narven Associates, Chartered Accountants (Registration No. 005905S), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of the 20<sup>th</sup> Annual General Meeting up to the conclusion of the 23<sup>rd</sup> consecutive Annual General Meeting (subject to ratification by the members at every subsequent Annual General Meeting) at a remuneration as may be decided in this behalf by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board be and hereby authorized to take all steps as may be necessary and expedient to give effect to this resolution.

### SPECIAL BUSINESS:

#### 5. Appointment of Sri Koteswara Rao SSR as Independent Director

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri Koteswara Rao SSR (holding DIN:00964290), who has been appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of this annual general meeting till the conclusion of the 25<sup>th</sup> AGM of the Company.

#### 6. Appointment of Dr T. Hanuman Chowdary as Independent Director

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr T.Hanuman Chowdary (DIN:00107006), an 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 Independent Director of the Company not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from conclusion of this annual general meeting up to the conclusion of the 25<sup>th</sup> AGM of the Company.

#### 7. Appointment of Sri R. S. Bakkannavar as Independent Director

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri R.S. Bakkannavar

(DIN:00108720), an 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 Independent Director of the Company not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from conclusion of this annual general meeting up to the conclusion of the 25<sup>th</sup> AGM of the Company.

## 8. Appointment of Dr T. V. Lakshmi as Independent Director

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr T. V. Lakshmi (DIN:00003020), an Independent Director of the Company, who has submitted a declaration that she 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 Independent Director of the Company not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from conclusion of this annual general meeting up to the conclusion of the 25<sup>th</sup> AGM of the Company.

## 9. To accord approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013 in case of Company having no profit or inadequate profit in any financial year

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

**RESOLVED THAT** in partial modification of the Resolution No.6 passed at the Annual General Meeting of the Company held on 30<sup>th</sup> August, 2011 and pursuant to the provisions of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification (s) or re-enactment thereof for the time being in force) or any amendment made thereto, the members of the Company accord approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013 in case of Company having no profit or inadequate profit in any financial year to Sri. T. Gopichand, Vice Chairman and Managing Director during the tenure of his appointment with authority to the Board or a Committee thereof to fix his salary within such maximum amount, with effect from 1<sup>st</sup> April, 2014, for the remainder of his term up to 31.08.2016.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

## 10. To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution.

**RESOLVED THAT** in supersession of the Ordinary Resolution passed by the Members of the Company at the Extra-Ordinary General Meeting held on 2<sup>nd</sup> day of April, 2012, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) pursuant to the provisions of Section 180(1)(c) and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), for borrowing from time to time such sum(s) of money, not exceeding at any time, a sum of Rs. 1,000 Crore (Rupees One Thousand Crore Only) for the purpose of business of the Company notwithstanding, that such borrowing(s), together with the moneys already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

## 11. To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution.

**RESOLVED THAT** in supersession of the Ordinary Resolution passed by the Members of the Company at the Extra-Ordinary General Meeting held on 2<sup>nd</sup> day of April, 2012, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) pursuant to the provisions of Section 180(1)(a) and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations, if any, created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks, Financial Institutions, Insurance Companies, other lending/ investing agencies or bodies/ trustees for holders of debentures/ bonds which may be issued to or subscribed to by all or any of the Banks, Financial Institutions, Insurance Companies, other lending/ investing agencies or any other person(s)/ bodies corporate by way of private placement or otherwise (hereinafter collectively referred to as 'Lenders'), provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, for which charges, mortgages or hypothecations are created, shall not, at any time exceed the limit of Rs. 1,000 Crore (Rupees One Thousand Crore Only).

## 12. Alteration of Articles of Association of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions, if any, of the Companies Act, 2013, approval of the shareholders be and is hereby accorded to the Company to amend the Articles of Association of the Company in the following manner:

- i) Substitution of new Article 1 in place of the existing Article 1  
The regulations contained in Table F of Schedule I of the Companies Act, 2013, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.
- ii) Substitution of new Article 3(a) in place of the existing Article 3 (a):  
Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
- iii) Substitution of new Article 28 (c) in place of the existing Article 28 (c):  
An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- iv) Substitution of new Article 29 (a) in place of the existing Article 29 (a):
  - (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
  - (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- v) Substitution of new Article 31 (a) & (b) in place of the existing Article 31 (a) & (b):  
Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
  - (a) on a show of hands, every member present in person shall have one vote; and  
On a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
  - (b) A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- vi) Substitution of new Article 36(a) in place of the existing Article 36(a):  
Unless otherwise determined by the Company in General Meeting, the number of directors shall not be less than 3 (three) or more than 15 (fifteen).
- vii) Substitution of new Article 55 (d) in place of the existing Article 55 (d):  
The Company shall keep and maintain Registers, Books and Documents required by the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) to the extent applicable to the Company from time to time.  
The Registers, Books and Documents as provided in the foregoing Article shall (i) subject to such restrictions as provided in the Companies Act, 2013 and rules made there under (including any statutory modification or reenactment thereof) and on payment of such fees as may be decided by the Board of Directors of the Company, be open to persons so authorized/entitled for inspection and extracts may be taken there from on working days except Saturdays and Sundays between 11.00 AM to 1.00 PM and
  - (ii) copy thereof may be required by such persons who are entitled for the same and on payment of such fees as may be decided by the Board of Directors of the Company. Provided that the fees (in case of (a) or (b) above) so decided by the Board, in any case shall not exceed the maximum fees prescribed, in respect of inspection or for copies thereof, as the case may be, for respective document/register, under the Companies Act, 2013 and rules made there under from time to time.
- viii) Substitution of new Article 62 in place of the existing Article 62:  
The Managing Director, Executive Director or such other Wholetime Director may be liable to retirement by rotation in his Director capacity.
- ix) Substitution of new Article 63 in place of the existing Article 63:  
Subject to the provisions of the Act,—
  - (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**By Order of the Board of Directors**

Sd/-

(T. Gopichand)

**Vice Chairman and Managing Director**

Place: Hyderabad  
Date: 07.08.2014

## Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can 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.  
  
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. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Members / proxies are requested to bring their attendance slip along with their copy of annual report to the Meeting.
5. The Register of Members and Share Transfer Books will remain closed from 22<sup>nd</sup> September, 2014 to 27<sup>th</sup> September, 2014 (both days inclusive).
6. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
7. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500 081, India.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID and Demat numbers for easy identification of attendance at the meeting.
9. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, up to and including the date of the Annual General Meeting of the Company.

## ELECTRONIC VOTING PARTICULARS

EVSN ( Electronic Voting Sequence Number)	User ID	Password / PIN
EVENT_NO	USER_ID	PWD

## E-Voting instructions:-

1. The Company Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, is extending e-voting facility for its Members to enable them to cast their vote electronically instead of participating and voting physically in the Annual General Meeting. The Company has appointed Mr.K.CH. Venkat Reddy of M/s C.V. Reddy K & Associates, Practicing Company Secretaries who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
2. The e-voting facility will be available at the link <http://evoting.karvy.com> during the voting period.
3. The login ID and password for e-voting along with process, manner and instructions for e- voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.
4. Members are requested to note that the e-voting will open on 22<sup>nd</sup> September, 2014 and shall remain open for 3 days i.e. upto 24<sup>th</sup> September, 2014. E-voting shall not be allowed beyond 6 p.m on 24<sup>th</sup> September, 2014.
5. The procedure and instructions for e-voting are as follows:
  - i. Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
  - ii. Enter the login credentials (i.e., user-id & password) provided to you as mentioned overleaf.
  - iii. Please contact toll free no. 1-800-34-54-001 for any further clarifications.



- iv. After entering these details appropriately, click on "LOGIN".
- v. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1<sup>st</sup> login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- viii. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- x. 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.
- xi. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xii. Corporate/Institutional members (corporate/FIs/FLLs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to investor@terasoftware.in with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no."
- xiii. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- xiv. The Results of e-voting, physical assent / dissent and poll, if any, shall be aggregated and declared on or after the AGM of the Company by the Chairman or by any other person duly authorised in this regard. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.terasoftware.com and on the website of Karvy's website (https://evoting.karvy.com) within two (2) days of passing of the resolutions at the AGM of the Company and communication to the Stock Exchange.

## I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.5 to 12 of the Notice dated 7<sup>th</sup> August, 2014.

### Item No. 5:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act 2013 and the Articles of Association of the Company, Sri Koteswara Rao SSR as an Additional Director of the Company with effect from August 7<sup>th</sup>, 2014. In terms of the provisions of Section 161(1) of the Act Sri Koteswara Rao SSR would hold office up to the date of the ensuing Annual General Meeting.

Sri Koteswara Rao SSR is a Member of the Institute of Chartered Accountants of India and the Senior Partner of Brahmayya & Co., Chartered Accountants. He was Regional Council Member of SIRC of ICAI during 1985-1992 and was its Chairman during 1990-1992. He was the President of Federation of Andhra Pradesh Chamber of Commerce & Industry, member of Andhra Pradesh State Financial Corporation and Tirumala Tirupati Devasthanams Trust Board. He is presently a Director in Sanzyme Ltd., Kakatiya Textiles Ltd., Deccan Auto Ltd., and Corona Bus Manufactures Pvt. Ltd., and Treasurer in Vignana Jyothi - a non profitable organisation working in field of education.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Sri Koteswara Rao SSR for the office of Director of the Company. Sri Koteswara Rao SSR is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Sri Koteswara Rao SSR that he meets with the criteria of independence as prescribed both under section 149(6) of the Act and under Clause 49 of the Listing Agreement.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Sri Koteswara Rao SSR is appointed as an Independent Director and accordingly, the Board recommends his appointment as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 5 (five) years for your approval.

Save and except Sri Koteswara Rao SSR and his relatives, to the extent of their shareholding interest, if any, in the Company and Sri D. Seetharamaiah (father in law of Sri Koteswara Rao) an Independent Director of the Company who is not seeking re-election at the ensuing AGM none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way concerned or interested financially or otherwise in the resolution set out at item no: 5 of the Notice.

## **Item No. 6, 7 & 8:**

The Company had appointed each of Dr. T. Hanuman Chowdary, Sri R. S. Bakkannavar and Dr.T. V. Lakshmi as Independent Directors of the Company pursuant to Clause 49 of the Listing Agreement.

Dr. T. Hanuman Chowdhary was the General Manager and Deputy Director General in the Department of Telecommunication. Founder Chairman and Managing Director of India's International Telecom Corporation, the Videsh Sanchar Nigam Limited. He was the Information Technology Advisor to the Government of AP and a Member of the Prime Minister's National Task Force on Information Technology.

Sri.R.S. Bakkannavar has over three decades of rich experience in banking sector providing guidance on project financing.

Dr. T.V. Lakshmi- PhD from University of Hyderabad and has 18 years of Experience in IT Industry. Specializes in consultancy of Software Development, Standardization, GIS and GPS/GIS Survey of Electrical Utilities.

In accordance with Section 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1 April 2014 and subsequent notification by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated 9 June, 2014, the Company is required to appoint its Independent Directors, including its existing Independent Directors in accordance with the provisions of the Companies Act, 2013 before 31 March 2015. Further, pursuant to the above provisions, the term of such Independent Directors is not liable to determination by rotation.

Accordingly, it is proposed to appoint Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi as Independent Directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office up to the conclusion of 25<sup>th</sup> AGM.

The Company has received from each of Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi fulfill the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement and are independent of the management.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi are interested in the resolutions set out respectively at Item Nos. 6, 7, & 8 of the Notice with regard to their respective appointments.

The relatives of Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi may be deemed to be interested in the resolutions set out respectively at Item Nos. 6, 7, & 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolutions set forth in the Item Nos. 6, 7, & 8 of the Notice for approval of the members.

## **Item No.9:**

The members of the Company at the Annual General Meeting held on 30.08.2011 approved the appointment of Mr. T. Gopichand, Vice Chairman and Managing Director for a period of five years and payment of remuneration in terms of Sections 198,269,309,310&314 and schedule XIII of the Companies Act,1956 and in any financial year the company incurs loss or its profits are inadequate the remuneration as specified in Paragraph 1(A) of Section – II of Part – II of Schedule – XIII of the Companies Act,1956.

The limits of yearly remuneration in case of loss or inadequacy of profits as set out under Schedule –V of the Companies Act, 2013 can be doubled with the consent of the members of the Company at the General Meeting if the resolution passed by the shareholders is a special resolution.

Sri. T. Gopichand, Vice Chairman and Managing Director, Smt. T. Pavana Devi and Sri. T. Bapaiah Chowdary and their relatives may be deemed to be concerned or interested in the proposed Resolution set out at Item No. 9 of the Notice convening the meeting. Other than the aforesaid Promoter / Directors and their Relatives none of the other Directors, Key Managerial Personnel of the Company and their Relatives are interested or concerned whether financially or otherwise in the Resolution set out at Item No. 9 of the Notice convening the meeting.

The Board of Directors recommend the resolution set out at item No.9 of the Notice for your approval.

The detailed information as required by Schedule V, Part II, Section II (A) of the Companies Act, 2013, is furnished hereunder for the information of the members in due compliance of the provisions of the said schedule.

I. GENERAL INFORMATION																			
1. Nature of Industry	:	The Company operates in the areas of IT, ITES and various e-governance projects of Public Sector Undertakings, State Governments and Central Government of India. Your company implements the projects as System Integrator/PPP model (BOOT, BOO, BOMT).																	
2. Date or expected date of commencement of commercial production.	:	The Company has commenced its commercial activities w.e.f. 26.09.1994.																	
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	:	N.A.																	
4. Financial performance based on given indicators	:	<table><tr><td></td><td colspan="2">(Rs.in lakhs)</td></tr><tr><td>Particulars</td><td>2013-14</td><td>2012-13</td></tr><tr><td>Revenue</td><td>10,278.83</td><td>14,543.58</td></tr><tr><td>Profit before tax</td><td>426.44</td><td>616.82</td></tr><tr><td>Profit for the year</td><td>202.33</td><td>356.44</td></tr></table>				(Rs.in lakhs)		Particulars	2013-14	2012-13	Revenue	10,278.83	14,543.58	Profit before tax	426.44	616.82	Profit for the year	202.33	356.44
	(Rs.in lakhs)																		
Particulars	2013-14	2012-13																	
Revenue	10,278.83	14,543.58																	
Profit before tax	426.44	616.82																	
Profit for the year	202.33	356.44																	
5. Foreign investments or collaborators, if any.	:	The Company is a listed entity and around 2.08% of equity is held by NRI/OCB.																	
II. INFORMATION ABOUT THE APPOINTEE																			
1. Background details	:	<b>T.Gopichand</b> - M.Tech in Electronics & Communication with 30+ years of experience in the IT industry. Worked with Electronic Corporation of India Ltd for a period of 13 years. In ECIL, he was involved in the technical support of Main Frame Computers and participated in various projects like Power Plants Simulators at Rourkela, Demand Drafts Conciliation at State Bank of India, Delhi Electric Supply Undertaking. He had also extensively worked on Steel, Oil and Electricity projects. His leadership made this company as one of the pioneer in e-Governance projects and fast growing with domestic focus.																	
2. Past remuneration	:	Salary: Rs.5,00,000/- per month with an annual increment of Rs. 75,000/- Commission: @ 3.125% on the net profits of the Company.																	
3. Recognition or awards	:	NIL																	
4. Job profile and his suitability	:	Vice-Chairman & Managing Director and varied experience in the IT industry & related areas.																	
5. Remuneration proposed	:	Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate remuneration as specified in Schedule – V, Part-II- Section-II -para-A of the Companies Act,2013 be doubled with the approval of the Shareholders by passing a special resolution at the forthcoming general meeting.																	
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	:	The remuneration proposed is similar to the remuneration being drawn by persons with similar background in the IT industry & related areas.																	

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	:	T.Gopichand holds 30,89,736 shares in the Company, directly and 27,34,448 shares through his family and others aggregating to 46.55% and is relative to Sri. T. Bapaiah Chowdary, Smt. T. Pavana Devi, Promoters/ Directors of the Company and Mr. T. Madhu Mitra, employee of the Company.
<b>III. OTHER INFORMATION :</b>		
1. Reasons for loss or inadequate profits	:	To deliver the services of enrolment under the national prestigious projects AADHAAR & NPR (National Population Register) the Company has built a huge IT infrastructure. Due to the huge capital employed for future business, there were increases in financial costs, depreciation and coverage of service tax to the projects resulted in lesser net profits.
2. Steps taken or proposed to be taken for improvement	:	Realisation of values to the extent of works executed by Tera Software will result in improvement of profit margins over a period of time.
3. Expected increase in productivity and profits in measurable terms.	:	Same as above.

## Item No: 10 & 11

The members of the Company at the Extra-Ordinary General Meeting held on 2<sup>nd</sup> day of April, 2012, had approved respective resolutions under section 293(1) (a) and 293(1) (d) of the erstwhile Companies Act, 1956 for mortgaging the properties of the company in favour of the lenders and also for exercising the borrowing limits up to an aggregate amount of Rs. 1,000 Crore for the purpose of business of the company.

Pursuant to notification of Section 180 of the Companies Act, 2013, prior consent of the Shareholders by a special resolution is required to enable the Board of Directors to exercise the borrowing powers which, in aggregate, may exceed the paid-up capital and free reserves of the Company and to create charge on moveable / immoveable properties of the Company in favour of the lenders. Further, the Ministry of Corporate Affairs vide their circular No.4 dated 25.03.2014 had clarified that all the Ordinary Resolutions passed earlier under section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 are valid and effective only for a period of one year i.e. up to 11.09.2014. Any such mortgages and borrowings after this date would require a fresh prior approval of the shareholders under section 180 of the Companies Act, 2013 through a special resolution. In view of the above stipulation such an authority is required to be delegated to the Board of Directors or its Committee for carrying on the business of the Company in the ordinary course and the Board is of the view that the earlier approved borrowing limits of up to Rs.1000 Crore would be sufficient to carry on the business. Hence, the Board is not proposing any increase in these limits.

The Board commends the Resolution at Item No.10 & 11 of the Notice for your approval as Special Resolution.

None of the Directors / Key Managerial Personnel and their relatives are in anyway concerned or interested, financially or otherwise in this resolution (s).

## Item No: 12

Table A of the erstwhile Companies Act, 1956, prescribes a standard and uniform set of regulations to be followed by every public limited company. It is common practice for all such companies to adopt "Table A" regulations, except those that are not inconsistent or repugnant to their own set of Articles of Association.

Since, the Companies Act, 2013, has been notified and became effective, a new "Table F" has been prescribed in place of "Table A" of erstwhile Companies Act, 1956. Your company intends to adopt this new Table F, except in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.

The Board commends the Resolution at Item No.12 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors / Key Managerial Personnel and their relatives are interested or concerned, financially or otherwise in the above special resolution set out under Item No: 12 of the Notice.

## II. DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:

Particulars					
Name	Smt. T. Pavana Devi	Sri.Koteswara Rao SSR	Dr.T.Hanuman Chowdary	R.S.Bakkannavar	Dr.T.V.Lakshmi
Date of Birth	22.06.1962	25.03.1943	18.10.1931	17.06.1941	01.01.1959
Date of Appointment	21.09.2010	07.08.2014	28.09.2012	28.09.2012	30.09.2013
Qualification	B.Com	FCA	B.Tech.	Post Graduate	Ph.D.
Nature of Expertise in specific functional areas	20 Years of experience in Management function.	Senior Partner of Brahmayya & Co., Chartered Accountants He was Regional Council Member and Chairman of SIRC of ICAI, President of Federation of Andhra Pradesh chamber of Commerce & Industry and member of TTD Board.	Founder Chairman of VSNL, former IT advisor to Government of Andhra Pradesh and renowned name in the IT field.	Over three decades of rich experience in banking sector. Providing guidance on project financing.	Experienced Scientist with strong R & D back ground especially in GIS/ GPS and quality.
No. of Shares held in the Company as on 31.03.2014	1962924	Nil	Nil	Nil	2250
Member of the Committee of Board of Directors of the Company	Nil	Nil	-Audit Committee - Remuneration Committee - Management Committee	Audit Committee - Management Committee	- Shareholder's Grievance Committee - Remuneration Committee
#Directorships held in other companies (excluding private limited and foreign companies)	1	3	2	1	1
##Chairman/member in mandatory committees of other companies	Nil	Nil	2	1	Nil

#The directorships held by directors as mentioned above, do not include directorships in Private Limited Companies.

## Membership/ Chairmanship in Audit and Shareholders' Grievance Committees of public limited companies (including Tera Software Ltd.) has been considered.

Except Mr. T.Gopichand, Vice Chairman & Managing Director and Mr. T. Bapaiah Chowdary , Director and their relatives none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in agenda Item No. 3.

**By Order of the Board of Directors**

Sd/-  
(T. Gopichand)  
**Vice Chairman and Managing Director**

Place: Hyderabad  
Date: 07.08.2014

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 20<sup>th</sup> Annual Report and the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014 together with the Auditors' Report thereon.

### Financial Results:

(Rs. in Lakh)

PARTICULARS	Year Ended 31.03.2014	Year Ended 31.03.2013
Gross Income	10,278.83	14,543.58
Expenditure	7891.99	11,623.06
Profit before interest, depreciation & tax	2386.84	2,920.52
Less: Interest (Financial Cost)	957.93	1,184.39
Profit before depreciation & tax	1428.91	1,736.13
Less: Depreciation	1,002.47	1,099.31
Profit before extraordinary items & tax	426.44	636.82
Less: Extraordinary items	0	20.00
Profit before Tax	426.44	616.82
Less: Provision for tax Current year	369.02	123.41
MAT credit - F.Y.2012-13	0	(78.48)
Current Tax Expense relating to earlier years	0	169.39
Deferred tax	(144.91)	46.06
<b>Profit for the year</b>	<b>202.33</b>	<b>356.44</b>

### Dividend:

Your Directors have recommended a dividend of Re.0.80/- per equity share i.e. 8% on each equity share having face value of Rs.10/- each, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be Rs.117.105 Lakh including corporate dividend tax.

### Performance of the Company:

You will note that your Company posted a turnover of Rs. 10,278.83 Lakh for the year ended 31<sup>st</sup> March, 2014 as against Rs. 14,543.58 Lakh in 2012-13. Your Company has registered a net profit of Rs.202.33 Lakh, as compared to previous year's net profit of Rs. 356.44 Lakh. Due to the huge capital employed for future business, increases in financial costs, depreciation and coverage of service tax to the projects, slowdown in the production of AADHAAR and NPR Projects and few other Projects executed by the Company has resulted into low production levels and reduced revenue for the year ended 31.03.2014.

### Management Discussion and Analysis Report:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of this Annual Report.

### Corporate Governance:

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under the said Clause 49 also forms part of this Annual Report.

### Secretarial Audit Report

As a measure of good corporate governance practice, the Company has appointed M/s C.V. Reddy K & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the records and documents of the Company. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2014 forms part of this Annual Report.

### Listing of Shares on Stock Exchanges:

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited and Bangalore Stock Exchange Limited. The Annual listing fee has been paid up to date.

## Fixed Deposits:

In terms of the provisions of Section 58A of the Companies Act, 1956 and the rules made there under, the Company has accepted public fixed deposits of Rs.11 Lakh during the year 2013-14. There are no outstanding deposits or interest as at the end of the financial year 2013-2014.

## Directors:

Smt.T.Pavana Devi, non executive Director, retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956 and being eligible, offers herself for reappointment.

Pursuant to the provisions of the section 161 of the Companies Act, 2013 read with the Articles of Association of the company, Sri.Koteswara Rao SSR is appointed as the Additional Director (Independent) w.e.f. 07<sup>th</sup> August, 2014 and he shall hold office only up to the date of this Annual General Meeting. Being eligible, the Board recommends his appointment as an Independent Director of the Company in terms of section 149(10) of the Companies Act, 2013 for a continuous period of 5 (five) years for a term up to the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi are the present Independent Directors appointed earlier as Directors, liable to retire by rotation and their present term did not end at the ensuing AGM under the applicable provisions of the erstwhile Companies Act, 1956. Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors may be appointed for a term upto 5 consecutive years and they are not liable to retire by rotation. The present tenure of the Independent Directors on the date of commencement of the Act shall not be counted as a term under Section 149 of the Act. It is therefore proposed to appoint Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar and Dr.T.V.Lakshmi as Independent Directors for a term of 5 consecutive years and not liable to retire by rotation.

As per the provisions of Section 152 of the Companies Act, 2013, Sri.D.Seetharamaiah, Independent Director of the Company retires by rotation at the ensuing Annual General Meeting. Sri.D. Seetharamaiah has expressed his intention not to seek re-election as a Director of the Company. He will cease to be the Director of the Company from the conclusion of the 20<sup>th</sup> Annual General Meeting of the Company on 30.09.2014.

The Board would like to thank Sri.D.Seetharamaiah for his guidance and support extended to the Company and placed on record its appreciation for his valuable services rendered during his tenure on the Board.

## Board Committees

The Board of Directors at its meeting held on 30th May, 2014 has rechristened the existing Remuneration Committee as Nomination and Remuneration Committee and Shareholders'/ Investors' Grievance Committee as Stakeholders Relationship Committee apart from constituting a Corporate Social Responsibility Committee so as to be in line with what is prescribed under the Companies Act, 2013 and Clause 49 of the amended Listing Agreement with the Stock Exchanges.

## Auditors:

M/s. Narven Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment in the transitional period of 3 years from the ensuring AGM as provided in Section 139 (2) (a) (ii) of the Companies Act, 2013. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits including transitional period under Section 139 (1) of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 139 (9) of the Companies Act, 2013.

## Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Particulars with respect to Conservation of energy, Technology observation and Foreign Exchange earnings and outgo as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1988 are given below:

**Conservation of energy:** The operations of the Company are not energy intensive and every effort has been made to ensure the optimal use of energy, avoid waste and conserve energy by using energy efficient computers and equipment with latest technologies.

# Tera Software Limited



**Technology absorption:** Your Company is constantly upgrading its technological excellence with emerging technologies.

**Foreign Exchange Earnings and outgo:**

Foreign Exchange Earnings during the year: Nil

Foreign Exchange outgo:

- Value of Imports on CIF Basis In Respect of

(Rs. in Lakh)

Particulars	Current Year	Previous Year
Trading goods	Nil	Nil
Capital Contracts	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

- Expenditure in Foreign Currency (CIF):

(Rs. in Lakh)

Particulars	Current Year	Previous Year
Trading Goods	Nil	Nil
Capital Contracts	Nil	Nil
Traveling	Nil	0.63
<b>TOTAL</b>	<b>Nil</b>	<b>0.63</b>

**Particulars of Employees:**

Statement of particulars of employees pursuant to the provisions of section 217 (2A) (a) of the Companies Act, 1956.

(Rs. in Lakhs)

Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration	Previous Employment
C.S.Ravindran	C.E.O.	BE	56	01.07.2010	32	60.09	Bartronics India Ltd.

**Directors' Responsibility Statement:**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure
- we have 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 as at 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended on that date;
- we have 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 and;
- the accounts for the year ended 31<sup>st</sup> March, 2014 have been prepared on a going concern basis.

**Acknowledgment:**

Your Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Financial Institutions, Central and State Government Authorities, Electronic Corporation of India Limited and Other Government Agencies, clients, consultants, suppliers, and Members of the Company and look forward for the same in greater measure in the coming years.

**For and on behalf of the Board of Directors**

Place: Hyderabad  
Date: 07.08.2014

Sd/-  
(T. Gopichand)  
**Vice Chairman and Managing Director**

Sd/-  
(K Rama Rao)  
**Wholtime sDirector**



## MANAGEMENT DISCUSSIONS AND ANALYSIS

The Company operates in the areas of IT, ITES and various e-governance projects of Public Sector Undertakings, State Governments and Central Government of India. Your company implements the projects as System Integrator/PPP model (BOOT, BOO, BOMT). Currently the Company has its operational presence in 16 states of India.

### A. Opportunities

With the introduction of the concept of e-governance, both the Central and State Governments are keen in implementing different projects to keep the activities of the Governments transparent, timely and cost effective.

- These initiatives together with the five year plan of national e-governance rollout are approx INR 80,000 Crore opportunity.
- Tera software plans to target the above opportunities in a phased manner between 2013 and 2018.
- Tera software is strong in this domain, where successfully implemented and executed the projects.
- Tera software can add substantial revenues from this domain of e-governance of business over this five year period.

### B. Risk Management

IT is one sector that is spreading its wings fast throughout the world and India is becoming a preferred destination for global IT players because of the E-Governance initiatives to the second largest citizen base of world. As a result the competitive pressure is intensifying among the local players and global players. As more than 50% of the business opportunities are on the PPP model the companies with large capital base and cash reserves are greater threats in executing the projects with minimized financial costs. Your Company has to operate in this competitive scenario and acquire a grip in the market to hold its foot firmly and upkeep the brand name.

Most of the Projects executed by the Company are National ID & other e-Governance Projects in which we face the following risks:

#### Technology Obsolescence

These are the days when technology takes no time to become obsolete. Thus to be on par with the competitors your Company is continually making affords to ensure that it constantly updates and upgrades its technology.

#### Talent Supply Constraint

Talent is sought by both the IT as well as the servicing sector. The Government has also established a certain skill sets, which shall be mandate to deliver the e-Governance services. This increases the cost of talent by way of training and retention and spare capacity building. The Company ensures that it acquires good talent and retains it in order to constitute its major competitive edge. The Company maintains excellent work environment and competitive package for this purpose.

#### Government Policies

Government policies are subject to change, and any such change can adversely impact the Company plans for growth. The investment done by the Govt. is enormous. In fact, the Govt. of India is committed to the downstream projects of UIDAI and therefore the risk is mitigated. All the projects currently done by Tera Software are all budgeted, tendered with agreements duly signed by the competent authorities.

#### Increasing Competition

The entry of large players will result in fierce competition and raising the bar for eligibility. This will impact the business of the Company. The Company's Management is continuously making affords to mitigate this risk.

#### Funding Requirements

The e-governance programs involve long gestation projects that will require to be funded with secure financing over the project lifespan. The Company's Management is aware of this and has taken the necessary initiatives to mitigate the risk.

#### Time and Cost overruns

As all e-governance projects are funded and controlled by the Government, there are possibilities of delay in implementation, which could adversely impact the Company's bottom-line. The Company's Management is aware of this and is continuously making affords to mitigate the risk.

## C. Company's Outlook

E-governance in India is steadily evolving from basic digitization of government data and processes to actually facilitating delivery of various citizen services on-line. A common vision and strategy is being deliberated and firmed up across all levels of government Central, State and local bodies. This approach has huge potential in garnering cost savings, increasing transparency, and presenting a seamless view of government to citizens.

A well connected citizen to government eco system has huge potential for both the partners. Citizens will continue to enjoy speedy, transparent and convenient services, whilst the government gets increasingly integrated into the community welfare and more importantly is in a position to focus real time on reallocation of resources where they are needed the most. A social transformation happens when citizens are empowered to help themselves in dealing with various government segments, saving time and money for all concerned and elevating overall levels of satisfaction for common man.

Government of India announced a scheme for launching a new Unique Identity Numbering for 1,200 million residents of India.

The salient features for Tera Software in UIDAI and NPR Projects are:

- Tera Software is the only Company in India to execute UIDAI Project in 4 Metro Cities (Delhi, Mumbai, Kolkata, and Chennai).
- Tera Software is the first Company to start Permanent Aadhaar Centres in the Country and the first Company to have started E-Aadhaar roll-outs as well as corrections / modifications of the Aadhaar Enrollments.
- Tera Software is positioned 4<sup>th</sup> in the country in terms of Enrollment Agency.
- Tera Software has enrolled leading personalities like Hon'ble President of India, Hon'ble Prime Minister of India, Central Ministers, M.Ps and Renowned Persons.
- Tera Software is the first Company to integrate NPR with UIDAI and thereby had developed and generated new software called Linker Software to enable the citizens to rollout the National Identity Card in future.
- Tera Software has been selected for Enrollment of Defence Personnel to be linked with Aadhaar across India.
- Tera Software is involved in Pilot Projects in Public Distribution System (PDS), LPG Subsidy, NREGA and Pension Schemes and other subsidies and schemes of Central Govt. of India. Currently, working on these schemes in one of the 52 Districts selected by the Government of India.
- Tera Software has been involved on pilot basis in Direct Beneficiary Transfer enrollments across the country.
- Tera Software is also involved in seeding of Aadhaar with the Bank Accounts.
- Tera Software is in the process of developing E-Governance Software exclusively on the Payment Gateway through Rupay and thereby expanding the same for Direct Beneficiary Transfer at a lower cost than Master / Visa.
- Now an Unique Cell within Tera Software is involved in developing the integration of the following verticals:
  - Integration to Sales Tax, Service Tax, Commercial Tax, Excise and other Statutory requirements of State Governments with Aadhaar Portal.
  - Integration to PDS for various States with the State Data Centres and thereafter with the Aadhaar Portal through the Registrars.
  - Tera Software is involved in the cash payments to the beneficiaries of various Central and State Govt. schemes and is engaged with banks who front end the process.
- As a part of company's contribution in development of North Eastern States, Tera Software has commissioned Nagaland SWAN project and thereby the Nagaland State remote places are now connected through our State Wide Area Network which has enabled them to progress efficiently in all the departments.
- Tera Software has also been associated in Andhra Pradesh and Telangana and has established 1400 Permanent Enrollment Centers (PECs) for AADHAR which are currently in operation.
- Tera Software is ISO 9001:2008 certified, ISO 20001:2005 certified and ISO 27001:2005 certified. It is in the final stage of getting CMM Level3 Certification.

Tera Software is positioned to entrench into the following schemes announced by the Government:

- ❑ Aadhaar based Direct Cash (e-Cash) Transfers
- ❑ Aadhaar enabled LPG Distribution
- ❑ Aadhaar based Pension schemes.
- ❑ Aadhaar based Social Security Benefit Schemes towards Scholarships for Students and Teachers.
- ❑ Aadhaar based Public Distribution Systems ( PDS)
- ❑ Automation of VAT and subsequently GST
- ❑ Automation of check posts & automation of Toll collection system
- ❑ Power sector Field Management services including Pre-Paid Meters
- ❑ Online Tax Utility Bill Collection
- ❑ Tie ups with banks for payment settlement gateway
- ❑ Healthcare and Education
- ❑ Smart Cities, Wi-Fi enabled services.

The Company has a positive outlook for the coming years and endeavors to achieve a steady business performance in the coming years. Your company anticipates higher percentage of gross profits from the new projects that will be undertaken during the coming years.

#### **D. Internal Control Systems and their Adequacies**

Tera Software has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures.

#### **E. Financial Performance**

You will note that your Company posted a turnover of Rs. 10,278.83 Lakh for the year ended 31<sup>st</sup> March, 2014 as against Rs. 14,543.58 Lakh in 2012-13. Your Company has registered a net profit of Rs. 202.33 Lakh, as compared to previous year's net profit of Rs. 356.44 Lakh.

#### **F. Material Developments in Human Resources**

'Human Resources' is recognized as a key pillar of any successful organization and so is for Tera Software. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high amount of emphasis on professional etiquette to be exhibited by every employee.

## CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company hereby submits the report on the matters as mentioned in the said Clause and practices followed by the Company.

### 1. Philosophy of the Company on the Code of Governance:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholders' aspirations and societal expectations. Your Company believes in attainment of highest levels of transparency in all facets of its operations. The Company is committed to maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the listing agreement.

### 2. Board of Directors:

The Company has an optimum combination of executive and non-executive directors with more than fifty per cent of the Board comprising of non-executive directors. All independent non-executive directors comply with the requirement of independent directors definition of Clause 49 of the Listing Agreement entered into with the stock exchanges.

The Board of Directors met five (5) times during the financial year on 28.05.2013, 02.08.2013, 30.09.2013, 12.11.2013 and 11.02.2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of Listing Agreement.

The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee memberships held by them in other companies is given below.

Name	Category	Designation	Attendance Particulars			No. of other Director-ships#	Committee member-ships##	Chairman-ship in Committees##
			Board Meetings		Last AGM			
Sri T. Gopichand	Promoter/ Executive	Vice Chairman & Managing Director	5	5	yes	-	-	-
Smt. T.Pavana Devi	Promoter/ Non-Executive	Director	5	5	yes	1	-	-
Sri T.Bapaiah Chowdary	Promoter/ Non-Executive	Director	5	5	yes	-	1	1
Sri K. Rama Rao	Executive	Wholetime Director	5	5	yes	-	-	-
Sri D.Seetharamaiah	Non-Executive and Independent	Chairman	5	5	yes	5	5	1
Sri R.S.Bakkannavar	Non-Executive and Independent	Director	5	5	yes	1	1	1
Dr.T.Hanuman Chowdary	Non-Executive and Independent	Director	5	5	yes	2	3	2
Dr. T.V. Lakshmi	Non-Executive and Independent	Director	5	4	yes	1	1	-

#The directorships held by directors as mentioned above, do not include directorships in Private Limited Companies.

## Membership/ Chairmanship in Audit and Shareholders' Grievance Committees of public limited companies (including Tera Software Ltd.) has been considered.

### Code of Conduct

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. The Code of Conduct is posted on the Company's web-site [www.terasoftware.com](http://www.terasoftware.com). All Directors and designated personnel in the senior management affirmed compliance with the Code for the year under review. The declaration to this effect furnished by Sri T.Gopichand, Vice Chairman & Managing Director is annexed to this report.

### 3. BOARD COMMITTEES:

The Company has six Board level Committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Investment Committee, Share Transfer Committee and Management Committee.

#### **Audit Committee:**

The Audit Committee comprises of three Independent Directors viz.,

Sri R.S.Bakkannavar	Chairman
Sri D. Seetharamaiah	Member
Dr.T.Hanuman Chowdary	Member

All the members of the Audit Committee possess financial / accounting expertise / exposure. The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Terms of Reference: The terms of reference / powers of the Audit Committee are as under:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
3. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Internal Auditors and fixation of internal audit fees.
4. Reviewing with management of the annual financial statements before submission to the Board, focusing primarily on:
  - ♦ Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956
  - ♦ Any changes in accounting policies and practices,
  - ♦ Major accounting entries based on exercise of judgment by management,
  - ♦ Significant adjustments made in the financial statements arising out of audit findings,
  - ♦ Compliance with stock exchange and legal requirements concerning financial statements
  - ♦ Disclosure of any related party transactions.
  - ♦ Qualifications in draft audit report.
5. Reviewing with the management, external and internal auditors, of adequacy of internal control systems.
6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
7. Reviewing the adequacy of internal audit functions.
8. Discussion with internal auditors on any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. Approval of appointment of CFO (i.e. the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
13. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.

During the year under review, the Committee met 4 times on 27.05.2013, 02.08.2013, 12.11.2013 and 11.02.2014 respectively and all the members were present at all the meetings.

## **Stakeholders Relationship Committee (formerly termed as Shareholders' / Investors' Grievance Committee):**

Keeping in mind the current requirements under Section 178(5) of the Companies Act, 2013 and the proposed amendments to Clause 49 of the Listing Agreement which comes into effect from October 1, 2014, the name of the Committee has been changed to "Stakeholders Relationship Committee".

The constitution of the 'Stakeholders Relationship ' Grievance Committee of the Board comprises of three Directors viz.,

Sri T. Bapaiah Chowdary	Chairman
Dr. T.V. Lakshmi	Member
Sri D. Seetharamaiah	Member

The Committee primarily focuses on shareholder grievances, inter-alia, redressal of investor complaints attending investor requests, approves the issue of duplicate share certificates and oversees and reviews all matters connected with servicing of investors. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall quality improvement of investor services.

The Committee met four times during the year i.e. on 29.06.2013, 30.09.2013, 31.12.2013, and 31.03.2014 and all the members were present at all the meetings.

During the year under review, 38 complaints of general nature were received from the shareholders which were attended promptly and replied/resolved to the satisfaction of the concerned shareholders. There were no pending complaints at the close of the financial year. The Company designated a separate email id for investor grievances viz: investors@terasoftware.in.

### Compliance Officer Name and Address:

Sri.O. Babu Reddy, AGM F&A and Legal,  
Tera Software Limited,  
# 8-2-293/82/A/1107,  
P. No. 1107, R. No. 55,  
Jubilee Hills, Hyderabad – 500033.

## **Nomination and Remuneration Committee (formerly termed as Remuneration Committee):**

The constitution of the Nomination and Remuneration Committee of the Board comprises of four Directors viz.:

Dr. T.Hanuman Chowdary	Chairman
Sri D.Seetharamaiah	Member
Sri T.Bapaiah Chowdary	Member
Dr. T.V.Lakshmi	Member

There were no meetings of Remuneration Committee held during the year under report.

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:

The revised role of the Nomination and Remuneration Committee, inter-alia, includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity;

Details of remuneration paid to the Directors for the year:

(Rs. in lakh)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Vice Chairman & Managing Director(Sri T. Gopichand)	21.00	87.96
Whole Time Director (Sri K. Rama Rao)	16.35	14.55
<b>Total</b>	<b>37.35</b>	<b>102.51</b>

Details of sitting fee paid to the Directors for the year:

(Rs. in lakh)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Sri D. Seetharamaiah	1.25	1.71
Sri R.S.Bakkannavar	0.97	1.38
Sri T. Bapaiah Chowdary	0.78	1.04
Dr. T. Hanuman Chowdary	0.97	1.43
Dr. T.V. Lakshmi	0.68	1.04
Smt. T. Pavana Devi	0.50	0.76
<b>Total</b>	<b>5.15</b>	<b>7.36</b>

## Investment Committee:

The constitution of the Investment Committee of the Board comprises of three Directors viz.,

Sri T.Gopichand	Member
Sri K. Rama Rao	Member
Sri D.Seetharamaiah	Member

There were no meetings of Investment Committee held during the year under report.

## Share Transfer Committee:

The Share Transfer Committee was constituted comprising of 2 directors and the Compliance Officer of the Company as indicated below:

Sri T.Gopichand	Member
Sri K. Rama Rao	Member
Mr. O.Babu Reddy	Member (Compliance Officer)

During the year, the Committee has met 4 times on 29.06.2013, 30.09.2013, 31.12.2013, and 31.03.2014 and all the members were present at all the meetings.

## Management Committee:

The constitution of the Management Committee of the Board comprises of Five Directors viz.,

Sri D.Seetharamaiah	Chairman
Sri R.S.Bakkannavar	Member
Dr. T.Hanuman Chowdary	Member
Sri T.Gopichand	Member
Sri K. Rama Rao	Member

During the year, the Committee has met 1 times on 06.09.2013 and all the members were present at the meeting.

## 4. General Body Meetings:

The date, time and venue of the Annual General Body Meetings held during the preceding three years and the special Resolution (s) passed thereat are as follows:

Year	AGM	Location	Date	TIME	SPECIAL RESOLUTION PASSED
2010-11	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	August 30 <sup>th</sup> 2011	10.00 A.M	<ul style="list-style-type: none"> <li>• Reappointment of Sri. T. Gopichand as Vice Chairman and Managing Director</li> <li>• Appointment of Sri. K.Rama Rao as Whole Time Director of the Company</li> <li>• Inserted new Article 3 (h) in the Articles of Association of the Company (Employees Stock Option Scheme and Employees Stock Purchase Scheme)</li> </ul>
2011-12	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	September 28 <sup>th</sup> , 2012	10.00 A.M	Nil
2012-13	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	September 30 <sup>th</sup> , 2013	3.00 P.M	Nil

All the special resolutions were passed on show of hands with requisite majority.

No special resolution was passed through Postal Ballot during the Financial Year 2013-14.

## 5. Disclosures:

### i. Significant related party transactions:

During the F.Y.2013-14 certain transactions were entered into with related parties. The details thereof are given under note number 33 forming a part of the Financial Statements.

- ii. There were no occasions of non compliance by the Company and no penalties or strictures were imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to Capital markets, during the last three years.
- iii. The company has complied with all the applicable mandatory requirements of the Clause 49 of the Listing Agreement and also has complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the stock exchanges:
  - The company has constituted a Nomination & Remuneration Committee.
  - During the year under review, there is no audit qualification in the company's financial statements.
  - The Company has adopted a written whistle blower policy at its Board Meeting held on 30.05.2014.
  - The Board of Directors will explore the possibility of introducing all non-mandatory items on a need-based manner.

## 6. Means of Communication:

The quarterly and annual financial results of the Company are published in English newspaper Financial Express and vernacular newspaper Andhra Prabha shortly after its submission to the Stock Exchanges. The results are also displayed on the Company's website [www.terasoftware.com](http://www.terasoftware.com).

The Company's website [www.terasoftware.com](http://www.terasoftware.com) contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of Clause 47 of the Listing Agreement.



## 7. General Shareholder Information:

i. Annual General Meeting (Day, Date, Time and Venue):	Tuesday, 30 <sup>th</sup> September, 2014 at 3.00 p.m at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500 033
ii. Financial Year:	The financial year of the Company covers the financial period from April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Agreement.
iii. Date of Book Closure:	22 <sup>nd</sup> September, 2014 to 27 <sup>th</sup> September, 2014 (both days inclusive).
iv. Listing on stock exchanges:	i. Bombay Stock Exchange Limited (BSE) ii. Bangalore Stock Exchange Limited (BgSE)  Annual listing fee for the year 2014-15 has been paid by the Company to BSE and BgSE.
v. Stock codes:	BSE : 533982 BgSE : TASL
vi. Company's ISIN:	INE482B01010

## vii. Market price data

The monthly high and low stock quotations during the last financial year in Bombay Stock Exchange Limited are given below:

Month	Bombay Stock Exchange Limited	
	Month's High Price	Month's Low Price
April 2013	32.95	26.00
May 2013	29.80	22.25
June 2013	25.65	19.20
July 2013	27.00	21.05
August 2013	25.00	17.80
September 2013	23.95	19.10
October 2013	23.90	20.20
November 2013	24.40	18.10
December 2013	19.00	16.00
January 2014	24.00	17.75
February 2014	22.00	15.50
March 2014	17.90	14.35

The equity shares of the Company were not traded on the Bangalore Stock Exchange Limited as reported by the Stock Exchange.

## viii. Registrars and Transfer Agents

Karvy Computershare Private Limited  
 Plot No.17-24, Vittal Rao Nagar,  
 Madhapur, Hyderabad - 500 081.  
 Tel:+91 40-44655000  
 Fax +91 40-23354042  
 e-mail: einward.ris@karvy.com  
 Website: www.karvy.com

## ix. Share transfer system

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being found valid and complete in all respects.

The Company appointed M/s. Karvy Computershare Private Limited as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

## x. Distribution of shareholding as on March 31, 2014

Category (Shares)	Holders	Shares	% of TotalShares
1-5000	4923	7,70,017	6.15
5001- 10000	525	4,04,768	3.24
10001- 20000	263	3,92,027	3.13
20001- 30000	100	2,51,619	2.01
30001- 40000	69	2,40,296	1.92
40001- 50000	32	1,49,228	1.19
50001- 100000	74	5,45,980	4.36
100001 & Above	119	97,57,940	77.99
<b>Total:</b>	<b>6105</b>	<b>1,25,11,875</b>	<b>100%</b>

Shareholding pattern as on March 31, 2014:

Sl. No.			Total Shares	% to Total
<b>A.</b>	<b>Shareholding of Promoter &amp; Promoter Group:</b>			
	<b>Indian</b>			
	Individuals/HUF	11	58,24,184	46.55
	Foreign	Nil	Nil	Nil
<b>B.</b>	<b>Public Shareholding:</b>			
	<b>Institutions</b>			
	Foreign Institutional Investors	Nil	Nil	Nil
	<b>Non-Institutions:</b>			
	Bodies Corporate	128	6,36,641	5.09
	Individuals			
	Individual Shareholders holding nominal share capital up to Rs.1 Lakh.	5788	25,53,013	20.40
	Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh.	89	31,56,512	25.23
	Any Other (Specify) NRI/OCB	78	2,59,645	2.08
	Any Others – Clearing Members	9	1,917	0.02
	Any Others – Trust	2	79,963	0.64
<b>C.</b>	<b>Shares held by Custodians etc.</b>	Nil	Nil	Nil
	<b>Total</b>	<b>6105</b>	<b>1,25,11,875</b>	<b>100.00</b>

## xi. Dematerialization of Shares:

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN: **INE482B01010**. As on March 31<sup>st</sup>, 2014, 98.91 % of the totals shares of the Company have been dematerialized.

Trading in equity shares of the Company is permitted only in dematerialized form as per the notification issued by the Securities and Exchange Board of India (SEBI). The Company's shares are liquid and actively traded.

## xii. Outstanding of unclaimed dividend amounts:

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund. In compliance with Sections 205A (6) & 205A(7) of the Companies Act, 1956, the Company transferred on 19-11-2013 the unclaimed dividend amounting to Rs.3,56,714 pertaining to the year 2005-2006 to the Investor Education and Protection Fund.

Details of outstanding amount of unclaimed dividend lying in Unpaid Dividend Account year wise as on 31.03.2014:

F.Y	2006-07	2007-08	2008- 09	2009-10	2010-11	2011-12	2012-13
Unclaimed Dividend Amount in Rs.	4,35,634	2,48,490	2,48,134	2,07,162.50	5,14,574	3,25,244	1,32,613

## xiii. Location of our software development center:

# 8-2-293/82/A/1107  
Plot No: 1107, Road No: 55,  
Jubilee Hills, Hyderabad-500033  
Tel.Nos.040-23540446, 040 – 23547447/8,  
Fax : 040 - 23547449  
E-Mail: [info@terasoftware.com](mailto:info@terasoftware.com)  
Url: [www.terasoftware.com](http://www.terasoftware.com)

## xiv. Address for Correspondence:

### Company

**M/s.Tera Software Limited**  
#8-2-293/82/A/1107  
Plot No: 1107, Road No: 55,  
Jubilee Hills, Hyderabad-500033  
Tel.Nos.040-23540446, 040 - 23547447/8  
Fax : 040 - 23547449  
CIN: L72200TG1994PLC018391  
E-Mail: [info@terasoftware.in](mailto:info@terasoftware.in) /  
[investors@terasoftware.in](mailto:investors@terasoftware.in)  
Url: [www.terasoftware.com](http://www.terasoftware.com)

### Registrars and Transfer Agent

**Karvy Computershare Private Limited**  
Plot No.17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel:+91 40-44655000  
Fax +91 40-23354042  
e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)

## SECRETARIAL AUDIT REPORT

To  
The Board of Directors,  
Tera Software Limited  
Plot No.1107, Jubilee Hills,  
Hyderabad-500033

I have examined the registers, records and documents of M/S.TERA SOFTWARE LIMITED ("the Company") having CIN No. L72200TG1994PLC018391 for the financial year ended on 31<sup>st</sup> March, 2014 according to the provisions of:

- ☞ The Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated September 12, 2013;
- ☞ The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act ;
- ☞ The Securities Contracts (Regulation) Act, 1956('SCRA') and the Rules made under that Act;
- ☞ The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- ☞ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
- ☞ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- ☞ The Equity Listing Agreements with Bombay Stock Exchange Limited and Bangalore Stock Exchange Limited. and
- ☞ The Memorandum and Articles of Association of the Company.

Based on the registers, records and documents produced to me and according to information and explanations given to me by the Company, I report that the Company has,

1. Complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O.2754(E) dated September 12, 2013 ("the Act") and the Memorandum and Articles of Association of the Company, with regard to:
  - ✓ Maintenance of various Statutory Registers and Documents and making necessary entries therein;
  - ✓ Closure of the Register of Members.
  - ✓ Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
  - ✓ Service of documents by the Company on its Members, Auditors and Registrar of Companies;
  - ✓ Notice of Board Meetings and Committee Meetings of Directors;
  - ✓ the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - ✓ The 19<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September,2013;
  - ✓ Minutes of proceedings of General Meetings and of Board and its Committee Meetings;
  - ✓ Approvals of the members, the Board of Directors, the Committees of the Directors and government authorities, wherever required;
  - ✓ Constitution of the Board of Directors\Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Whole –time Directors;
  - ✓ Payment of Remuneration to the Managing Director and Whole –time Directors;
  - ✓ Appointment and Remuneration of Auditors;
  - ✓ Transfers and Transmissions of the Company's Shares and delivery of duplicate share certificates;
  - ✓ payment of fixed deposit and interest thereon;
  - ✓ Declaration and payment of Dividends;
  - ✓ Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
  - ✓ Borrowings and registration, modification and satisfaction of charges;
  - ✓ From the Balance Sheet as prescribed under part-I of Schedule-VI to the Act and requirements as to profit and Loss Accounts as per Part-II of the said Schedule;
  - ✓ Board's Report;
  - ✓ Contracts, common seal, registered office and publication of name of the Company; and
  - ✓ Generally, all other applicable provisions of the Act and the Rules made under that Act.

2. I further report that:
  - (a) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
  - (b) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being Independent and compliance with the Company's Code of Conduct and Code of Conduct for Prevention of Insider Trading.
  - (c) The Company has obtained all necessary approvals under the various provisions of the Act; and
  - (d) There was no prosecutions initiated and no fines and penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA Act, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against/on the Company, its Directors and Officers.
3. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
4. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed there under by the Depositories with regard to dematerialization/rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
5. I further report that:
  - (a) The Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and Bangalore Stock Exchange Limited;
  - (b) The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
  - (c) The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

For C. V. REDDY K & ASSOCIATES  
COMPANY SECRETARIES

PLACE: HYDERABAD  
DATE: 22.07.2014

Sd/-  
K.CH. VENKAT REDDY  
CP NO 8998

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To  
The Members of Tera Software Limited.

As required under Clause 49(I) (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31<sup>st</sup> March, 2014.

Place: Hyderabad  
Date: 07.08.2014

Sd/-  
**(T.Gopichand)**  
Vice Chairman and Managing Director

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**NARVEN ASSOCIATES**  
Chartered Accountants  
302 & 303, Lingapur House,  
Himayat Nagar, Hyderabad

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Tera Software Limited,

We have examined the compliance of conditions of Corporate Governance by Tera Software Limited ("the Company"), for the year ended on 31<sup>st</sup> March 2014, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad.  
Date : 07.08.2014

**For NARVEN ASSOCIATES**  
Chartered Accountants  
Firm Reg. No: 005905S

Sd/-  
**(CA G.V.Ramana)**  
Partner  
Membership No : 025995

## **CERTIFICATE BY VICE CHAIRMAN AND MANAGING DIRECTOR (VC & MD) AND CHIEF FINANCIAL OFFICER**

We, T.Gopichand, Vice Chairman and Managing Director and B.Dattathreyulu Naidu, Chief Financial Officer of Tera Software Limited, certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2014 and that to the best of our knowledge and belief;
  - i. these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - ii. these statements present a true view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
  - i. Significant changes in internal controls during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date: 30.05.2014

Sd/-  
(T.Gopichand)  
**Vice Chairman and Managing Director**

Sd/-  
(CA. B.Dattathreyulu Naidu)  
**Chief Financial Officer**

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**TERA SOFTWARE LIMITED,**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **TERA SOFTWARE LIMITED**, ("THE Company") Which comprise the Balance sheet as at March 31<sup>st</sup>, 2014, the statement of Profit and Loss and The Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The companies management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - b) In the case of the statement of profit and loss, of the profit for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

6. As required by The Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by section 227(3) of the Act, 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 appears from our examination of those books.
  - c) The Balance Sheet, the statement of profit and loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the Balance Sheet, the statement of profit and loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For NARVEN ASSOCIATES  
Chartered Accountants  
Firm Reg.No: 0059055

Place: Hyderabad  
Date: 30.05.2014

Sd/-  
(CA G.V.Ramana)  
Partner  
Membership No: 025995

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## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 6 under the heading of "Report on other Legal Regulatory Requirements" of our report of even date.

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;
  - b) As explained to us, all the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed have been properly dealt with in the books of account;
  - c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories:
  - a) As explained to us, the inventories of the company have been physically verified by the management at reasonable intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;
  - c) In our opinion the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material.
3. In respect of loans, secured 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 had not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act'1956. Accordingly, clauses (iii)(b) to (iii)(d) of the aforesaid order are not applicable to the company.
  - b) During the year, the company had not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act'1956. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.5 lakhs and the year-end balance is Rs. Nil.
4. 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 for purchase of inventory, fixed assets and for the sale of goods and Services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
5. In respect of the contracts or arrangements referred to in section 301 of the companies act,1956
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in 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, there are no transactions in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- (Rupees five lakh ) or more in respect of any party.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business;
8. According to the information and explanations given to us the company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the company.
9. In respect of statutory dues:
  - a) According to the records of the company and the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable except. As explained to us, the Excise Duty and Customs Duty are not applicable to the company;
  - b) According to the information and explanations given to us, there are no dues in respect of Income Tax, Excise Duty, Customs Duty, Wealth Tax, Service tax, Sales Tax and Cess that have not been paid to the concerned authorities on account of any dispute other than the following;

S.No.	Name of the Statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
1	AP VAT Act, 2005	Value Added Tax	339,455	2007-08	High Court of AP
2	AP VAT Act, 2005	Value Added Tax	1,430,252	2006-07	High Court of AP
3	AP VAT Act, 2005	Value Added Tax	1,430,252	2005-06	High Court of AP
4	APGST Act, 1957	Sales Tax	2,860,507	2004-05	High Court of AP
5	APGST Act, 1957	Sales Tax	3,580,063	2003-04	High Court of AP
6	APGST Act, 1957	Sales Tax	1,430,253	2002-03	High Court of AP
7	The Kerala VAT Rules, 2005	Value Added Tax	84,16,222	2005-06	Deputy Commissioner (Appeals), Kerala
8	The Kerala VAT Rules, 2005	Value Added Tax	61,50,240	2006-07	Deputy Commissioner (Appeals), Kerala
9	The Kerala VAT Rules, 2005	Value Added Tax	7,42,446	2007-08	Deputy Commissioner (Appeals), Kerala
10	The Kerala VAT Rules, 2005	Value Added Tax	8,52,280	2008-09	Deputy Commissioner (Appeals), Kerala
11	The Kerala VAT Rules, 2005	Value Added Tax	4,66,474	2009-10	Deputy Commissioner (Appeals), Kerala

10. The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the year or in the immediately preceding financial year;
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
13. The Company is not a chit/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments; accordingly, clause 4(xiv) of the Order is not applicable.

15. On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions;
16. According to the information and explanations given to us and on the basis of our examination of the books of account, the term loans obtained by the Company were applied for the purpose for which such loans were obtained.
17. On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register Maintained under Section 301 of the Companies Act'1956.
19. The Company has not issued any Debentures during the year;
20. The Company has not raised any money by public issue during the year;
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For NARVEN ASSOCIATES  
Chartered Accountants  
Firm Reg. no: 005905S

Sd/-  
(CA G.V.Ramana)  
Partner  
Membership No: 025995

Place: Hyderabad  
Date: 30.05.2014

# Tera Software Limited



## BALANCE SHEET AS AT 31st March 2014

(Rs. in lakh)

Particulars	Note No	As at 31 March 2014		As at 31 March 2013	
<b>Equity and Liabilities</b>					
<b>(1) Shareholders' funds</b>					
(a) Share capital	1	1,251.19		1,251.19	
(b) Reserves and surplus	2	7,061.16		6,975.94	
			<b>8,312.35</b>		<b>8,227.13</b>
<b>(2) Non-current liabilities</b>					
(a) Long-term borrowings	3	226.79		866.97	
(b) Deferred tax liabilities (Net)	4	390.28		535.19	
(c) Other Long term liabilities	5	1,090.77		1,012.46	
(d) Long-term provisions	6	10.65		31.65	
			<b>1,718.49</b>		<b>2,446.27</b>
<b>(3) Current liabilities</b>					
(a) Short-term borrowings	7	3,584.21		4,400.80	
(b) Trade payables	8	2,711.24		5,477.64	
(c) Other current liabilities	9	1,633.66		2,197.64	
(d) Short-term provisions	10	555.98		521.84	
			<b>8,485.09</b>		<b>12,597.92</b>
<b>Total Liabilities</b>			<b>18,515.93</b>		<b>23,271.32</b>
<b>Assets</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	11	3,536.04		4,723.38	
(ii) Capital work-in-progress		750.43		699.48	
(b) Long-term loans and advances	12	547.34		630.14	
(c) Other non-current assets	13	84.03		16.99	
			<b>4,917.84</b>		<b>6,069.99</b>
<b>(2) Current assets</b>					
(a) Inventories	14	604.71		170.03	
(b) Trade receivables	15	11,519.00		15,219.61	
(c) Cash and cash equivalents	16	741.23		1,191.39	
(d) Short-term loans and advances	17	667.59		497.40	
(e) Other current assets	18	65.56		122.90	
			<b>13,598.09</b>		<b>17,201.33</b>
<b>Total Assets</b>			<b>18,515.93</b>		<b>23,271.32</b>

As per our report of even date

For and on behalf of Board of Directors

for NARVEN ASSOCIATES

F R No.:0059505S

Chartered Accountants

Sd/-  
(CA. G.V. Ramana)  
Partner  
M.No.:025995

Sd/-  
(T. Gopichand)  
Vice Chairman & Managing Director

Sd/-  
(K. Rama Rao)  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2014

Sd/-  
(CA. B.D. Naidu)  
Chief Financial Officer

Sd/-  
(CS. M. Srilakshmi)  
Company Secretary

## STATEMENT OF PROFIT and LOSS for the year ended 31st March 2014

(Rs. In Lakh)

Particulars	Note No	for the year ended 31 March 2014	for the year ended 31 March 2013
<b>Continuing Operations</b>			
Revenue from operations (Gross)	19	10,156.23	14,341.88
Other income	20	122.60	201.70
<b>Total Revenue</b>		<b>10,278.83</b>	<b>14,543.58</b>
<b>Expenses</b>			
(1) Purchases of Stock-in-Trade		2,150.38	4,024.12
(2) Changes in inventories of Stock-in-Trade	21	(497.95)	(17.18)
(3) Employee benefits expense	22	1,875.41	1,589.67
(4) Finance costs	23	957.93	1,184.39
(5) Depreciation & amortization expense	11	1,002.47	1,099.31
(6) Other expenses	24	4,364.15	6,026.45
<b>Total Expenses</b>		<b>9,852.39</b>	<b>13,906.76</b>
<b>Profit before extraordinary items and tax</b>		<b>426.44</b>	<b>636.82</b>
Extraordinary Items		-	20.00
<b>Profit before tax</b>		<b>426.44</b>	<b>616.82</b>
<b>Less: Tax expense</b>			
(1) Current tax (MAT)		369.02	123.41
Less: MAT Credit		-	(78.48)
(2) Tax Expenses relating to Earlier Years		-	169.39
(3) Deferred tax		(144.91)	46.06
<b>Profit for the year</b>		<b>202.33</b>	<b>356.44</b>
<b>Earnings per equity share</b>			
(1) Basic		1.62	2.85
(2) Diluted		1.62	2.85
Significant Accounting Policies notes on Financial Statement	1 to 37		

As per our report of even date

For and on behalf of Board of Directors

for NARVEN ASSOCIATES

F R No.:0059505S

Chartered Accountants

Sd/-  
(CA. G.V. Ramana)  
Partner  
M.No.:025995

Sd/-  
(T. Gopichand)  
Vice Chairman & Managing Director

Sd/-  
(K. Rama Rao)  
Wholtime Director

Place : Hyderabad  
Date : 30.05.2014

Sd/-  
(CA. B.D. Naidu)  
Chief Financial Officer

Sd/-  
(CS. M. Srilakshmi)  
Company Secretary

## Cash Flow Statement for the year 2013-14

(Rs. in Lakh)

Particulars	2013-14		2012-13	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax as per Profit & Loss Statement		426.44		616.82
<i>Adjustments for:</i>				
Depreciation and amortisation	1,002.47		1,099.31	
Depreciation of earlier years adjusted	-		(12.67)	
Liabilities No Longer Required, Written Back	(13.56)		(61.94)	
(Profit) / loss on sale / write off of assets(net)	1.03		(52.03)	
Provision For Doubtful, & Bad Debts Written off	61.53		5.00	
Finance costs	957.93		1,184.39	
Interest income	(54.81)		(75.06)	
		<b>1,954.59</b>		<b>2,087.00</b>
Operating profit before working capital changes		<b>2,381.03</b>		<b>2,703.82</b>
<i>Adjusted for:</i>				
Trade receivables	3,639.08		(1,277.92)	
Movement in Other Current Assets	23.92		49.73	
Movement in Advances & Deposits	44.59		618.07	
Inventories	(434.68)		(17.18)	
Trade & Other Payables	(2,404.13)		834.35	
		<b>868.78</b>		<b>207.05</b>
Cash generated from operations		<b>3,249.81</b>		<b>2,910.87</b>
Net income tax (paid) / refunds		(168.05)		(309.26)
<b>Net cash flow from operating activities (A)</b>		<b>3,081.76</b>		<b>2,601.61</b>
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets		(151.98)		(442.99)
Sale of Fixed Assets		299.70		345.32
Interest Income Received		71.08		79.40
<b>Net cash flow from Investing activities (B)</b>		<b>218.80</b>		<b>(18.27)</b>

<b>C. Cash flow from financing activities</b>			
Proceeds from Long Term Barrowings	11.00		38.32
Repayment of Long Term Barrowings	(1,448.44)		(1,776.36)
Short Term Barrowings (Net)	(827.59)		81.41
Dividends & Dividend Tax Paid	(148.06)		(289.78)
Interest Paid	(967.92)		(1,185.86)
<b>Net cash flow from Financing activities (C)</b>	<b>(3,381.01)</b>		<b>(3,132.27)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(80.45)</b>		<b>(548.93)</b>
Opening balance of Cash and cash equivalents	<b>503.94</b>		<b>1,052.87</b>
<b>Closing balance of Cash and cash equivalents</b>	<b>423.49</b>		<b>503.94</b>
<b>Components of Cash and Cash Equivalents</b>			
Cash and cheques on Hand	4.48		140.80
Balances with Banks			
-On Current Accounts	389.00		326.69
-On Deposit Accounts	347.75		723.90
Cash and cash Equivalent as per Note 16	<b>741.23</b>		<b>1,191.39</b>
Less: Fixed Deposits not considered as cash equivalents	42.14		41.14
Less: Margin Money Deposits	275.60		646.31
	<b>423.49</b>		<b>503.94</b>

As per our report of even date

For and on behalf of Board of Directors

**for NARVEN ASSOCIATES**

F R No.:0059505S

Chartered Accountants

Sd/-  
(CA. G.V. Ramana)  
Partner  
M.No.:025995

Sd/-  
(T. Gopichand)  
Vice Chairman & Managing Director

Sd/-  
(K. Rama Rao)  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2014

Sd/-  
(CA. B.D. Naidu)  
Chief Financial Officer

Sd/-  
(CS. M. Srilakshmi)  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES:

I. Following are the significant accounting policies adopted by the Company.

### 1. Preparation and presentation of financial statements.

#### 1. BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountant of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

#### 2. USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known / materialized.

### 2. Fixed Assets & Depreciation:

- i. Fixed assets are stated at the cost, less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies and any other costs relating to the acquisition and installation of the assets. Interest and financing charges on borrowed funds, if any, used to finance the acquisition of fixed assets, which take substantial time until the assets are ready for use, are capitalized and included in the cost of the asset.
- ii. Capital work-in-progress towards the acquisition of fixed assets, and the cost of assets not put to use before the year-end, are disclosed under capital work-in-progress.
- iii. Fixed Assets acquired under finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments.
- iv. Depreciation on the Fixed Assets of the Company is provided on Straight-line method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis.
- v. The Fixed Assets of National Population Register (NPR) project is depreciated over a period of 36 months which is the expected useful life of the Asset.
- vi. Capital Expenditure incurred on Projects Division is written-off over the tenure of the project period for the projects where the company is required to transfer the assets to the customer at the end of the project period and for other capital assets the depreciation is provided as per the clause (iv) above.
- vii. Assets acquired under finance lease, where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated as per the clause (iv) above.

### 3. Revenue Recognition:

The company generally follows mercantile system of accounting and recognizes significant items of income on accrual basis.

- a) Revenue from sale of goods is recognized on transfer of significant risks and reward of ownership in the goods to the customers.
- b) Revenue from sale of software products is recognized when the sale is completed with the passing of title to the customers and revenue from software development on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of contracts.
- c) Revenue from Technical Services is recognized on a pro-rata basis over the period in which such services are rendered.
- d) Revenue from Maintenance Contracts is recognized on a pro-rata basis over the period in which such services are rendered.
- e) Revenue from Agency Commission is recognized as and when it is receivable.
- f) Interest Income on term deposits is recognized using the time-proportion method, based on interest rates implicit in the transaction.



- g) Revenue from Projects Division is recognized on pro-rate basis as per the terms of the contract over the life of the project.
- h) Other items of income are accounted as and when right to receive arises.
- i) Unbilled revenues represent cost and earnings in excess of billings as at the balance sheet date.
- j) Income on investments and dividends on units is recognized as and when right to receive the same is established.

## 4. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities. The cost of software purchased for use in software development and services is charged to revenue in the same year. Provisions for deductions towards under performance of service level deliverables on services are estimated by the management, determined on the basis of past experience.

## 5. Inventories:

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw materials and the finished goods are valued on the basis of First in First out (FIFO) method.

## 6. Investments:

- i. Long-Term Investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.
- ii. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

## 7. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## 8. Benefits to employees:

- i. Short-Term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.
- ii. Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable to the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.
- iii. Other long-term/short-term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, as the discounting rate.
- iv. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

### v. Provident Fund:

The company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act, 1952.

## 9. Foreign Currency transaction:

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- ii. Monetary items denominated in foreign currencies at the year-end and not covered by forward exchange contracts are translated at the rates of exchange at the balance sheet date and resulting gain or loss is recognized in the profit and loss account.

## 10. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## 11. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

## 12. Product Warranty Expenses:

Liabilities for warranties are recognized at the time, the claim is passed. The necessary provisions are made with respective to warranties claimed and passed pertaining to the year, as are received up to the end of one month from the close of the year.

## 13. Claims Receivable:

Claims receivable are accounted for depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

## 14. Income Tax:

Provision for income tax is made for both current and deferred taxes. Provision for current Income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates was recognized using the tax rates and tax laws that have been enacted or substantively enacted by balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 15. Earnings per share

1. Basic Earnings per Share: In determining earnings per share, the company considers the net profit after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the year.
2. Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

The number of shares and potential dilutive equity shares are adjusted for any bonus issues.

## 16. Leases:

### a) FINANCE LEASE:

1. Assets given under finance lease are recognized as a sale transaction in the Profit and Loss Account and are treated like other outright sales.

The Finance Lease amount is shown as the receivables at an amount equal to the net investment in the lease.

Finance lease income is recognized over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

2. Assets acquired under leases where the company has substantially transferred all the risk and rewards of ownership are classified as finance lease. Such assets are capitalized at the inception of the lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

### b) OPERATING LEASE:

1. Rentals are expensed with reference to the Lease terms and other considerations.

## 17. Sales:

Sales are stated at net of returns and exclusive of sales tax.

## Notes forming part of the Financial Statements

### 1 SHARE CAPITAL

(Rs. In lakh)

Particulars	Number of shares as at 31.03.2014	As at 31.03.2014	Number of shares as at 31.03.2013	As at 31.03.2013
<b>Authorised:</b>				
2,50,00,000 Equity Shares of Rs 10/- each.	250.00	2,500.00	250.00	2,500.00
<b>Issued, subscribed and paid up:</b>				
1,25,11,875 Equity Shares of Rs 10/- each fully paid up	125.12	1,251.19	125.12	1,251.19
<b>TOTAL</b>	<b>125.12</b>	<b>1,251.19</b>	<b>125.12</b>	<b>1,251.19</b>

#### 1.1 Details of shareholders holding more than 5% of total number of shares (Shares in lakh)

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	Number of Shares held	% out of total number of shares of the company	Number of Shares held	% out of total number of shares of the company
Tummala Gopichand	30.90	24.69%	29.92	23.91%
Tummala Pavana Devi	19.63	15.69%	19.06	15.23%
<b>TOTAL</b>	<b>50.53</b>	<b>40.38%</b>	<b>48.98</b>	<b>39.15%</b>

#### 1.2 Reconciliation of Number of Shares:

Particulars	Equity Shares as at 31.03.2014		Equity Shares as at 31.03.2013	
	No.of Shares	Amount	No.of Shares	Amount
Shares outstanding at the beginning of the year	125.12	1,251.19	125.12	1,251.19
Add: Shares Issued during the year	-	-	-	-
	125.12	1,251.19	125.12	1,251.19
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>125.12</b>	<b>1,251.19</b>	<b>125.12</b>	<b>1,251.19</b>

## 2. RESERVES AND SURPLUS

(Rs. in Lakh)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Securities Premium Reserve</b>		
Figures as at the end of the previous reporting period	851.00	851.00
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	<b>851.00</b>	<b>851.00</b>
<b>General Reserve</b>		
Figures as at the end of the previous reporting period	3,824.76	3,774.76
Additions	10.00	50.00
Deductions	-	-
Figures as at the end of current reporting period	<b>3,834.76</b>	<b>3,824.76</b>
<b>Surplus in Profit and Loss Account</b>		
Figures as at the end of the previous reporting period	2,300.18	2,139.16
Add: Profit for the year	202.33	356.44
Less: Proposed dividend	(100.10)	(125.12)
: Tax on Proposed dividend	(17.01)	(20.30)
: Transfer to General Reserves	(10.00)	(50.00)
Figures as at the end of current reporting period	<b>2,375.40</b>	<b>2,300.18</b>
<b>Total of Reserves and Surplus</b>	<b>7,061.16</b>	<b>6,975.94</b>

## 3. LONG TERM BORROWINGS

Particulars	As at 31 March 2014	As at 31 March 2013
<b>A. Secured</b>		
i. Term loans		
-from banks	-	445.50
ii. Long term maturities of finance lease obligations	226.79	421.47
<b>Total (a)</b>	<b>226.79</b>	<b>866.97</b>
<b>B. Unsecured</b>		
i. Deposits	-	-
<b>Total (b)</b>	-	-
<b>Total (a+b)</b>	<b>226.79</b>	<b>866.97</b>

Of the above

- 3.1 The Term Loan from bank is a Rupee Term Loan taken from Canara Bank which carries interest rate of base rate + 3.5% i.e 13.5% p.a. (floating). It is repayable in 30 equal monthly instalments. Equipment procured out of Term Loan are secured by way of Hypothecation of Equipment on Exclusive charge basis and personal guarantee given by the Vice Chairman & Managing Director, Whole-Time Director and Director of the Company.

Collateral Security of Industrial Land and Shed there in Survey Nos. 179,180, 180A & 181,182, 184 & 184A situated at Annaram Village, Jinnaram Mandal, Medak District, and Sy No. 219E of Gagilapur Village, Quthubullapur Mandal, Ranga Reddy District, admeasuring 15 acres 19 guntas of land and 165483 Sft Plinth area of shed.

- 3.2 6,23,700 shares are pledged in favour of Canara Bank as per terms and Conditions of their Sanction Letter.
- 3.3 Deposits from Shareholders and others are taken during the financial year 2010-11 carry interest of 11% p.a. and are repayable in 1 year. (Previous year - repayable in 1 year).
- 3.4 In respect of Fixed Assets acquired on Finance Lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March 2013 are as follows:

(Rs. in Lakh)

Period	Total Minimum Lease Payments Outstanding **		Future Interest Outstanding	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Payable within 1 year	198.42	367.72	41.55	73.89
Payable between 1-5 years	226.79	421.47	17.79	64.61
<b>TOTAL</b>	<b>425.21</b>	<b>789.19</b>	<b>59.34</b>	<b>138.50</b>

\*\* Lease term ranges between 3-5 years

\*\* Finance lease obligations are secured against the leased assets

## 4. DEFERRED TAX LIABILITY

Particulars	As at 31 March 2014		As at 31 March 2013	
i. Relating to Fixed Assets		739.44		812.83
ii. Disallowance under the Income Tax Act, 1961	(182.19)		(161.71)	
iii. Provision for doubtful debts	(166.97)	(349.16)	(115.93)	(277.64)
<b>Total</b>		<b>390.28</b>		<b>535.19</b>

## 5. OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
i. Advance from Customers	397.83	263.83
ii. Security Deposits from Vendors	692.94	748.63
<b>Total</b>	<b>1,090.77</b>	<b>1,012.46</b>

## 6. LONG-TERM PROVISIONS

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Provision for employee retirement benefits</b>		
Gratuity	10.65	31.65
<b>Total</b>	<b>10.65</b>	<b>31.65</b>

## 7. SHORT-TERM BORROWINGS

Particulars	As at 31 March 2014	As at 31 March 2013
<b>A. Secured</b>		
i. Loans repayable on demand : from banks	3,531.21	4,358.80
<b>Total (a)</b>	<b>3,531.21</b>	<b>4,358.80</b>
<b>B. Unsecured</b>		
i. Deposits	53.00	42.00
<b>Total (b)</b>	<b>53.00</b>	<b>42.00</b>
<b>Total (a+b)</b>	<b>3,584.21</b>	<b>4,400.80</b>

- 7.1 Working Capital Loans given by Bank of Maharashtra are secured by way of hypothecation of Land and Buildings situated at Jubilee hills Hyderabad and Srinagar colony, Computers and Peripherals, Stock in trade, Software in process, book debts and personal guarantee given by the Vice Chairman & Managing Director, Whole-Time Director and Director of the Company.
- 7.2 Working Capital Loan taken from Canara Bank is secured by way of hypothecation on paripassu first charge basis along with Bank of Maharashtra and collateral Security of Industrial Land and Buildings situated at Annaram Village, Hyderabad by way of Equitable Mortgage on exclusive charge basis.
- 7.3 Deposits from Shareholders are taken during the financial year 2012-13 and carry a interest of 12% p.a. and are repayable in 1 year.

## 8. TRADE PAYABLES

(Rs. in Lakh)

Particulars	As at 31 March 2014	As at 31 March 2013
Dues to: Micro, Small and Medium Micro Enterprises *		
<b>Others</b>		
i. Creditors for Services	1,705.45	3,431.31
ii. Creditors for Goods	1,005.79	2,046.33
<b>Total</b>	<b>2,711.24</b>	<b>5,477.64</b>

\* Based on the information available with the company, on which auditors relied upon.

## 9. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
i. Current maturities of long-term debt	422.62	1,061.58
ii. Current maturities of finance lease obligations	198.42	367.72
iii. Interest accrued but not due on borrowings	7.31	17.29
iv. Income received in advance	242.00	12.42
v. Unpaid dividends	21.12	23.77
vi. Sundry Creditors for Capital Goods	54.37	26.41
vii. Expenses Payable	408.51	539.28
viii. Statutory Expenses Payable	279.31	149.17
<b>Total</b>	<b>1,633.66</b>	<b>2,197.64</b>

## 10. SHORT-TERM PROVISIONS

Particulars	As at 31 March 2014	As at 31 March 2013
i. Gratuity	60.72	37.47
ii. Provision for Leave Travel Allowance	0.17	0.17
iii. Proposed Final Dividend Payable	100.10	125.12
iv. Tax Payable on Distributed Profit	17.01	20.30
v. Provision for Income Tax: (net of advance Tax & TDS)	-	-
vi. Provision for under performance of service level deliverable	377.98	338.78
<b>Total</b>	<b>555.98</b>	<b>521.84</b>

## 11. FIXED ASSETS

(Rs. in Lakh)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-04-2013	Additions during the year	Deductions during the year	Adjustment during the year***	As at 31-03-14	For the Year	On deductions	on Adjustment ***	As at 31-03-14	As at 31-03-13
<b>i. TANGIBLE</b>										
Land	112.82				112.82	-	-		112.82	112.82
Buildings	548.92				548.92	8.95	-		507.94	516.89
Plant and Equipment	4,942.52	115.86	739.54		4,318.84	759.21	452.64		2,047.96	2,978.21
Furniture and Fixtures	233.90				233.90	19.86	-		159.86	179.72
Vehicles	53.61		21.78		31.83	3.20	7.95		8.51	25.54
Office equipment	21.88		-		21.88	1.04	-		12.79	13.83
Electrical & Fixtures:	255.61		-		255.61	12.14	-		197.50	209.64
Capital expenditure on Projects Div*	639.02		241.24		397.78	51.98	241.24		397.78	51.98
<b>Sub-total</b>	<b>6,808.28</b>	<b>115.86</b>	<b>1,002.56</b>	<b>-</b>	<b>5,921.58</b>	<b>856.38</b>	<b>701.83</b>	<b>-</b>	<b>3,047.38</b>	<b>4,088.63</b>
<b>Previous Year</b>	<b>6,673.43</b>	<b>572.11</b>	<b>299.85</b>	<b>137.41</b>	<b>6,808.28</b>	<b>953.22</b>	<b>131.30</b>	<b>12.67</b>	<b>4,088.63</b>	<b>4,763.03</b>
<b>LEASED ASSETS:</b>										
Plant and Equipment	901.25	-	-	-	901.25	146.09	-	-	488.66	634.75
<b>Sub-total</b>	<b>901.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>901.25</b>	<b>146.09</b>	<b>-</b>	<b>-</b>	<b>488.66</b>	<b>634.75</b>
<b>Previous Year</b>	<b>901.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>901.25</b>	<b>146.09</b>	<b>-</b>	<b>-</b>	<b>634.75</b>	<b>780.84</b>
<b>Total</b>	<b>7,709.53</b>	<b>115.86</b>	<b>1,002.56</b>	<b>-</b>	<b>6,822.83</b>	<b>1,002.47</b>	<b>701.83</b>	<b>-</b>	<b>3,536.04</b>	<b>4,723.38</b>
<b>Previous Year</b>	<b>7,574.68</b>	<b>572.11</b>	<b>299.85</b>	<b>137.41</b>	<b>7,709.53</b>	<b>1,099.31</b>	<b>131.30</b>	<b>12.67</b>	<b>4,723.38</b>	<b>5,543.87</b>
<b>ii. CAPITAL WORK IN PROGRESS **</b>									<b>750.43</b>	<b>699.48</b>

\* Total Assets acquired under Project Division are transferable to the respective Customers at the end of the tenure of the project.

\*\* After deducting Impairment Loss of Rs 110.01 lakhs.

\*\*\* Pertaining to CENVAT Credit of Rs 137.41 lakh on capital goods availed during the Financial Year 2012-13.

## 12. LONG-TERM LOANS AND ADVANCES

(Rs. in Lakh)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>(a) Secured, Considered Good</b>		
i. Capital Advances	14.90	1.78
ii. Security Deposits	532.44	628.36
	547.34	630.14
Less: Provision for bad and doubtful loans and advances		
<b>Total</b>	<b>547.34</b>	<b>630.14</b>

## 13. OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
Bank deposits maturity of more than 12 months	0.92	-
Margin Money Deposits maturity of more than 12 months	83.11	16.99
<b>Total</b>	<b>84.03</b>	<b>16.99</b>

## 14. INVENTORY

Particulars	As at 31 March 2014	As at 31 March 2013
Stock-in-trade	604.71	170.03
<b>Total</b>	<b>604.71</b>	<b>170.03</b>

## 15. TRADE RECEIVABLES

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months	8,537.73	8,251.67
Others	3,340.31	7,169.69
	11,878.04	15,421.36
Less: Provision for bad and doubtful debts	(359.04)	(201.75)
<b>Total</b>	<b>11,519.00</b>	<b>15,219.61</b>

## 16. CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2014	As at 31 March 2013
a. Cash on hand	4.48	3.11
b. Cheques, drafts on hand	-	137.69
c. Balances with banks		
i. Current Accounts	367.88	302.92
ii. Unpaid Dividend Accounts	21.12	23.77
iii. Margin Money Deposit Accounts	30.01	36.45
<b>Total (A)</b>	<b>423.49</b>	<b>503.94</b>
d. Other Bank Balances		
i. Deposit Accounts	42.14	41.14
ii. Margin Money Deposits	275.60	646.31
<b>Total (B)</b>	<b>317.74</b>	<b>687.45</b>
<b>Total (A) + (B)</b>	<b>741.23</b>	<b>1,191.39</b>



## 17. SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, Considered Good</b>		
Advance for Expenses	59.19	26.31
Others	608.40	471.09
<b>Total</b>	<b>667.59</b>	<b>497.40</b>

## 18. OTHER CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
Accrued Interest	16.25	32.52
Prepaid Expenses	49.31	64.26
SAD Receivables	-	23.92
Unbilled Revenue	155.57	157.77
Less: Provision for Unbilled	(155.57)	(155.57)
<b>Total</b>	<b>65.56</b>	<b>122.90</b>

## 19. REVENUE FROM OPERATIONS

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Sale of products	1,892.51	4,070.80
Sale of services	7,943.78	9,704.21
Other operating revenues	319.94	566.87
<b>Total</b>	<b>10,156.23</b>	<b>14,341.88</b>

## 20. OTHER INCOME

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Interest Income	54.81	75.06
Profit on Sale of Assets	1.83	52.03
Other non-operating income	65.96	74.61
<b>Total</b>	<b>122.60</b>	<b>201.70</b>

## 21. CHANGES IN INVENTORY OF STOCK IN TRADE

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Opening Stock	170.03	152.85
Less: Stock Trd to Opex	(63.27)	-
Less: Closing Stock	(604.71)	(170.03)
<b>Total</b>	<b>(497.95)</b>	<b>(17.18)</b>

## 22. EMPLOYEE BENEFITS EXPENSE

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Salaries and Wages	1,723.10	1,453.27
Contribution to PF and other funds	150.11	129.63
Staff welfare expenses	2.20	6.77
<b>Total</b>	<b>1,875.41</b>	<b>1,589.67</b>

## 23. FINANCE COSTS

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Interest expense	880.00	1,096.49
Other borrowing costs	77.93	87.90
<b>Total</b>	<b>957.93</b>	<b>1,184.39</b>

## 24. OTHER EXPENSES

Particulars	for the year ended 31 March 2014	for the year ended 31 March 2013
Power and fuel	113.77	77.27
Rent	64.43	74.02
Repairs to : Equipment	300.83	255.12
: Others	2.17	1.41
Insurance	26.42	28.03
Rates and taxes, excluding, taxes on income	24.35	19.39
Payments to Auditor as : auditor	12.00	10.00
: for other services	1.00	2.50
Consultancy, Professional Charges	83.83	73.94
Subcontracting Charges	2,445.69	4,111.28
Advertisement & Sales Promotion	2.80	2.58
Consumables	238.56	253.31
Lease Rentals Nalgonda Schools	115.82	163.47
Communication Charges	162.87	109.63
Courier & Postage	3.15	5.22
Printing & Stationery	6.58	9.63
Bad Debts written off	61.53	5.00
Provision for Doubtful Debts Written Back	(4.73)	-
Provision for Doubtful Debts (1)	162.02	-
Penalty for Service Level Non Deliverables	301.39	669.72
Provision for under performance of Service Level Deliverables (2)	52.47	0.43
Provision for Service Level Deliverables Written Back	(13.28)	(0.78)
Sitting fees	5.15	7.36
Travelling & Conveyance	98.50	102.30
Loss on Sales of Assets	2.86	-
Other Expenditure (3)	93.97	45.62
<b>Total</b>	<b>4,364.15</b>	<b>6,026.45</b>

1. Total provision made during the year is Rs.162.02 lakh (Previous year Rs NIL lakh), Provision written back of Rs 4.73 (Previous year Rs NIL lakh).
2. Total provision made during the year is Rs. 52.47 lakh (Previous year Rs 0.43 lakh), Provision written back of Rs 13.28 (previous year Rs 0.78 lakh).
3. Include Foreign Exchange Loss of Rs NIL lakh (previous year Rs NIL lakh).

## II. Notes Forming Part of Financial Statements.

### 25. OPERATING LEASE

The company had taken Equipments under Operating Lease. The Lease term runs around 5 years. Future minimum lease rentals payable are as follows:

(Rs. in Lakh)

	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Payable within 1 Year	19.83	88.79
Payable between 1-5 Years	4.96	24.78
	24.79	113.57

### 26. Commitments and Contingencies:

- The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is 10.25 lakh as at March 31, 2014 (Previous year Rs. 83.40 lakh).
- The company has outstanding guarantees of Rs. 3,635.24 Lakh and Letter of credit NIL Lakh as at 31<sup>st</sup> March 2014 (previous year Bank Guarantees Rs. 3,185.93 Lakh and Letter of credit Rs 39.06lakh).
- Few cases relating to vendors are pending in the Courts against which the Company is liable to pay to the Vendor. Contingent liability is Rs 3,14,695/-(Previous Year Rs.3,14,695/-).
- Sales tax matters under dispute as per table below:

S. No.	Name of the Statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
1	AP VAT Act, 2005	Value Added Tax	3,39,455	2007-08	High Court of AP
2	AP VAT Act, 2005	Value Added Tax	14,30,252	2006-07	High Court of AP
3	AP VAT Act, 2005	Value Added Tax	14,30,252	2005-06	High Court of AP
4	APGST Act, 1957	Sales Tax	28,60,507	2004-05	High Court of AP
5	APGST Act, 1957	Sales Tax	35,80,063	2003-04	High Court of AP
6	APGST Act, 1957	Sales Tax	14,30,253	2002-03	High Court of AP
7	The Kerala VAT Rules, 2005	Value Added Tax	84,16,222	2005-06	Deputy Commissioner (Appeals), Kerala
8	The Kerala VAT Rules, 2005	Value Added Tax	61,50,240	2006-07	Deputy Commissioner (Appeals), Kerala
9	The Kerala VAT Rules, 2005	Value Added Tax	7,42,446	2007-08	Deputy Commissioner (Appeals), Kerala
10	The Kerala VAT Rules, 2005	Value Added Tax	8,52,280	2008-09	Deputy Commissioner (Appeals), Kerala
11	The Kerala VAT Rules, 2005	Value Added Tax	4,66,474	2009-10	Deputy Commissioner (Appeals), Kerala

### 27. Employee Benefits:

The company has adopted Accounting Standard (AS) 15 (revised 2005) on Employee Benefits.

- The company has recognized, in the profit and loss account for the year ended 31<sup>st</sup> March 2014, below mentioned defined contribution plans.

(Rs in lakh)

Description	2013-14
Provident Fund	110.85
Employee State Insurance	39.26
<b>Total</b>	<b>150.11</b>

b. Following are the details of unfunded post retirement gratuity under defined benefit obligations are as follows:

Description	2013-14 (Rs in lakh)	2012-13 (Rs in lakh)
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Obligation as at the beginning of the year	69.12	53.95
b. Current Service Cost	9.06	9.95
c. Interest Cost	5.53	4.32
d. Actuarial (Gain)/Loss	(12.34)	(0.89)
e. Past services cost	-	-
f. Benefits Paid	-	-
g. Obligation as at the end of the year	71.37	69.11
<b>2. Expense recognized in the period</b>		
a. Current Service Cost	9.06	9.95
b. Interest Cost	5.53	4.32
c. Actuarial(Gain)/Loss	(12.34)	(0.89)
d. Past service cost	-	-
e. Expense recognized during the year	12.24	15.16
<b>3. Assumptions</b>	%	%
a. Discount Rate (per annum) as at the end of the year	8	8
b. Salary Rise	4	4
c. Attrition Rate	8.6	7.5

28. In the opinion of the board of directors, the Current assets, Loans & Advances are expected to realize approximately the values stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

29. a) **Value Of Imports On CIF Basis In Respect Of**

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Traded goods	Nil	Nil
Capital goods	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>

b) **Expenditure in Foreign Currency:**

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Trading Goods	Nil	Nil
Capital Contracts	Nil	Nil
Travelling	Nil	0.63
<b>TOTAL</b>	<b>Nil</b>	<b>0.63</b>

30. **Remuneration to Statutory Auditors:**

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Statutory Audit fee	9.00	7.50
Tax Audit fee	3.00	2.50
Certification Fee & Others	1.00	2.50
<b>Total</b>	<b>13.00</b>	<b>12.50</b>

## 31. Deferred Tax

Tax charged to Profit and Loss account is after considering deferred tax impact for the timing difference between accounting income and taxable income.

The deferred tax liability as at 31<sup>st</sup> March/2014 comprise of the following:

	Rs. In lakh As At 31 <sup>st</sup> March 2014		Rs. In lakh As At 31 <sup>st</sup> March 2013	
<b>A Deferred Tax Liability</b>				
1 Related to fixed assets		739.44		812.83
<b>B Deferred Tax Assets</b>				
1 Disallowance under the Income Tax Act, 1961	(182.19)		(115.93)	
2 Provision for doubtful debts	(166.97)	(349.16)	(161.71)	(277.64)
<b>C Provision for deferred tax (net)</b>		<b>390.28</b>		<b>535.19</b>

## 32. Segmental Reporting:

The Company's operations predominantly relate to providing Integrated Solutions, Technical Division, Projects Division and Software Development Services to customers globally operating. Accordingly, the primary basis of segmental information setout in these financial statements, and secondary segmental reporting is performed on the basis of the geographical location.

Income & Direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of the costs are allocated on the bases of available information. Certain expenses, which form a significant component of total expenses, are not specifically allocable to specific segments. The Company believes that it is not practicable to provide segmental disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocable" and directly charged against total income.

## a. Business Segments :

Year ended March 31, 2014 and 2013

(Rs. in Lakh)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	<b>1,892.51</b>	<b>1,545.26</b>	<b>6,718.46</b>	-	-	<b>10,156.23</b>
	4,070.80	1,186.91	9,084.16	-	-	14,341.87
Identified operating expenses	<b>1,722.93</b>	<b>1,386.60</b>	<b>3,769.82</b>	-	-	<b>6,879.35</b>
	4,013.86	1,039.25	5,434.70	-	-	10,487.81
Allocated Expenses	<b>0.01</b>	<b>18.54</b>	<b>1,272.27</b>	<b>0.13</b>	-	<b>1,290.95</b>
	0.38	18.27	1,441.05	0.13	-	1,459.83
Segmental operating income	<b>169.57</b>	<b>140.12</b>	<b>1,676.37</b>	<b>(0.13)</b>	-	<b>1,985.93</b>
	56.56	129.39	2,208.41	(0.13)	-	2,394.23
Unallocable expenses					<b>724.16</b>	<b>724.16</b>
					794.72	794.72
Operating income						<b>1,261.77</b>
						1,599.51
Other income/(expenses), net					<b>67.79</b>	<b>67.79</b>
					126.64	126.64
Net profit before Interest						<b>1,329.56</b>
						1,726.15
(Less): Interest Expenses					<b>(957.93)</b>	<b>(957.93)</b>
					(1184.39)	(1184.39)
Add: Interest Income					<b>54.81</b>	<b>54.81</b>
					75.06	75.06
Net profit before taxes						<b>426.44</b>
						616.21
Income Taxes						<b>224.11</b>
						260.38
<b>Net Profit after taxes</b>						<b>202.33</b>
						356.44
Other Information						
Segment Assets	<b>1,216.32</b>	<b>1,367.55</b>	<b>12,295.23</b>	<b>0.40</b>	<b>2,200.26</b>	<b>17,079.77</b>
	2,454.25	2,265.53	14,588.12	0.53	2,723.19	22,031.62
Segment Liabilities	<b>1,048.78</b>	<b>218.01</b>	<b>2,656.80</b>	-	<b>(95.61)</b>	<b>3,827.98</b>
	976.29	495.26	4,326.41	-	628.85	6,426.81
Capital Expenditure	-	-	<b>115.22</b>	-	<b>0.64</b>	<b>115.88</b>
	-	-	82.23	-	489.89	<b>572.12</b>
Depreciation	-	<b>22.58</b>	<b>949.20</b>	<b>0.13</b>	<b>30.56</b>	<b>1,002.47</b>
	-	22.78	1,050.40	0.13	26.01	1,099.31

Note: Figures in italics represent previous year's figures.

a) Geographical Segment.

The company has no transactions with parties outside India, so this segment isn't applicable for the company.

### 33. Related Party Transactions:

a) Name of Related Parties & relationship:

Party Name	Relation
Mr. T. GopiChand & Mr.T.Gopichand (HUF)	Key Management Personnel (Vice Chairman & Managing Director), Spouse of Mrs. T. Pavana Devi & Brother of T.Bapaiah Chowdary.
Mrs. T. Pavana Devi	Director & Spouse of Mr.T. GopiChand.
Mr. K. Rama Rao	Key Management Personnel (Whole time Director)
Mr.T.Bapaiah Chowdary	Brother to the Vice-Chairman & Managing Director
Mr.T.Hanuman Chowdary	Director
Mr.T.Madhu Mitra	Son of Vice Chairman & Managing Director
Mr.T.Girish	Son of T.Bapaiah Chowdary

b) Transactions with related parties:

Name of the related party	Mr. T. Gopi Chand & Mr.T.Gopi Chand (HUF)	Mrs.T. Pavana Devi	Mr.K Rama Rao	Mr.T.Bapaiah Chowdary-Director	Mr.T.Madhu Mitra & Mr. T.Girish
Description of the nature of transactions	a)Receiving of Services b)Rent paid for Office Premises.	Sitting Fee	a)Remuneration	b) Sitting Fee	a) Receiving of Services
Volume of the transactions either as an amount or as appropriate proportion	a)Managerial Remuneration of Rs21.00 lakh. b)Rent paid for Office Premises Rs24.07 lakh.	a) Sitting Fee Paid Rs.0.50 lakh	a)Managerial Remuneration of Rs.16.35 lakh	a) Sitting Fee Paid Rs.0.78 lakh	Salary of Rs 7.71 lakh & Rs 3.79lakh
Any other elements of the related party transactions	Managerial Remuneration, b)Rent for office premises approved by Board of Directors	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	a)Managerial Remuneration Payable RsNil lakh b)Commission payable Rs15.14 lakh c)Rent payable Rs1.83 lakh	NIL	a) Managerial Remuneration Payable Rs1.06 lakh	NIL	Salary Payable of Rs 0.59 lakh & Rs 0.29 lakh
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL

34. Sundry debtors, sundry creditors, other liabilities, loans and advances, advances from customers etc. are subject to confirmation and reconciliation. Necessary adjustments, if any will be made when the accounts are reconciled and settled. However the management is fairly confident that the company will not face any undue risk due to this factor.

**35. Micro and Small Scale business entities:**

There are no micro and small scale enterprises to which the company owes dues, as at 31<sup>st</sup> March 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**36. Earnings per Share.**

	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
a) Net Profit as per Profit and Loss Account(Rs)	202.33	525.83
b) Add\Less: Excess Provision for Tax of earlier year (Rs)	Nil	(169.39)
c) Profit available for equity share holders(Rs)	202.33	356.44
d) Weighted average number of Equity Shares outstanding during the year	125.12	125.12
f) Weighted Average number of equity shares in computing diluted earnings per share	125.12	125.12
g) Face Value of each Equity Shares(Rs)	10	10
h) Earnings per share		
-Basic & Diluted (Rs)	1.62	2.85

37. Figures for the corresponding year ended March 31, 2014, wherever necessary, have been regrouped, recast, rearranged as per the new Revised Schedule VI.

As per our report of even date attached

For **NARVEN ASSOCIATES**

Firm Reg. No. 005905S  
Chartered Accountants

For **and on behalf of the board of directors**

**Sd/-**

**(C.A. G.V.Ramana)**

Partner

Membership No: 025995

**Sd/-**

**(T. Gopichand)**

Vice chairman & Managing Director

**Sd/-**

**(K. Rama Rao)**

Wholtime Director

**Sd/-**

**(CA. B.D. Naidu)**

Chief Financial Officer

**Sd/-**

**(CS. M. Srilakshmi)**

Company Secretary

Place: Hyderabad

Date: 30.05.2014



## Notes

[illegible]

**TERA SOFTWARE LIMITED****Registered Office:** #8-2-293/82/A/1107Plot No: 1107, Road No: 55,Jubilee Hills, Hyderabad-500033**CIN:** L72200TG1994PLC018391, Tel.Nos.040-23540446, 040 – 23547447/8 Fax : 040 - 23547449**Email:** : info@terasoftware.in **Website:** www.terasoftware.com**ATTENDANCE SLIP****PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**

Joint shareholders may obtain additional slip at the venue of the meeting.

I/We hereby record my/our presence at the 20<sup>th</sup> Annual General Meeting of the Company held on Tuesday, 30<sup>th</sup> September, 2014 at 3.00 p.m.at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
LF No.	DP ID	CLIENT ID	
<b>Name &amp; Address of the registered Shareholder (IN BLOCK CAPITALS):</b>			

**SIGNATURE OF THE MEMBER/ JOINT MEMBER (S) / PROXY****PROXY FORM***[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]***TERA SOFTWARE LIMITED****CIN:** L72200TG1994PLC018391**Registered Office:** #8-2-293/82/A/1107Plot No: 1107, Road No: 55,Jubilee Hills, Hyderabad-500033

Name of the member(s)		Email ID	
Registered Address		Folio No./ *Client ID	
		*DP ID	

I/We, being the member(s) of shares of Tera Software Limited, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20<sup>th</sup> Annual general meeting of the company, to be held on the Tuesday, 30<sup>th</sup> September, 2014 at 3.00 p.m.at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolutions		Vote	
		For	Against
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2.	Declaration of Dividend on Equity Shares.		
3.	Re-appointment of Smt. T.Pavana Devi who retires by rotation.		
4.	Appointment of Statutory Auditors.		
5.	Appointment of Sri Koteswara Rao SSR as an Independent Director.		
6.	Appointment of Dr T.Hanuman Chowdary as Independent Director.		
7.	Appointment of Sri R.S. Bakkannavar as Independent Director.		
8.	Appointment of Dr. T.V.Lakshmi as Independent Director.		
9.	Approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013 .		
10.	To limit the borrowings under Section 180 (1) (c) of the Companies Act, 2013 .		
11.	To create charge / mortgage assets and undertakings of the Company under Section 180 (1) (a) of the Companies Act, 2013.		
12.	To alter Articles of Association of the Company in conformity with the Companies Act, 2013.		

Signed \_\_\_\_\_ this day \_\_\_\_\_ of 2014

Signature of member \_\_\_\_\_: Signature of proxy holder: \_\_\_\_\_

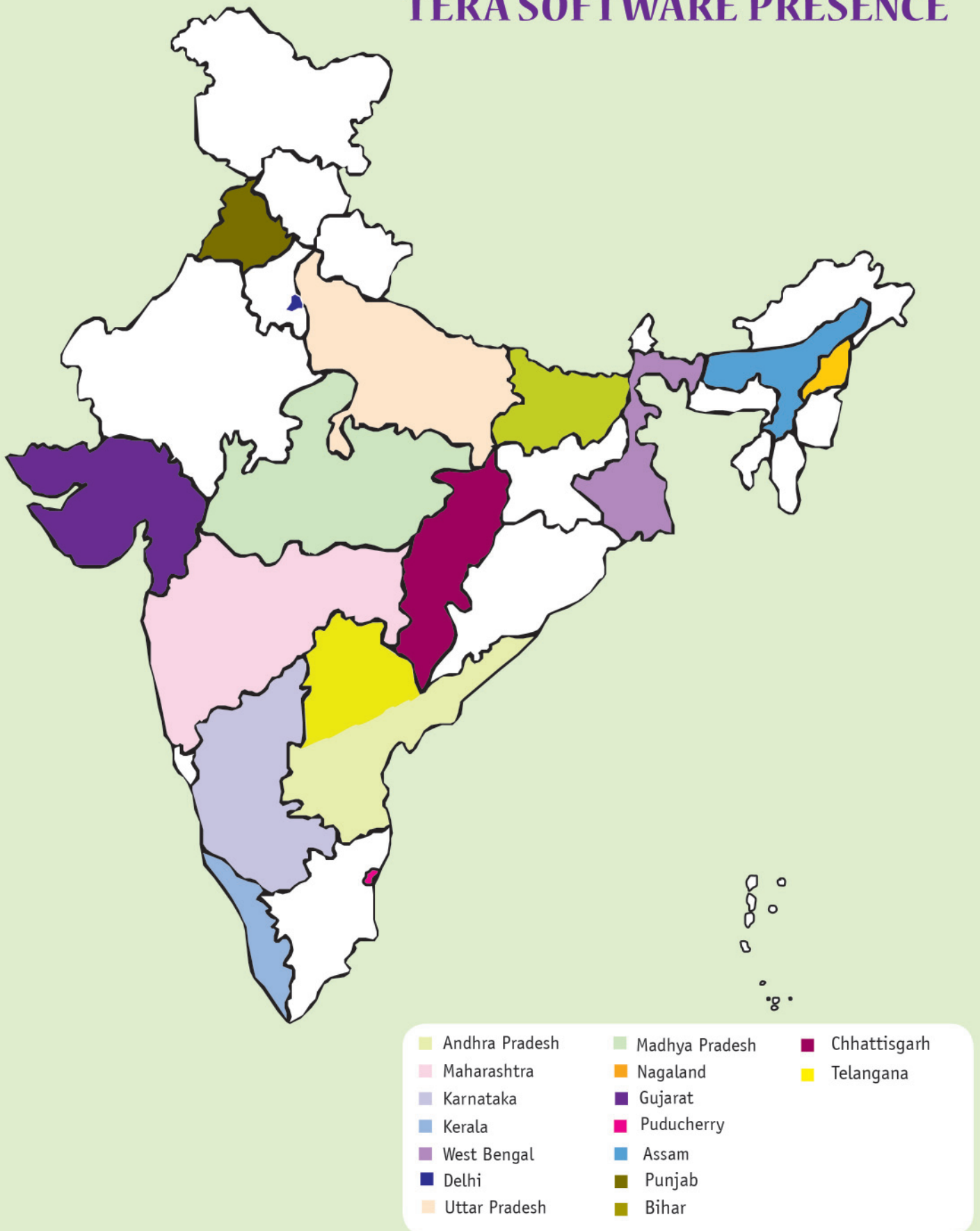
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Stamp

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

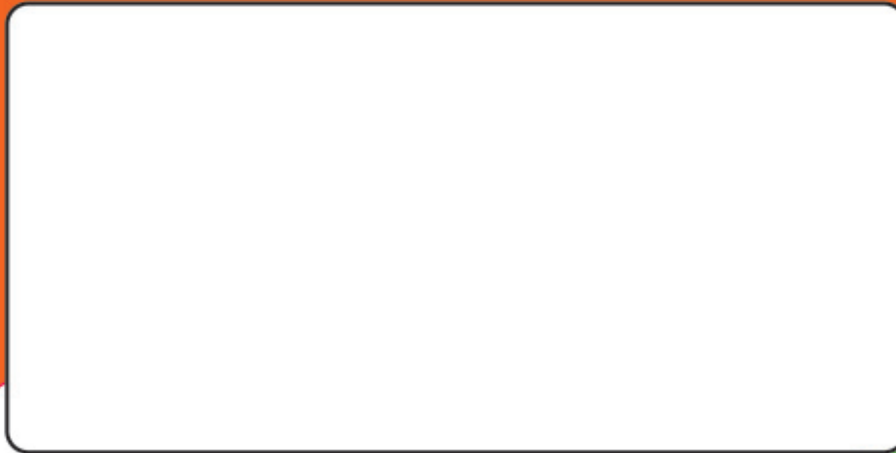
\* Applicable for investors holding shares in Electronic Form.

## TERA SOFTWARE PRESENCE



# BOOK - POST

Printed Matter



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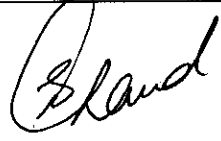


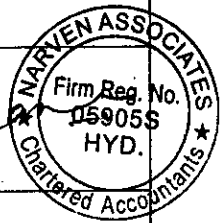


***Tera Software Limited***

#8-2-293/82/A/1107, Plot No. 1107, Road No. 55, Jubilee Hills, Hyderabad - 500 033  
E-mail : [info@terasoftware.com](mailto:info@terasoftware.com), Url : [www.terasoftware.com](http://www.terasoftware.com)

**FORM A**

*Format of covering letter of the annual audit report to be filed with the stock exchanges*

1.	Name of the Company:	Tera Software Limited	
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014	
3.	Type of Audit observation	Unqualified	
4.	Frequency of observation	Not Applicable	
5.	<i>Name</i>	<i>Designation</i>	<i>Signature</i>
	Sri T. Gopichand	Vice Chairman & Managing Director	
	Sri.B.D.Naidu	Chief Financial Officer	
	Sri.G.V.Ramana	Partner M/s. Narven Associates Statutory Auditors	 
	Sri R. S. Bakkannavar	Chairman Audit Committee	