



BOARD OF DIRECTORS:

1. Sri D. SEETHARAMAIAH	CHAIRMAN
2. Sri K. RAMA RAO	DIRECTOR
3. Sri T. BAPAI AH CHAUDARY	DIRECTOR
4. Sri R. S. BAKKANAVAR	DIRECTOR
5. Dr. T. HANUMAN CHOWDARY	DIRECTOR
6. Dr. T. V. LAKSHMI	DIRECTOR
7. Smt. T. PAVANA DEVI	DIRECTOR
8. Sri N.V. V. PRASAD	EXECUTIVE DIRECTOR
9. Sri T. GOPICHAND	VICE CHAIRMAN and MANAGING DIRECTOR

REGISTERED OFFICE:

8-3-1113/2B, Kesava Nagar,
Srinagar Colony,
Hyderabad -500073.
Tel.Nos.91-40-23730553.
Fax: 91-40-23743526.
E-Mail: info@terasoftware.com
Url: www.terasoftware.com

AUDITORS:

M/s. NARVEN ASSOCIATES
Chartered Accountants
302 & 303, Lingapur House,
Himayat Nagar,
Hyderabad - 500 029.

BANKERS:

BANK OF MAHARASHTRA,
Basheer Bagh,
Hyderabad - 500 029.

REGISTRAR AND SHARE TRANSFER AGENTS:

M/s Sathguru Management Consultants Private Limited
Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034
Ph. No : 040 - 23356507 & 23350586 Fax : 040 - 4004 0554



NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the company will be held at the Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad - 500 033, on Tuesday, the 21st day of September, 2010 at 10.00 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Dr. Smt. T.V.Lakshmi, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Sri T.Bapaiah Chowdary, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Smt. T.Pavana Devi, who retires by rotation and being eligible offers herself for re-appointment.
6. To appoint M/s. NARVEN ASSOCIATES, Chartered Accountants, the retiring auditors as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and authorise Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that the Authorized Capital of the Company be increased from 15,00,00,000 (Rupees Fifteen Crores Only) to Rs. 25,00,00,000 (Rupees Twenty Five Crores Only) by creating additional 1,00,00,000 (One Crore Only) equity shares of Rs.10/- (Rupees ten only) each."
"Further resolved that Clause V of the Memorandum of Association be altered to give effect to the above said resolution by substituting the following for the existing Clause V:
The authorized share capital of the company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity shares of Rs. 10/- (Rupees Ten only) each. The Share Capital of the company (whether original, increased or reduced) may be subdivided, consolidated or divided into such classes of shares as may be allowed under the law of the time being relating to companies with such privileges or rights as may be attached and to be held upon such terms as may be prescribed by the regulations of the company."
8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"Resolved that Article 3(a) of the Articles of Association of the Company be substituted with the following Article:
The authorized share capital of the company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity shares of Rs. 10/- (Rupees Ten only) each."
9. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), either by way of term loan or issue of debentures may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 300,00,00,000 (Rupees Three Hundred Crores Only).
10. To consider and, note the following resolution as an Ordinary Resolution:
"Resolved that the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the company (hereinafter referred as "The Board") to mortgage and/or create charge, on all the immovable and movable properties or such assets of the company wherever situate, present and future, in favour for the Financial Institutions/Banks/Debenture Trustees for an aggregate nominal value not exceeding Rs. 300,00,00,000 (Rupees Three Hundred Crores Only). to secure the Term



Loans/issue debentures and further that the Board be and is hereby authorized to finalize and execute the documents and any other deeds, papers and writings for creating the aforesaid mortgages and/or charges and to do all such acts, deeds and things as may be necessary or expedient for implementing this resolution."

11. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"Resolved that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the consents, approvals or permissions of the prescribed authorities, the consent of the Company be and is hereby accorded to the Board to issue equity shares of the nominal value of Rs. 10/- (Rupees Ten only) each of an aggregate amount not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores only) as the Board in its sole discretion may at any time or times hereafter decide, to the members, promoters, banks, financial institutions, companies, other entities and persons, individuals, whether through rights issue, private placement or otherwise and in one or more tranches as the Board may in its absolute discretion think fit in consultation with Lead Managers, Underwriters and Advisors."

"Resolved further that such of the shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may decide most beneficial to the Company in its absolute discretion."

"Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to issue offer documents, prescribe forms of applications, appoint Lead Manager, Underwriters and Advisors and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds of issue of the securities and further to do all such acts, deeds, matter and things and to finalize and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place : Hyderabad

Date : 09.08.2010

Notes:

1. The explanatory statement in respect of item numbers 7 to 11 of the Notice, pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote at the meeting on his behalf and such proxy need not be a member of the company.
3. The instrument appointing proxy to be valid should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
4. Members/Proxies should fill the attendance slip for attending the meeting.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. The Company has already notified closure of Register of Members and the Share Transfer Books from Saturday, 18th September 2010 to Tuesday, 21st September 2010 (both days inclusive).
7. Shareholders are requested to bring their copy of Annual Report to the meeting.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

Item 7 & 8:

The present capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only). To part finance the future operations, the Company requires additional funds as capital. This necessitates altering the Memorandum and Articles of Association of the Company. As per the provisions of the Companies Act, 1956, the resolutions as stated above are required to carry out the necessary changes.

The Directors recommend the resolution for members' approval.

None of the Directors of the company is interested in the resolution.



Item 9:

The Directors of the Company propose to approach financial institutions / banks for availing term loans to execute future projects. As the required borrowings exceed the aggregate of paid-up capital and free reserves of the Company, the approval of the Shareholders is required as per the provisions of Section 293(1)(d) of the Companies Act 1956. Keeping in view of the future requirements of the Company to an extent of Rs. 300,00,00,000 (Rupees Three Hundred Crores only), the approval of the shareholders is sought.

The Directors recommend the resolution for members' approval.

None of the Directors of the company is interested in the resolution.

Item 10:

The financial institutions/banks while granting loans stipulate that the loans have to be secured by way of charge/mortgage on all the immovable and movable properties of the Company,

Since the charge/mortgage by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions may be regarded as disposal of the company's properties/undertakings, it is necessary for the members to pass resolution under Section 293(1)(a) of the Companies Act, 1956, for creating charge/mortgage. This resolution is required to be passed through postal ballot as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The postal ballot papers were sent to the members and the announcement of the result will be made on receipt of the report of the scrutinizer.

None of the Directors of the company is interested in the resolution.

Item 11:

The consent of the shareholders is sought to authorize the Board of Directors for issuing further shares as stated in the resolution

In view of the increasing business activities of the Company and for general corporate requirement it is proposed to raise funds through the issue of shares up to Rs. 10,00,00,000 (Rupees Ten Crores only). The Board in consultation with the Lead Managers, Underwriters and Advisors will fix the detailed terms of the issue, which will be in line with the requirements of guidelines issued by the SEBI.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares to be issued for subscription on pro-rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges where the Company's share are listed.

The Directors of the company may be deemed to be concerned or interested to the extent of the shares that may be offered to them. Save as aforesaid, none of the Directors is in any way concerned or interested in the resolution.

The enabling resolution confers authority on the Board to cover several contingencies and corporate requirement. The Directors recommend the resolution for approval of shareholders.



Particulars of Directors eligible for re-election, pursuant to Clause 49 of the Listing Agreement:

Serial Number	1	2	3
Name	Dr. Smt. T.V.Lakshmi	Sri T. Bapaiah Chowdary	Smt. T. Pavana Devi
Designation	Director	Director	Director
Age & Date of Birth	51 Years (01.01.1959)	54 Years (04.08.1956)	48 Years (22.06.1962)
Qualification	Phd	Post Graduate	B.Com
Date of Appointment	28.09.2007	28.09.2007	29.09.2008
Nature of Expertise in specific functional areas	Experienced Scientist with strong R & D back ground specially in GIS/ GPS and quality.	Noted business Man in Agri Industry.	16 Years of experience in Management function.
Remuneration	Rs.68,000/- (Sitting Fees)	Rs.68,000/- (Sitting Fees)	Rs.48,000/- (Sitting Fees)
No. of outside Directorships held	1	NIL	1
Chairman of the Committee of Board of Directors of the Company	NIL	Shareholder's Grievance Committee	NIL
Member of the Committee of Board of Directors of the Company	Remuneration Committee and Shareholder's Grievance Committee	Remuneration Committee	NIL
Chairman/member of the Committees of other Companies	NIL	NIL	NIL

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place : Hyderabad
Date : 09.08.2010



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report and the audited accounts of the company for the year ended 31st March, 2010 together with Auditors' report thereon.

a) Financial Results:

(Rs. In Lakhs)

PARTICULARS	Year Ended 31.03.2010		Year Ended 31.03.2009	
Gross Income		10,575.96		8,214.43
Expenditure		8,703.81		6,054.81
Profit before interest, depreciation & tax		1,872.15		2,159.62
Less: Interest (Financial Cost)		156.06		216.21
Profit before depreciation & tax		1,716.09		1,943.41
Less: Depreciation		249.27		266.44
Profit before tax		1,466.82		1,676.97
Less : Provision for tax Current year	517.60		612.87	
Deferred tax	(16.73)		6.89	
Fringe Benefit tax	-	500.87	8.41	628.17
Profit after tax		965.95		1,048.80
Add: Balance brought forward from Previous Year	1124.83		868.78	
Add/(Less): Excess Tax Provision of Earlier years	9.17	1,134.00	00.02	868.80
Profit available for distribution		2,099.95		1,917.60
Less: Transferred to General Reserve	500.00		500.00	
Proposed Dividend @15% (Previous Year 20%)	187.68		250.24	
Tax on distributable profits	31.89	719.57	42.53	792.77
Balance Carried to Balance Sheet		1,380.38		1,124.83

b) Dividend:

Your Directors are pleased to recommend a dividend of 15% absorbing a sum of Rs.219.57 Lakhs including the tax on distributable profits.

c) Performance of the Company:

The Company achieved a turnover of Rs.10575.96 Lakhs during the year and earned a net profit after tax of Rs.965.95 Lakhs.

d) Listing of Shares in Stock Exchanges:

At present the Equity Shares of your Company are traded under permitted Securities on the Bombay Stock Exchange Limited and listed on Bangalore Stock Exchange Limited. The listing fee was paid up to date.

**e) Fixed Deposits:**

The Company has not received any fixed deposits during the year to which the provisions of Section 58A of the Companies Act, 1956 apply. There are no deposits outstanding as at the end of the financial year.

f) Directors:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Dr. Smt. T.V.Lakshmi, Director, Sri.T.Bapaiah Chowdary, Director and Smt. T.Pavana Devi, Director, will be retiring at this annual general meeting and being eligible offer themselves for reappointment.

g) Auditors:

M/s. NARVEN ASSOCIATES, Chartered Accountants retire at the ensuing Annual General Meeting, and are eligible for reappointment. They have furnished the requisite certificate to the effect that their reappointment, if made, would be in accordance with section 224 (1B) of the Companies Act 1956.

h) Particulars of Employees:

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

Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration Including Commission	Previous Employment
T.Gopichand	Vice Chairman and Managing Director	M.Tech	51	01.09.1995	28	8,257,294	Electronic Corporation of India Limited
NVV Prasad	Executive Director	B.Tech	50	01.12.1999	27	4,635,941	Taraka Prabhu Publishers Pvt. Ltd.

i) Conservation of energy, technology absorption and foreign exchange earnings/out goings:

The particulars as required U/S 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 are:

1. Conservation of energy: The Company does trading of various kinds of computer items and provide IT enabled services and does not use any energy. The electricity power consumption under LT is minimal hence the Company is not an energy intensive unit. However, the Company installed power efficient transformers and UPS systems to save the power cost.
2. Technology absorption, adaptation & innovation: The Company has not imported any technology.

3. Foreign Exchange Earnings and outgo:**1. Earnings in Foreign Currency (FOB):**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Software Development/Services	NIL	903000
Total	NIL	903000

2. Expenditure in Foreign Currency (CIF): Nil (Previous Year Nil).**j) Directors' Responsibility Statement:**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;



- b. That the directors have selected such accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. That the directors 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;
- d. That the directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

k) Acknowledgment:

Your directors thank the shareholders, clients, vendors, investors and bankers for their continued support. Your directors place on record their appreciation of the contribution made by the employees at all levels. Your directors thank the Government of India, State Governments, Electronic Corporation of India Limited and Other Government Agencies for their support during the year and look forward to their patronized support.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 09.08.2010

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

Sd/-
(N.V.V.Prasad)
Executive Director



REPORT ON THE CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance:

The philosophy of the Company on Code of Governance envisages the attainment of highest levels of transparency, accountability, professionalism, risk management and equity in all facets of its operations in serving its stakeholders.

2. Board of Directors:

In furtherance of its corporate governance policy the Company ensures that all statutory, significant material information are placed before the Board/ Committee of directors for their approval to enable them to discharge their responsibilities as trustees.

Composition and category of Directors is as follows:

There are nine directors on the Board comprising, an independent non-executive chairman, two promoter whole time directors, two promoter non-executive directors, and four independent non-executive directors.

Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting:

During the year the Board met six times on 27.04.2009, 22.07.2009, 17.08.2009, 19.09.2009, 31.10.2009 and 29.01.2010.

Name of the Director	Attendance Particulars			Committee memberships/ Chairmanships in our Company		Number of other Directorships & Committee memberships	
	Board Meetings		Last AGM	Member-ships	Chairman-ships	Director-ships	Member-ships
	Held	Present					
Sri T. Gopichand	6	6	Yes	Nil	Nil	1	Nil
Sri N.V.V. Prasad	6	6	Yes	Nil	Nil	1	Nil
Smt. T.Pavana Devi	6	6	Yes	Nil	Nil	1	Nil
Sri T.Bapaiah Choudary	6	6	Yes	1	1	Nil	Nil
Sri K. Rama Rao	6	6	Yes	3	Nil	1	Nil
Sri D.Seetharamaiah	6	6	Yes	1	1	6	5
Sri R.S.Bakkannavar	6	6	Yes	Nil	1	1	Nil
Dr.T.Hanuman Chowdary	6	6	Yes	Nil	Nil	3	1
Dr.T.V. Lakshmi	6	6	Yes	2	Nil	1	Nil

None of the Director is a member in more than 10 Committees and acts as a Chairman in more than 5 Committees across all companies in which he is a Director.

The Board of Directors of the Company functioned through the following committees:

1. Audit Committee.
2. Shareholders' Grievance Committee.
3. Remuneration Committee.
4. Investment Committee.
5. Share Transfer Committee.
6. Management Committee.

3. Audit Committee:

- a. There was no change in the constitution of the Audit Committee. The members of the Committee are:

Sri R.S.Bakkannavar	Chairman	Independent Director
Sri D. Seetharamaiah	Member	Independent Director
Sri K. Rama Rao	Member	Independent Director



- b. Brief description of the terms of reference to the Audit Committee:
1. Overseeing the Company's financial reporting process and the disclosure of its financial information.
 2. Recommending the appointment and removal of statutory auditors, their audit fee and also for any other services and the appointment of internal auditors and their remuneration.
 3. Reviewing and recommending the appointment and removal of managerial personnel, fixation of remuneration and also approval for payment for any other services as recommended by the Remuneration Committee.
 4. Reviewing with management of the annual financial statements before submission to the board, focusing primarily on,
 - any changes in accounting policies and practices,
 - major accounting entries based on exercise of judgment by management,
 - qualifications in draft audit report,
 - significant findings arising out of audit, discussion with internal and statutory auditors,
 - the going concern assumption,
 - compliance with accounting standards,
 - any related party transactions i.e transactions of the Company, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
 - Mandatory review of Management discussion and analysis of financial condition, results of operation, internal control etc.
 5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
 6. Reviewing the adequacy of internal audit functions.
 7. Discussion with internal auditors on any significant findings and follow up thereon.
 8. 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.
 9. Discussion with external auditors before the audit commences of nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 10. Reviewing the Company's financial and risk management policies.
 11. To look into the reasons for substantial defaults in the payment to the creditors.
 12. To consider and review any other matter as may be directed by the Board.

During the year, the Committee met 5 times on 25.04.2009, 22.07.2009, 14.08.2009, 31.10.2009 and 28.01.2010 respectively and all the members were present at all the meetings.

4. Shareholders' Grievance Committee:

The Board constituted the shareholders' grievance committee comprising the following Directors

Sri T. Bapaiah Choudary	Chairman
Dr. T.V. Lakshmi	Member
Sri K. Rama Rao	Member

The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Committee, inter alia, recommends issue of duplicate certificates and reviews all matters connected with the securities transfers, redressing of shareholders' complaints.

During the year, the Committee met 4 times on 30.6.2009, 30.9.2009, 31.12.2009 and 31.3.2010 respectively and all the members were present at all the meetings.

The total number of complaints/requests received and replied to the satisfaction of shareholders during the year under review was 52. Outstanding complaints/requests as on 31st March 2010 were nil.



5. Remuneration Committee:

The Board constituted the Remuneration Committee comprising of the following Directors of the Board:

Sri D.Seetharamaiah	Chairman
Sri K. Rama Rao	Member
Sri T.Bapaiah Choudary	Member
Dr. T.V.Lakshmi	Member

The Remuneration Committee has been constituted to recommend/review the remuneration package of Managerial and Senior Personnel based on performance and defined criteria.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry Practice.

During the year, the Committee had not met.

Details of remuneration paid to all the Directors for the year:

The aggregate value of Salary, Perquisites and Other Allowances paid to Vice Chairman & Managing Director, Executive Director and Whole time Directors is as detailed below:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Vice Chairman & Managing Director (Sri T. Gopichand)	8,257,294	4,009,831
Executive Director (Sri N.V.V.Prasad)	4,635,941	2,941,504
Whole Time Director (Smt. T. Pavana Devi)	Nil	1,192,806
Total	12,893,235	8,144,141

The Company has paid the following sitting fee to the Directors of the Company during the year ended on 31st March 2010 vis a vis the previous financial year ended on 31st March 2009.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Sri D. Seetharamaiah	88,000	89,000
Sri R.S.Bakkannavar	88,000	78,000
Sri T. Bapaiah Choudary	68,000	68,000
Dr. T. Hanuman Chowdary	48,000	39,000
Dr. T.V. Lakshmi	68,000	68,000
Sri K. Rama Rao	1,08,000	99,000
Smt. T. Pavana Devi	48,000	0,00
Total	516,000	441,000

6. Investment Committee:

The Investment Committee was constituted with 3 directors of the Company as stated below:

Sri T.Gopi Chand	Member
Sri N.V.V.Prasad	Member
Sri D.Seetharamaiah	Member

During the year, the Committee had not met, as there were no investment proposals.

7. 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.Gopi Chand	Member
Sri N.V.V.Prasad	Member
Mr. O.Babu Reddy	Member

During the year 9 meetings were held and all the members were present at all the meetings.



Compliance Officer Name and Address:

O.Babu Reddy, 8-3-1113/2B, Kesava Nagar, Srinagar Colony, Hyderabad - 500 073.

8. Management Committee:

The Management Committee was constituted with 4 directors of the Company as stated below:

Sri D.Seetharamaiah	Chairman
Sri R.S.Bakkannavar	Member
Sri T.Gopichand	Member
Sri N.V.V.Prasad	Member

During the year, the Committee had not met.

9. General Body Meetings:

Location and time for last 3 Annual General Meetings were:

YEAR	AGM	LOCATION	DATE	TIME
2006-2007	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	28th September 2007	10.00 A.M
2007-2008	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	29th September 2008	10.00 A.M
2008-2009	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	19th September 2009	10.00 A.M

The following special resolutions were passed during the year by the members

Date	Type of Meeting	Section	Brief particulars
19.09.2009	AGM	31	Buy Back its Equity Shares
19.09.2009	AGM	309 (1)	Increase of Managerial Remuneration

10. Disclosures:

a. Significant related party transactions:

The related party transactions are reported in the notes to the accounts as per the requirements of the concerned Accounting Standards.

b. There are no non-compliances, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the year.

11. Means of Communication:

The quarterly financial results were published in two widely circulated newspapers {Business Standard/Financial Express (All India) and Andhra Bhoomi/Andhra Prabha (Hyderabad)} in English and vernacular newspapers. The financial results are intimated to the Stock Exchanges on which the Company's shares are listed as per the requirements of the listing agreement and also to the Bombay Stock Exchange Limited where the equity shares of the Company are permitted to be traded.

12. Management Discussion and Analysis:

Cautionary Statement:

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forwarded looking within the meaning of applicable regulations and other legislations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic financial market conditions affecting the interest rates, availability of resources for the financial sector, market for lending, changes in regulatory directions issued by the Government, tax laws, economic situation and other relevant factors.

Opportunities and Threats:

With the introduction of the concept of e-governance, both the Central and State Governments are keen on implementing different projects to keep the activities of the Governments transparent, timely and cost effective. There is an absolute increase in the fund allotment by the Governments for implementing the projects. This creates an opportunity for the experienced and expert organizations to broaden their horizon and support the Government in faster implementation of the projects.



The increased volume of business attracts more number of players in the field and the competition becomes severe. Effect of global recession on Indian economy could be an indicating factor. Only the effective and efficient organizations could stand such a situation. The management is confident that with its exposure and experience in this field of e-governance, it stands a better chance than others.

Internal control systems and their adequacy:

The Company through its extensive experience has a system that ensures control over various functions in its business. On the financial side, periodic audits by internal auditors and statutory auditors provide a means whereby any weakness is exposed and rectified.

Financial Performance with respect to Operational Performance:

The management has established a tight and prudent financial control system in the Company. The financial highlights are shown in the Directors' report, the audited balance sheet and the profit and loss account.

13. General Information for Shareholders:

- a. As indicated in the Notice to the shareholders, the Annual General Meeting of the Company will be held on 21st September, 2010 at 10.00 A.M. at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500 033.
- b. The Financial Year of the Company is April 1 to March 31.
- c. Date of Book Closure:
From 18th September, 2010 to 21st September, 2010 (both days inclusive) for the purpose of the Annual General Meeting.
- d. The shares of the Company are listed/traded on
 - i. Bangalore Stock Exchange Limited.
 - ii. Bombay Stock Exchange Limited (Trading permission with effect from 19.4.2004).

The listing fee for the year 2010-2011 has been paid to Bangalore Stock Exchange Limited.

The Shares were permitted to trade on the Bombay Stock Exchange Limited with effect from 19.4.2004.

e. Stock Code:

Bangalore Stock Exchange Limited: TASL

Bombay Stock Exchange Limited: 590020

f. Stock Market Data:

Month	Bombay Stock Exchange Limited	
	Month's High Price	Month's Low Price
April 2009	38.80	22.00
May 2009	42.00	35.00
June 2009	44.00	34.10
July 2009	39.05	30.00
August 2009	50.00	36.00
September 2009	47.40	40.50
October 2009	43.00	36.60
November 2009	43.50	35.50
December 2009	48.50	40.90
January 2010	46.50	35.00
February 2010	41.00	35.70
March 2010	41.70	36.50

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



- g. Shares received for physical transfer are generally registered within a period of 15 days from the date of receipt, if the documents are clear in all respects.

h. Dematerialization of Shares:

The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable shareholders to hold the shares in the electronic form.

During the year many of the shareholders converted their holding to electronic form from physical form. As such 1,23,36,342 shares of the Company are in electronic form as on 31.03.2010.

i. As of March 31, 2010 the distribution of our shareholding was as follows:

Sl. No.	Category	No. of Shareholders	Total Shares	% to Total
A.	Shareholding of Promoter & Promoter Group:			
1	Indian			
A.	Individuals/HUF	14	4,928,873	39.39
2	Foreign	Nil	Nil	Nil
B.	Public Shareholding:			
1	Institutions			
A.	Foreign Institutional Investors	1	600,000	4.80
2	Non-Institutions:			
A.	Bodies Corporate	212	954,726	7.63
B.	Individuals			
1	Individual Shareholders holding nominal share capital up to Rs.1 Lakh.	6,486	3,122,037	24.95
2	Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh.	88	2,717,393	21.72
C.	Any Other (Specify) NRI/OCB	68	188,846	1.51
C.	Shares held by Custodians etc.	Nil	Nil	Nil
	Total	6,869	12,511,875	100

j. Outstanding of unclaimed dividend amounts:

The Company has been paying dividend regularly from the financial year 2002-2003. The outstanding amount of unclaimed dividend lying in Unpaid Dividend account year wise as on 31.03.2010 are as follows:

Financial Year	2002 - 03	2003 - 04	2004 - 05	2005-06	2006-07	2007-08	2008- 09
Unclaimed Dividend Amount in Rs.	79,806	159,239	226,097	398,004	554,438	281,788	363,142

k. Locations of our software development center:

1st Floor, 8-3-1113/2B, Kesava Nagar,
Srinagar Colony, Hyderabad - 500 073

l. Address for Correspondence:

Registered Office:
8-3-1113/2B, Kesava Nagar,
Srinagar Colony, Hyderabad - 500 073
Phone : +91-04-23730553.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 09.08.2010

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

Sd/-
(N. V.V.Prasad)
Executive Director



DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)

I, T.Gopichand, Vice Chairman and Managing Director of Tera Software Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2010 compliance with the code of conduct of the Company laid down for them.

Place: Hyderabad
Date: 09.08.2010

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

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER

We, T.Gopichand, Vice Chairman and Managing Director and B.Dattathreyulu Naidu, General Manager (Finance) of Tera Software Limited, certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2010 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.

Place: Hyderabad
Date: 09.08.2010

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

Sd/-
(B.Dattathreyulu Naidu)
General Manager (Finance)



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 31st March 2010, 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 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.

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

Sd/-
(CA D.C.Naidu)
Partner
Membership No:24643

Place: Hyderabad
Date : 09.08.2010



AUDITORS' REPORT

To
The Members of
TERA SOFTWARE LIMITED,

1. We have audited the attached Balance Sheet of **TERA SOFTWARE LIMITED**, as at March 31, 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31st March, 2010;
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NARVEN ASSOCIATES
Chartered Accountants
Firm Reg. no: 0059055

Place: Hyderabad
Date: 09.08.2010

Sd/-
(CA D.C. Naidu)
Partner
Membership No: 24643



Annexure to Auditor's Report Referred to in Paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- (b) A major portion of 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.
- (ii) (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.
- (iii) (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) 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. Accordingly, clauses (iii) (e) to (iii) (g) of the aforesaid order are not applicable to the company
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business 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.
- (v) (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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business;
- (viii) 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.
- (ix) (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, 2010 for a period of more than six months from the date they became payable. 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
2	AP VAT Act, 2005	Value Added Tax	1,430,252	2006-07	High Court
3	AP VAT Act, 2005	Value Added Tax	1,430,252	2005-06	High Court
4	APGST Act, 1957	Sales Tax	2,860,507	2004-05	High Court
5	APGST Act, 1957	Sales Tax	3,580,063	2003-04	High Court
6	APGST Act, 1957	Sales Tax	1,430,253	2002-03	High Court

- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
- (xv) 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.
- (xvi) 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.
- (xvii) On the basis of our examination of the books of accounts and the information and explanations given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
- (xviii) 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.
- (xix) The Company has not issued any Debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) 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.

Place: Hyderabad
Date: 09.08.2010

For NARVEN ASSOCIATES

Chartered Accountants

Firm Reg. no: 0059055

Sd/-

(CA D.C. Naidu)

Partner

Membership No: 24643

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	As At		As At	
		Rs.	31 st March'2010 Rs.	Rs.	31 st March'2009 Rs.
I. SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
Share Capital	1	125,118,750		125,118,750	
Reserves & Surplus	2	450,614,466	575,733,216	375,059,053	500,177,803
B. LOAN FUNDS					
Secured Loans	3		179,208,460		163,880,675
C. Deferred Tax Liability					
			9,851,492		11,524,679
TOTAL			764,793,168		675,583,157
II. APPLICATION OF FUNDS					
A. FIXED ASSETS					
Gross Block	4	215,805,052		207,241,879	
Less : Depreciation		92,911,946		67,986,186	
Net Block		122,893,106		139,255,693	
Add : Capital work in progress		38,577,803	161,470,909	27,106,885	166,362,578
C. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	5	1,184,429		511,348	
Sundry Debtors	6	750,677,881		692,540,207	
Cash & Bank Balances	7	145,458,491		50,282,240	
Loans & Advances	8	32,769,636		53,509,491	
		930,090,437		796,843,286	
Less : Current Liabilities & Provisions					
Current Liabilities	9	289,210,578		222,832,861	
Provisions	10	37,557,600		64,789,846	
		326,768,178		287,622,707	
NET CURRENT ASSETS			603,322,259		509,220,579
TOTAL			764,793,168		675,583,157
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17				

As per our report of even date attached

For NARVEN ASSOCIATESChartered Accountants
Firm Reg No:0059055Sd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643**For and on behalf of the board of directors**Sd/-
(T.GOPICHAND)
Vice Chairman & Managing DirectorSd/-
(N.V.V.PRASAD)
Executive DirectorPlace : Hyderabad
Date : 09.08.2010Sd/-
(B.D.NAIDU)
General Manager (Finance)


PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2010

	Schedules	For the year Ended		For the year Ended	
		31 st March 2010	31 st March 2009	31 st March 2010	31 st March 2009
		Rs.	Rs.	Rs.	Rs.
I. INCOME:					
Gross Sales & Services	11		1,045,946,110		816,303,668
Other Income	12		11,650,299		5,139,622
Total			1,057,596,409		821,443,290
II. EXPENDITURE:					
Cost Of Goods Sold	13		520,094,761		321,325,508
Personnel Cost	14		77,112,093		47,812,986
Operating and other expenses	15		272,373,634		236,557,702
Financial Cost	16		15,606,138		21,620,911
Depreciation & Amortization	4		24,927,487		26,644,530
Prior Period Items (net)			800,514		(215,035)
Total			910,914,627		653,746,602
Profit before Tax			146,681,782		167,696,688
Less : Current Year					
- Provision for tax (including provision for wealth tax of Rs.0.15 Lakhs, previous year Rs.0.23 Lakhs)		51,759,643		61,286,526	
-Fringe Benefit Tax		-		841,255	
- Deferred tax (net)		(1,673,187)	50,086,456	689,432	62,817,213
Profit after Tax			96,595,326		104,879,475
Add: Balance brought forward from previous year		112,482,803		86,877,588	
Add/(Less): Excess Provision for tax of Earlier Year		917,490	113,400,293	2,276	86,879,864
Profit available for distributions			209,995,619		191,759,339
Less: Appropriations Transferred to General Reserve		50,000,000		50,000,000	
Proposed Final Dividend on Equity Shares		18,767,813		25,023,750	
Tax on distributed profit		3,189,590		4,252,786	
Residual dividend earlier Years					
Tax on dividend for earlier years			71,957,403		79,276,536
Balance Carried to Balance Sheet			138,038,216		112,482,803
Earnings Per Share					
-Basic			7.79		8.38
-Diluted			7.79		8.38
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17				

As per our report of even date attached

For NARVEN ASSOCIATES

Chartered Accountants

Firm Reg No:005905S

Sd/-
(CA.D.C.NAIDU)

Partner

Membership No.24643

For and on behalf of the board of directors

Sd/-
(T.GOPICHAND)

Vice Chairman & Managing Director

Sd/-
(N.V.V.PRASAD)

Executive Director

Sd/-
(B.D.NAIDU)
General Manager (Finance)

Place: Hyderabad

Date: 09.08.2010



Cash Flow Statement Annexed to the Balance Sheet For the Year ended

	Current Year		Current Year	
	31 st March'2010		31 st March'2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from Operating Activities:				
Net Profit Before Tax as per Profit & Loss A/c.		146,681,782		167,696,688
Adjustments for:				
Depreciation & Amortization	24,927,487		26,644,530	
Profit on Sale of Fixed Assets	(727)		(4)	
Prior Period Expenses/(Income)	800,514		(215,035)	
Interest Income	(3,601,910)		(2,648,842)	
Interest Expenses	4,872,032		13,542,065	
		<u>26,997,396</u>		<u>37,322,714</u>
Operating Profit before working capital changes		173,679,178		205,019,402
Adjustments for:				
Inventories	(673,081)		930,207	
Sundry debtors	(58,137,674)		(117,243,828)	
Loans and advances	20,886,232		93,451,417	
Current Liabilities and provisions	58,527,922		72,115,594	
		<u>20,603,399</u>		<u>49,253,390</u>
Cash Generated from Operations		194,282,577		254,272,792
Prior Period (Expenses)/Income		(800,514)		215,035
Taxes Paid		(64,166,518)		(117,062,298)
Net Cash from Operating Activities		129,315,545		137,425,529
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets & Advances paid		(19,207,207)		(43,461,647)
Sale of Fixed Assets		7,000		4
Interest Income		3,455,534		2,673,386
Net Cash Generated from Investing Activities		(15,744,673)		(40,788,257)
C. Cash flow from Financing Activities:				
Proceeds from Issue of share capital (net)		-		-
Proceeds from Long term funds		-		20,247,680
Repayment of Long term loans		(36,664,824)		(123,567,281)
Short term loans (net)		51,992,608		42,232,085
Interest Paid		(4,788,441)		(13,746,527)
Dividend Paid		(28,933,964)		(29,031,570)
Net Cash Generated from Financing Activities		(18,394,621)		(103,865,613)
Net Increase/(Decrease) in Cash and Cash Equivalents		95,176,251		(7,228,341)
Opening Balance of Cash and Cash Equivalents		50,282,240		57,510,581
Closing Balance of Cash and Cash Equivalents		145,458,491		50,282,240

As per our report of even date attached

For NARVEN ASSOCIATES

Chartered Accountants

Firm Reg No:0059055

For and on behalf of the board of directors

Sd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643

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

Sd/-
(N.V.V.PRASAD)
Executive Director

Place: Hyderabad
Date: 09.08.2010

Sd/-
(B.D.NAIDU)
General Manager (Finance)


SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As At	As At
	31 st March'2010	31 st March'2009
	Rs.	Rs.
1. Share Capital		
Authorised		
150,00,000 Equity Shares of Rs.10/- each	150,000,000	150,000,000
Issued, Subscribed and Paid up		
1,25,11,875 Equity Shares of Rs. 10/- each (Previous Year 1,25,11,875 Equity Shares of Rs. 10/- each) (25,02,375 Equity Shares are allotted as fully paid up bonus shares by capitalisation of General Reserve)and (Of the above 168,090 Equity Share have been allotted other wise than by cash)	125,118,750	125,118,750
Total	125,118,750	125,118,750
2. Reserves & Surplus		
i) Security Premium Account		
Opening Balance	85,100,000	85,100,000
Add: Additions during the year	-	-
Total(a)	85,100,000	85,100,000
ii) General Reserve		
Opening Balance	177,476,250	127,476,250
(Less): Capitalized for issue of bonus shares	-	-
	177,476,250	127,476,250
Add: Transfer From Profit & Loss Account	50,000,000	50,000,000
Total(b)	227,476,250	177,476,250
iii) Surplus in Profit & Loss Account		
Current Period	138,038,216	112,482,803
Total(c)	138,038,216	112,482,803
Total(a)+(b)	450,614,466	375,059,053
3. Secured Loans		
I. Term Loans:		
from Banks	11,361,634	51,892,174
from Banks - for Vehicles Purchases	1,748,897	582,960
from Finance Companies	14,558,289	11,858,510
II. Working Capital Loans:		
from Banks (Ref. Note 1 of Notes on Accounts)	151,539,640	99,547,031
Total	179,208,460	163,880,675
5. Inventories		
(As taken, valued and certified by management)		
Raw Material	1,184,429	511,348
Total	1,184,429	511,348
6. Sundry Debtors		
(Unsecured)		
Over Six Months		
Considered Good	311,687,869	383,907,200
Considered Doubtful	5,098,136	-
Less : Provision for doubtful debts	(5,098,136)	-
	311,687,869	383,907,200
Others		
Considered Good (includes unbilled work of Rs. 310.79 lakhs (Previous Year Rs. 201.89 lakhs))	438,990,012	308,633,007
Total	750,677,881	692,540,207



SCHEDULE 4 : FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK		
	As at April 1, 09	Additions during the year	(Deductions) during the year	As at 31 st March'10	As at April 1, 09	During the year	(Deductions) during the year	As at 31 st March'10	As at 31 st March'09
Land	11,684,075	-	-	11,684,075	-	-	-	11,684,075	11,684,075
Buildings	23,757,971	689,775	-	24,447,746	1,321,944	398,499	-	22,727,303	22,436,027
Office Equipment	2,739,256	-	-	2,739,256	471,296	162,560	-	2,105,400	2,267,960
Computers & Servers	81,100,332	4,886,783	-	85,987,115	36,370,511	12,452,299	-	37,164,305	44,729,821
Electrical Equipment	10,909,693	-	-	10,909,693	2,076,861	451,301	-	8,381,531	8,832,832
Furniture & Fixtures	15,853,981	31,178	8,000	15,877,159	2,322,386	1,004,155	1,727	12,552,345	13,531,595
Capital Expenditure on Projects Div*	57,044,601	572,399	-	57,617,000	23,850,200	9,996,715	-	23,770,085	33,194,401
Vehicles	4,151,970	2,391,038	-	6,543,008	1,572,988	461,958	-	4,508,062	2,578,982
Total	207,241,879	8,571,173	8,000	215,805,052	67,986,186	24,927,487	1,727	122,893,106	139,255,693
Previous Year	264,130,574	25,346,416	82,235,111	207,241,879	123,576,767	26,644,530	82,235,111	139,255,693	140,553,807
Capital work in progress								38,577,803	27,106,885

Note:

* Total Assets acquired under Projects Division are transferrable to the respective customers at the end of the tenure of the project.


SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As At	As At
	31 st March'2010 Rs.	31 st March'2009 Rs.
7. Cash & Bank Balances		
Cash	342,849	288,928
Remittance in Transit/ Cheques on hand	87,612,534	-
Balances with Scheduled Banks		
in Current Accounts*	6,657,322	7,492,454
in Current Accounts in Foreign Currency	-	510
in Deposit Accounts	50,845,786	42,500,348
(*includes unclaimed dividend Rs.20,62,514, Previous Year Rs.17,19,942)		
Total	145,458,491	50,282,240
8. Loans & Advances		
(Unsecured)		
Considered good		
Accrued Interest	1,764,099	1,617,723
Deposits	6,337,924	7,411,996
Advances recoverable in cash or in kind or for value to be received	24,667,613	44,479,772
Total	32,769,636	53,509,491
9. Current Liabilities		
Interest accrued but not due on loans	83,591	-
Sundry Creditors		
for trading goods	129,905,475	2,109,607
for Capital Goods	9,551,634	8,716,750
for other liabilities and expenses	143,126,165	202,985,950
Unclaimed Dividend**	2,062,514	1,719,942
Mobilization Advances from customers	4,481,199	7,300,612
(** Unclaimed Dividend do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.)		
Total	289,210,578	222,832,861
10. Provisions		
Proposed Dividend	18,767,813	25,023,750
Tax on Distributed Profit	3,189,590	4,252,786
Provision for Tax (net of advance Tax and TDS receivables)	-	13,324,365
Provision for under performance of service level deliverable	10,635,457	17,674,061
Provision for Gratuity	4,964,740	4,514,884
Total	37,557,600	64,789,846


SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31 st March 2010 Rs.	For the year ended 31 st March 2009 Rs.
11. Gross Sales and Services		
Sale of Goods(net of returns)	526,817,302	321,019,932
Income from Projects & Services	519,128,808	495,283,736
Total	1,045,946,110	816,303,668
12. Other Income		
Insurance Claim Recovered	8,800	19,200
Interest Income	3,601,910	2,648,842
(TDS Rs.728,431(Previous Year Rs.904,439))		
Discount and Other Incentives Received	-	1,230,576
Advances written off recovered	-	450,000
Sundry Credit balances & Excess Provision written back(net)	2,595,278	536,573
Rent received	5,443,584	175,600
Miscellaneous Income	727	78,831
(profit on sale of fixed assets Rs.727/- (Previous year includes Rs.4/-))		
Total	11,650,299	5,139,622
13. Cost Of Goods Sold		
(a) Raw Material, Components consumed and Purchase of Trading Goods		
Opening stock	511,348	1,441,555
Add: Purchases (net of returns)	520,767,842	320,395,301
	521,279,190	321,836,856
(Less): Closing stock	1,184,429	511,348
Total (a)	520,094,761	321,325,508
Total	520,094,761	321,325,508
14. Personnel Cost		
Salaries, wages, Bonus and other benefits	64,228,896	41,205,003
Commission to Whole Time Directors	8,004,515	3,891,841
Contribution to Provident Fund, ESI etc.	4,519,435	2,273,526
Staff Welfare	359,247	442,616
Total	77,112,093	47,812,986


SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31 st March 2010 Rs.	For the year ended 31 st March 2009 Rs.
15. Operating and other Expenses		
Advertisement & Sales Promotion	154,369	156,670
Consultancy, Professional & Other Charges	146,156,428	127,788,489
Consumables	26,160,530	29,991,118
Electricity Charges	15,987,822	20,654,613
Insurance	438,261	382,486
General Expenses	12,460,359	9,197,011
Lease Rentals	13,949,420	4,762,610
Communication	11,491,088	10,133,086
Courier & Postage	680,838	2,912,093
Printing & Stationery	299,433	1,114,886
Rates & Taxes	2,709,912	1,748,318
Remuneration to Auditors	500,000	500,000
Rent	2,267,075	2,107,693
Repairs & Maintenance - Others	11,422,076	7,935,002
Unrecoverable Interest	-	-
Bad Debts written off	-	2,218,623
Advances Written Off	800,410	104,340
Provision for under Performance of Service Level Deliverables	14,091,052	7,015,961
Provision for Service Level Deliverables Written Back	(21,129,656)	(8,809,058)
Recovery for Service Level Non Deliverables	21,129,656	8,809,058
Provision for Doubtful Debts	5,098,136	-
Sitting fees	516,000	441,000
Travelling & Conveyance	7,190,425	7,393,704
Total	272,373,634	236,557,702
16. Financial Cost		
Interest on Fixed Loans	4,872,032	13,542,065
Interest on Working Capital & Others	10,734,106	8,078,846
Total	15,606,138	21,620,911



17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

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

1. Preparation and presentation of financial statements.

a) 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.

b) 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:

a) 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.

b) Capital work-in-progress includes advances paid 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.

c) Fixed Assets acquired under finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments.

d) 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.

e) 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.

f) 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:

- a) Long-Term Investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.
- b) 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:

- a) 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.
- b) 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 towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.
- c) 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.
- d) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.



e) **Provident Fund:**

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

9. Foreign Currency transaction:

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- b) 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 respect 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

- a) **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.
- b) **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.

II Notes on accounts:

1. Secured Loans:

- a) Term Loans taken from Bank of Maharashtra are secured by way of hypothecation of Land situated at Jubilee Hills in Hyderabad, Computers and Peripherals, Furniture & Fixtures, Stock in trade, receivables, outstanding monies and personal guarantee given by the Vice-Chairman & Managing Director, Executive Director and a Director of the Company.
- b) Loans taken from Bank for Vehicles Purchased are secured by specific charge on Vehicles for which the loan is availed.
- c) Term Loans taken from Finance Companies are secured by hypothecation/mortgage of assets purchased by company from above companies.
- d) Working Capital loans and bank guarantees given by Bank of Maharashtra are secured by way of hypothecation of Land situated at Jubilee Hills in Hyderabad, Computers and peripherals, stock in trade, software in process, book debts and lien on company's term deposits worth Rs.508.46 Lakh (previous year Rs. 425.00 Lakh) with the bank and personal guarantee given by the Vice Chairman & Managing Director, Executive Director and a Director of the Company.
- e) Finance Lease:

Future commitments in respect of assets acquired under Finance Schemes

Due	Total Minimum Lease Payments Outstanding (Rs)	Future Interest on Outstandings(Rs)
Payable within one year	4,108,869	1,473,547
Later than over year and not later than five years	9,635,550	1,272,220
Total	13,744,419	2,745,767

f. OPERATING LEASE

Future minimum lease rentals payable on 31.03.2010 as per the agreement

Due	Total Minimum Lease Payments Outstanding (Rs)
Payable within one year	13,985,168
Later than over year and not later than five years	37,226,466
Total	51,211,634

Lease payments recognized in the statement of Profit and Loss Account for the year is Rs.13,949,420.

2. Commitments and Contingencies:

- The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is Rs12.90 lakhs as at March 31, 2010 (Previous year Rs.15.63 lakhs).
- The company has outstanding guarantees of Rs. 2,259.37 Lakh as at 31st March 2010 (previous year Rs. 2294.63 Lakh).
- 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. 314,695/- .
- Sales tax matters under dispute as per table below:

S.No.	Name of the Statute	Nature of the dues	Amount (Rs)	Period which the amount relates	Forum where dispute is pending
1	AP VAT Act, 2005	Value Added Tax	339,455	2007-08	High Court
2	AP VAT Act, 2005	Value Added Tax	1,430,252	2006-07	High Court
3	AP VAT Act, 2005	Value Added Tax	1,430,252	2005-06	High Court
4	APGST Act, 1957	Sales Tax	2,860,507	2004-05	High Court
5	APGST Act, 1957	Sales Tax	3,580,063	2003-04	High Court
6	APGST Act, 1957	Sales Tax	1,430,253	2002-03	High Court

3. Quantitative details:

The company does trading of various kinds of computer items. It is not practicable to give quantitative details of sales and purchases for trading business. And also the company is engaged in the development and maintenance of computer software. The production and sale of such software can not be expressed in any generic unit. Hence, it is not practicable to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

4. 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 31st March 2010, below mentioned defined contribution plans.

Description	2009-10 (Amount in Rs)
Provident Fund	3,342,550
Employee State Insurance	1,176,885
Total	4,519,435

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

Description	2009-10 (Amount in Rs)
1. Reconciliation of opening and closing balances of obligation	
a. Obligation as at the beginning of the year	4,514,884
b. Current Service Cost	329,939
c. Interest Cost	361,190
d. Actuarial (Gain)/Loss	(173,773)
e. Benefits Paid	(67,500)
f. Obligation as at the end of the year	4,964,740
2. Expense recognized in the period	
a. Current Service Cost	329,939
b. Interest Cost	361,190
c. Actuarial(Gain)/Loss	(173,773)
d. Expense recognized during the year	517,356
3. Assumptions	%
a. Discount Rate (per annum) as at the end of the year	8
b. Salary Rise	4
c. Attrition Rate	3

5. Managerial Remunerations:

Managerial Remuneration paid to Vice Chairman & Managing Director, Whole Time Director, Executive Directors and Directors.

	Current Year (Rs)	Previous Year (Rs)
Salaries & Allowances	4,870,000	4,225,000
Contribution to Provident	18,720	27,300
Commission	8,004,515	3,891,841
Gratuity Paid	-	187,500
Directors Sitting Fee	516,000	441,000
Total	13,409,235	8,772,641

6. 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.


7. Computation of Net Profit in accordance with section 309(5) of the Companies Act'1956.

Particulars	Year ended March 31,2010		Year ended March 31,2009	
	(Rs)	(Rs)	(Rs)	(Rs)
Profit before Tax		146,681,782		167,696,688
Add:				
1. Wholetime directors remuneration	4,888,720		4,252,300	
2. Directors sitting fee	516,000		441,000	
3. Commission to wholetime directors	8,004,515		3,891,841	
4. Depreciaion as per books of accounts	24,927,487		26,644,530	
5. Gratuity Paid	-	38,336,722	187,500	35,417,17
		185,018,504		203,113,859
Less:				
1. Depreciaiton as envisaged under section 350 of the Companies Act	24,927,487		30,143,147	
2. Profit on Sale of Fixed Assets	727		4	
		24,928,214		30,143,151
Net Profit on which commission is payable		160,090,290		172,970,708
Maximum permissible commission as per the Companies Act		8,004,515		3,891,841
Commission Payable to :				
a) Managing Director		5,202,934		1,895,471
b) Executive Director		2,801,581		1,362,144
c) Whole Time Director (up to February 2009)		-		634,226

8. Remuneration to Statutory Auditors:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit fee	300,000	300,000
Tax Audit fee	75,000	75,000
Limited Review Fee	50,000	50,000
Taxation Matters	60,000	60,000
Certification Fee & Others	15,000	15,000
Total	5,00,000	5,00,000

9. 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 is categorized based on items that are individually identifiable to that segment, while the remainder 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, 2010 and 2009

(all figures in Rs.)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	526,817,302	114,400,003	404,728,805	-	-	1,045,946,110
	<i>321,019,932</i>	<i>77,527,339</i>	<i>416,853,397</i>	<i>903,000</i>	-	<i>816,303,668</i>
Identified operating expenses	520,183,395	65,543,099	200,543,689	-	-	786,270,183
	<i>320,931,575</i>	<i>40,410,459</i>	<i>167,333,428</i>	<i>916,000</i>	-	<i>529,591,462</i>
Allocated Expenses	37,059	5,837,399	47,370,523	12,681	-	53,257,662
	<i>49,283</i>	<i>3,933,407</i>	<i>54,722,184</i>	<i>107,272</i>	-	<i>58,812,146</i>
Segmental operating income	6,596,848	43,019,505	156,814,593	(12,681)	-	206,418,265
	<i>39,074</i>	<i>33,183,473</i>	<i>194,797,785</i>	<i>(120,272)</i>	-	<i>227,900,060</i>
Unallocable expenses					54,980,233	54,980,233
					<i>43,041,275</i>	<i>43,041,275</i>
Operating income						151,438,032
						<i>184,858,785</i>
Other income/(expenses), net					7,247,978	7,247,978
					<i>1,809,972</i>	<i>1,809,972</i>
Net profit before Interest						158,686,010
						<i>186,668,757</i>
(Less): Interest Expenses					(15,606,138)	(15,606,138)
					<i>(21,620,911)</i>	<i>(21,620,911)</i>
Add: Interest Income					3,601,910	3,601,910
					<i>2,648,842</i>	<i>2,648,842</i>
Net profit before taxes						146,681,782
						<i>167,696,688</i>
Income Taxes						(50,086,456)
						<i>(62,817,213)</i>
Net Profit after taxes						96,595,326
						<i>104,879,475</i>
Other Information						
Segment Assets	138,253,495	124,050,516	599,460,074	91,039	229,706,222	1,091,561,346
	<i>52,424,965</i>	<i>90,764,697</i>	<i>696,497,936</i>	<i>103,720</i>	<i>123,414,546</i>	<i>963,205,864</i>
Segment Liabilities	131,179,218	63,008,371	64,794,864	-	67,785,725	326,768,178
	<i>52,206,091</i>	<i>64,231,649</i>	<i>90,114,232</i>	-	<i>81,070,735</i>	<i>287,622,707</i>
Capital Expenditure	-	7,308,999	5,72,399	-	689,775	8,571,173
	-	<i>25,001,630</i>	<i>65,874</i>	-	<i>278,912</i>	<i>25,346,416</i>
Depreciation	-	3,325,030	9,996,715	12,681	11,593,061	24,927,487
	-	<i>2,848,732</i>	<i>11,473,836</i>	<i>12,681</i>	<i>12,309,281</i>	<i>26,644,530</i>

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.

10. 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.
Mrs. T. Pavana Devi	Director & Spouse of Mr.T. Gopichand.
Mr. N.V.V.Prasad	Key Management Personnel (Executive Director)
Mr.T.Bapaiah Chowdary	Brother to the Vice Chairman and Managing Director

b) Transactions with related parties:

Name of the related party	Mr. T. Gopichand & Mr.T.Gopichand (HUF)	Mr. N.V.V.Prasad	Mrs.T. Pavana Devi	Mr.T. Bapaiah Chowdary
Description of the Relationship between the parties	Key Management Personnel (Vice Chairman & Managing Director) & Spouse of Mrs. T. Pavana Devi.	Key Management Personnel (Executive Director)	Director & Spouse of Mr.T. Gopichand	Brother to the Vice Chairman and Managing Director
Description of the nature of transactions	a)Receiving of Services b)Commission on Profits	a) Receiving of Services. b)Commission on Profits	Sitting Fee	Sitting Fee
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs. 3,045,000 b)Commission of Rs. 5,202,934	a) Managerial Remuneration of Rs. 1,825,000 b)Commission of Rs. 2,801,581	a) Sitting Fee Paid Rs. 48,000	a) Sitting Fee Paid Rs.68,000
Any other elements of the related party transactions	Managerial Remuneration, & Commission was approved by Share Holders	Managerial Remuneration & Commission was approved by Share Holders	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	a) Managerial Remuneration Payable Rs. 221,894 b) Commission payable Rs.5,202,934	a) Managerial Remuneration Payable Rs. 133,822 b) Commission payable Rs.2,801,581	NIL	NIL
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

11. 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.



12. 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 31st March'2010 comprise of the following:

	Rs. In lakhs As At 31st March 2010		Rs. In lakhs As At 31st March 2009	
A Deferred Tax Liability				
1 Related to fixed assets		168.87		198.08
B Deferred Tax Assets				
1 Disallowance under the Income Tax Act'1961	(53.03)		(82.83)	
2 Provision for doubtful debts	(17.33)	(70.36)	-	(82.83)
C Provision for deferred tax (net)		98.51		115.25

13. Prior period items, material items, non-recurring and extraordinary items are disclosed separately. Prior period items (net) include prior period income Rs.18,840 and prior period expenses Rs.819,354/- (Previous year prior period income Rs.347,932 and prior period expenses Rs.132,897)

14. Micro and Small Scale business entities:

There are no micro and small scale enterprises to which the company owes dues, as at 31st March 2010. 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.

15. Earnings per Share.

	Current Year	Previous Year
a) Net Profit as per Profit and Loss Account(Rs.)	96,595,326	104,879,475
b) Add\Less): Excess Provision for Tax of earlier year(Rs.)	917,490	2,276
c) Profit available for equity share holders(Rs.)	97,512,816	104,881,751
d) Weighted average number of Equity Shares outstanding during the year	12,511,875	12,511,875
f) Weighted Average number of equity shares in computing diluted earnings per share	12,511,875	12,511,875
g) Face Value of each Equity Shares(Rs)	10	10
h) Earnings per share		
-Basic (Rs)	7.79	8.38
-Diluted (Rs)	7.79	8.38

16. Paise have been rounded off to the nearest rupee.

17. Figures for the corresponding year ended March 31, 2009, wherever necessary, have been regrouped, recast, rearranged to conform to those of the current year.

18. There is no other additional information pursuant to the provisions of Part II Schedule VI of the Companies Act, 1956.

As per our report of even date attached

For NARVEN ASSOCIATES

Chartered Accountants
Firm Reg No:0059055

Sd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643

For and on behalf of the board of directors

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

Sd/-
(N.V.V.PRASAD)
Executive Director

Sd/-
(B.D.NAIDU)
General Manager (Finance)

Place: Hyderabad
Date: 09.08.2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Inserted by Notification No.GSR 388 (E), dt.15-5-1995)

I Registration Details

Registration No.

		1	8	3	9	1
--	--	---	---	---	---	---

 State Code

0	1
---	---

 Balance Sheet Date

3	1		0	3		2	0	1	0
---	---	--	---	---	--	---	---	---	---

 Date Month Year

II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue

				N	I	L
--	--	--	--	---	---	---

 Rights Issue

				N	I	L
--	--	--	--	---	---	---

 Bonus Issue

				N	I	L
--	--	--	--	---	---	---

 Private Placement

				N	I	L
--	--	--	--	---	---	---

 Issue of Preferential Warrants
 Conversion of Equity Shares

		N	I	L
--	--	---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

	7	6	4	7	9	3
--	---	---	---	---	---	---

 Total Assets

	7	6	4	7	9	3
--	---	---	---	---	---	---

Sources of Funds:
 Paid-up Capital

	1	2	5	1	1	9
--	---	---	---	---	---	---

 Reserves & Surplus

	4	5	0	6	1	4
--	---	---	---	---	---	---

 Coveritable Warrants

				N	I	L
--	--	--	--	---	---	---

 Deferred Tax

			9	8	5	1
--	--	--	---	---	---	---

 Loan Funds

	1	7	9	2	0	8
--	---	---	---	---	---	---

Application of Funds:
 Net Fixed Assets

	1	6	1	4	7	1
--	---	---	---	---	---	---

 Investments

				N	I	L
--	--	--	--	---	---	---

 Net Current Assets

	6	0	3	3	2	2
--	---	---	---	---	---	---

 Misc.Expenditure

				N	I	L
--	--	--	--	---	---	---

 Accumulated Losses

				N	I	L
--	--	--	--	---	---	---

IV Performance of Company (Amount in Rs.Thousands)

Total Turnover

1	0	5	7	5	9	6
---	---	---	---	---	---	---

 Total Expenditure

	9	1	0	9	1	5
--	---	---	---	---	---	---

 Profit Before Tax

	1	4	6	6	8	2
--	---	---	---	---	---	---

 Profit After Tax

		9	6	5	9	5
--	--	---	---	---	---	---

 Earning Per Share (Rs.)

7	.	7	9
---	---	---	---

 Dividend Rate %

1	5	%
---	---	---

 Dividend on Equity Shares (Rs.)

1	.	5	0
---	---	---	---

V Generic Names of Principal Products of the Company

Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

 Product Description

S	O	F	T	W	A	R	E		D	E	V	E	L	O	P	M	E	N	T
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---

 Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

 Product Description

C	O	M	P	U	T	E	R		S	E	R	V	I	C	E	S
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---



Tera Software Limited

Regd. Office: 8-3-1113/2B, Kesavanagar, Srinagar Colony, Hyderabad-500 073

Dear Shareholder,

Re: Payment of Dividend through Electronic Clearing Services (ECS)

In case you have not already sent the ECS particulars to the company or to your Depository Participant (in case of demat holdings), we would request you to provide the particulars in the format given below to facilitate prompt and safe payment of future dividend. If you maintain more than one bank account, payment can be received at any one of your existing accounts. Please ensure that the details submitted are correct, as any error therein could result in the dividend amount being credited to wrong account.

Kindly help us in our endeavor to serve you better.

Yours faithfully

For Tera Software Limited

Sd/-

(T. Gopichand)

V.C. & Managing Director

In case you are holding shares in demat form, please also advise your Depository Participant to take note of your ECS mandate.

FORM FOR ELECTRONIC CLEARING SERVICE (ECS) FOR PAYMENT OF DIVIDEND

To,
M/s Sathguru Management Consultants Private Limited
(Unit : Tera Software Limited)
Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034

Please fill-in information in CAPITAL LETTERS in English Only.

For Shares held in physical Form: Folio No:
For Shares held in Demat Form : DP ID: Client ID:

Name of First / Sole Shareholder

Bank Name:

Branch Address:

Branch Code:

--	--	--	--	--	--	--	--	--	--

(9 Digit MICR Code Number appearing on the Cheque supplied by the Bank)

Account Please (_ /)

Saving

Current

Cash Credit

A/c.No. (As appearing:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

In the Cheque Book)

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied above, the Company will not be held responsible.

I/We agree to inform the Company any change in my/our Bank/branch and account number.

Date: _____
Place: _____ (Signature of Shareholder)

(Please attach photocopy of a blank cheque of your bank, duly cancelled, for ensuring accuracy of the Bank's name, branch and 9 digit MICR Code)



ATTENDANCE SLIP

TERA SOFTWARE LIMITED

Registered Office: #8-3-1113/2B, Kesava Nagar, Srinagar Colony, Hyderabad - 500 073.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Attendance Slip at the Venue of the meeting.

Client ID*:		Folio No.:	
D.P ID* :		No. of Share(s) held:	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 16th Annual General Meeting of the Company held on Tuesday, the 21st September, 2010 at 10.00 A.M at Jubilee Hills International Center, Road No 14, Jubilee Hills , Hyderabad - 500 033.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronics form.

Signature

PROXY FORM

TERA SOFTWARE LIMITED

Registered Office: #8-3-1113/2B, Kesava Nagar, Srinagar Colony, Hyderabad-500 073.

Client ID*:		Folio No:	
D.P ID* :		No. of Share(s) held:	

I/We.....

ofbeing a member/members of Tera Software Limited hereby appoint of or failing him.....ofas my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting to be held on Tuesday, the 21st September, 2010 at 10.00 A.M. or at any adjournment thereof.

Signed this.....day of.....2010

*Applicable for investors holding shares in electronic form.



Signature

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. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.
3. No Gifts will be given on the date of AGM.