



17th ANNUAL REPORT 2010-11



TERA SOFTWARE LIMITED



Sri D. Seetharamaiah
Chairman



Dr. T. Hanuman Chowdary
Director

**Independent
Directors**



Sri R.S. Bakkannavar
Director



Dr. T.V. Lakshmi
Director



Sri M.V.S.R. Prasad
Additional Director



Sri. T. Gopichand
Vice Chairman & Managing Director



Sri N.V.V. Prasad
Executive Director

**Executive &
Promoter
Directors**



Sri K. Rama Rao
Director - Projects



Sri T. Bapaiah Chowdary
Director



Smt. Pavana Devi
Director

Company Overview

The Company with its sixteen years of journey has emerged as one of the fastest growing company in Information Technology Sector pioneering in the field of e-Governance

Vision: To add best value to inputs and become dependable source of products and services with quality and time sense thus serving to the utmost satisfaction of the customers

Mission: To be the leading Identity and Security Management Solutions provider

Motto: Authentic People – Unique Identification

Technology: Foolproof, Cost- Effective, Integrity, Inter-operable and Scalable

Values: Customer Focus, Teamwork, Integrity, Excellence and Future Focus by preaching and practicing Commitment and Dedication to the work as our core values



AADHAAR Project inaugurated by Hon'ble Chief Minister of Maharashtra State Sri Prudviraj Chowhan in Greater Mumbai

Business Mile stones

Year 2004: First Company to implement IGRS Project in Land Registration Department of Karnataka and have digitized 10 million documents over last 7 years covering the 23 districts of Karnataka.

Year 2006: First Company to automate the work of Maharashtra Sales Tax Department and successfully implemented the same over the last 5 years on BOOR Basis benefiting the tax payers of 2.5 millions. The e-service benefits delivered are e>Returns, e-registration, e-payments, e-Audit, e-annexures. e-refund, c-form utilization, TIN (Tax identification number) allocation etc.

Year 2006: Executed INDIA's first Biometric (IRIS eye) A.P. Ration card project for issuing coupons in 5 districts of A.P to cover a population of 4.2 million. This Project includes Biometric enrollments and issuance of Cards, data de-duplication .

Year 2011: The only company in India enrolling for the AADHAAR under UIDAI project in all 4 Metro Cities (Delhi, Mumbai, Kolkata, Chennai) simultaneously and the first company to have an order book for 80 million enrolments for AADHAAR.

Management Team

Sri T. Gopichand: Vice Chairman and Managing Director

Sri N.V.V. Prasad: Executive Director

Sri K. Rama Rao: Director – Projects

Sri C.S. Ravindran: Chief Executive Officer

Sri B.D. Naidu: General Manager (Finance)





NeGP vision

(The National e-Governance Plan)

Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency & reliability of such services at affordable costs to realise the basic needs of the common man. With this vision, the central Government approved the National e-Governance Plan (NeGP), Comprising of 27 Mission Mode Projects (MMPs) and 10 components. The Government has accorded approval to the vision, approach, strategy, key components and implementation framework for the NeGP. Within this vision the following MMPs are categorized as state, central and integrated:



Central MMPs

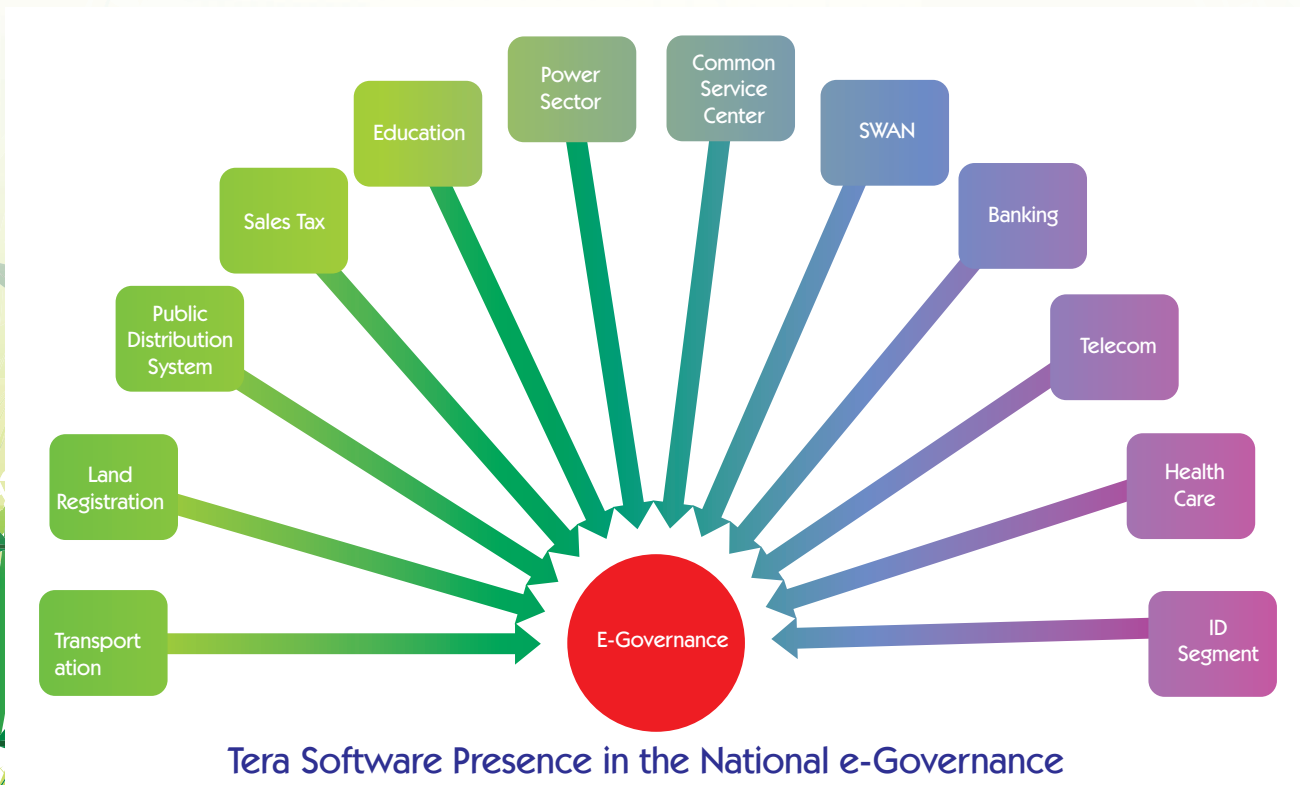
- Banking
- Central Excise & Customs
- Income Tax (IT)
- Insurance
- MCA21
- National Citizen Database (NPR/ UNIQUE ID (UID))
- Passport, Immigration & Visa
- Pension
- e-OFFICE

State MMPs

- Agriculture
- Commercial Taxes
- e-District
- Employment Exchange
- Land Records
- Municipalities
- Panchayats
- Police
- Property Registration
- Road Transport
- Treasuries

Integrated MMPs

- CSC
- e-BIZ
- e-COURTS
- e-Procurement
- Electronic Data Interchange (EDI) For Trade (eTrade)
- National Egovernance Service Delivery Gateway



Tera Software Presence in the National e-Governance

Successfully Completed and on Going Projects

Transportation (KERALA STATE, BIHAR STATE DL/RC) :

Executed KERALAFAST project under BOOT method which includes Biometric enrollments, data de-duplication, establishment of data centers, automation and integration of RTO's. The nature of job is to automate services such as Issue of Driving Licenses, Conductor's Licenses, Registration of Motor Vehicles; Certificate of Fitness to Transport Vehicles, Issue of Regular and temporary Permits to vehicles, Issue of Miscellaneous certificates e.g. NOC, Collection of Taxes to maintain repository information. Issued over 5 million of smart cards, scope involves demographic data entry, 60RTO integration, Build Operate and Transfer the same on BOOT basis.

We can take up Turn Key implementation in this domain

Land Registration (AP & Karnataka) :

Executed KAVERI project under BOOT method which includes Biometric Enrollments, data de-duplication, Kiosk across the state and establishment of data centers The nature of job is to scan all the documents registered in to digital format and store this digital information on a CD for archival purpose. We have executed automation of over 10 million records as on date and can render fully automated solutions including payment settlements through banking channels.

Public Distribution System (Enrollment and card Issuance of 4.2 million cards) :

Executed INDIA's first Biometric (IRIS eye) A.P. Ration card project for issuing coupons in 5 districts of A.P. This Project includes Biometric enrollments, data de-duplication & establishment of data centers Tera has developed POC for end to end solutions in PDS including e procurement as well settlement of PDS system through banking channels.

Automation of Taxes Maharashtra (Covering over 5 Million Payers) :

Executed MAHAVIKAS project under BOOR method which includes Biometric data entry, data de-duplication and establishment of data centers Software is deployed for the effective automation of the Sales Tax department involving Key modules like Dealer Information System (DIS), Returns, Assessment, Appeals, Enforcement, Forms Control and Recovery. With this Tera is now ready to roll out the GST automation across INDIA.

Education:

Computerization of schools under Rajiv Vidya Mission is done under BOOT method in Andhra Pradesh and Goa

Executed by Providing Infrastructure, i.e., Supply of Hardware, Software, Networking and Providing Computer Education to the Students of 6th to 10th classes by providing the Professional Teachers to the Govt. School Tera has now developed end to end solutions for settlement / issuance of debit cards for education, campus identification system and is now tying up with banks for settlements.

Power Sector (FMS for Power generation companies for BESCO, Maharashtra, West Bengal, Surat, Delhi, Andhra Pradesh, Madhya Pradesh) :

Executed BESCO project under BOO method by providing Hand Held terminals to facilitate the billing at Customer Premises. Provide necessary Desktops, Servers, UPS, and Printers to facilitate the running of Revenue management software.

Provide qualified Manpower to man the services required.

Provide required stationery for bill generation and report generation, Automation and integration of smart meters which are prepaid.

Having executed 7 FMS projects including GIS, Automation billing and revenue management for the above states. Today Tera has developed smart metering system with pre-paid cards and settlement with the banking system.

Common Service centers (3000 centers spread across 4 states) :

We implement additional services inline with the latest developments in Telecom/Banking/Healthcare /e-governance segments Tera can Revolutionize the CSC business into very profitable one with the role of Tera limiting to that of providing inputs to assistance portal maintenance and call center which will function on 24/7 basis. Each common servicer center has biometric devices / access control devices for new enrollments to be done.

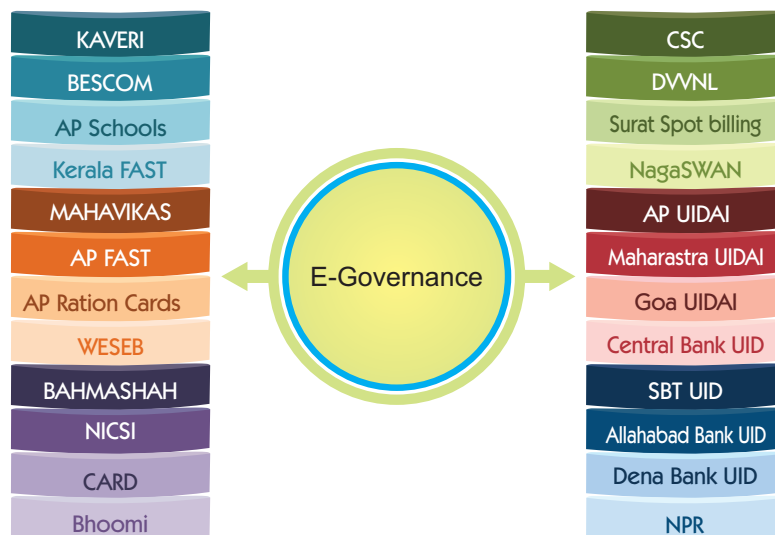
Tera has today developed a unique solution to rural solutions through IIM Bangalore Karnataka government and banks for Telecom Segment, Travel, G2C services, B2B Services, Telemedicine's



E-courts Projects:

Tera along with NIC is executing across India in 10 states comprising of District courts, High courts & Supreme Court. Here Tera is involved in Automation of Courts, E-filing of cases, Attendance of jail convicts / suspects etc.

It is now in the process of developing video conference based solutions as well as Biometric based identification systems.



Future Focus

GST Automation and payment collections

All taxes such as sales tax, excise duty, service tax, etc are to be merged into a single tax system called GST Payment and the tax can be paid through this system.

Delivery of Cash subsidies for the beneficiaries under Public Distribution System

(Bi- product of AADHAAR)

The system credits the Cash directly to a Designated Shop from where the Beneficiary Families below the poverty line will procure the items every month as per their entitlement to ensure that there is no scope for, and possibility of, misuse/diversion of Cash.

E – Toll: Electronic Toll collection system

The system would identify a vehicle passing through a toll gate through the RFID mounted on its windscreen that costs a meager Rs. 100 and charge the appropriate toll that will be debited from owner’s account. This will save time, exchange of cash and will prove effective in the tracking stolen vehicles. This is based on UIDAI proposal to Government of India for the Ministry of Road and Transportation which accepted to incorporate this system in all the future roadways tender as well as for the car parking system.

E – Governance Payment Gateway

E-seva and common service centers can make the payment (electric bills, water bills etc.) through e-governance payment gateway that could be integrated with payment gateway system of the banks.

AADHAAR



AADHAAR Project inagurated by Hon'ble Chief Minister of Maharashtra State **Sri Prudviraj Chowhan** in Greater Mumbai

Unique Identification Authority of INDIA (UIDAI) – Aadhaar

Government of India launched a new Unique Identity Numbering for all 1200 Million residents of India. It is a twelve digit number and is linked with finger prints, photograph and the eye iris shape of an individual. The new 12 digit Unique Identity number is planned to replace all the existing cards (Ration Card, Voters Identity Card, Driving License, Income Tax Payers Identity Number and Passport etc.).



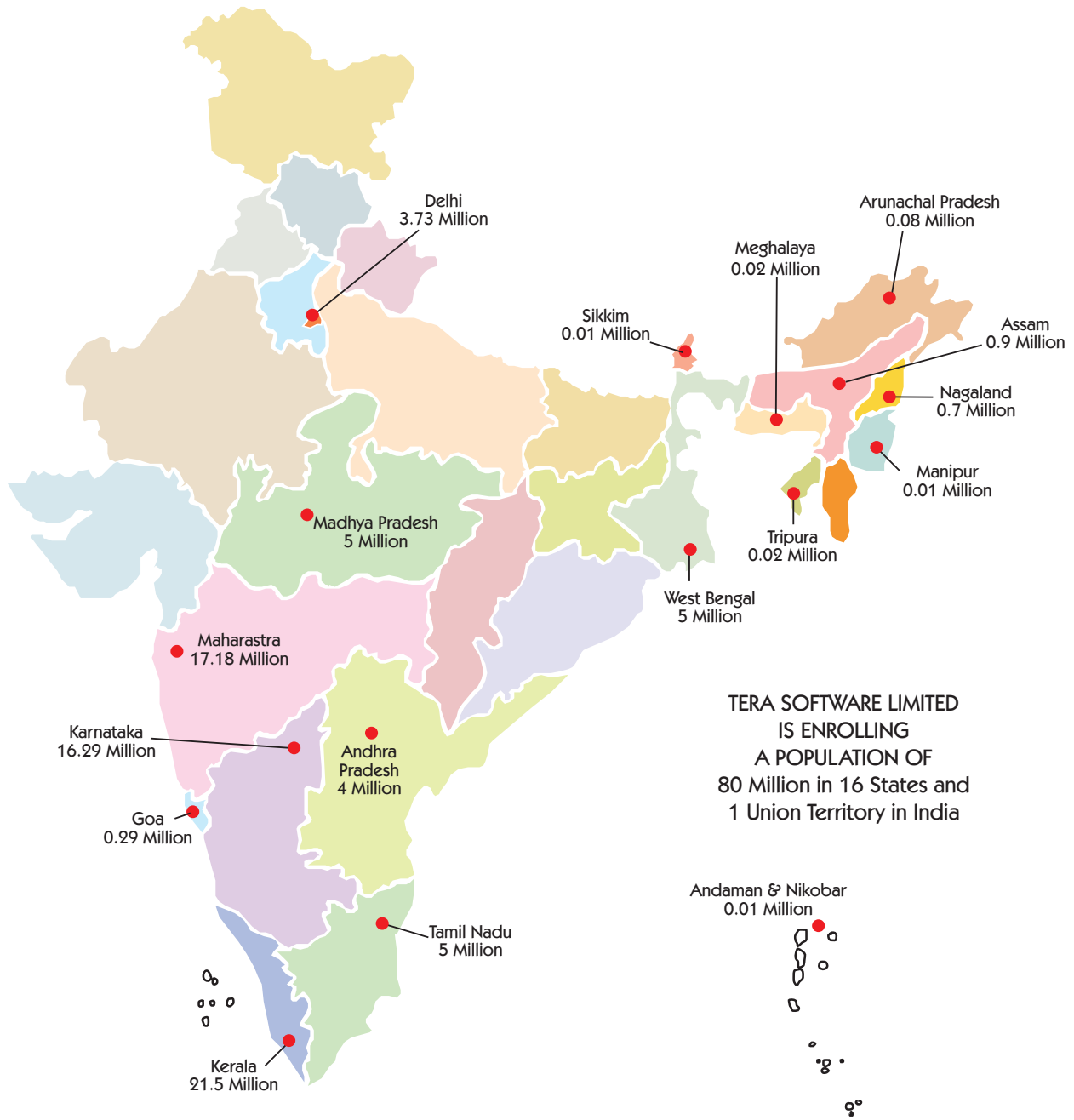
AADHAAR Project in Ranga Reddy District, Andhra Pradesh



AADHAAR Project inaguration in Nagpur, Maharashtra State



UIDAI (AADHAAR) Participation:



TERA SOFTWARE LIMITED IS ENROLLING A POPULATION OF 80 Million in 16 States and 1 Union Territory in India

Enrolment Process

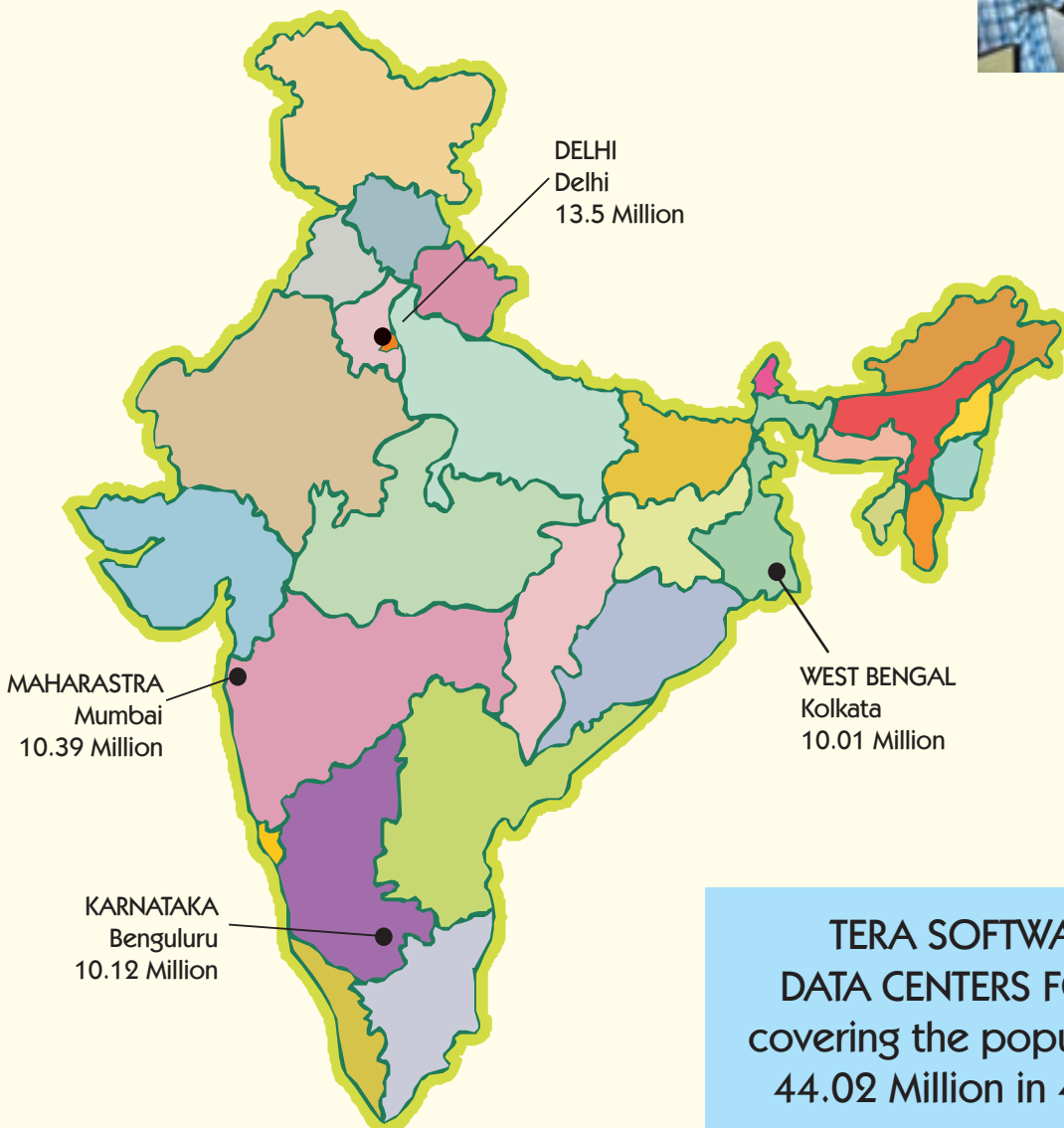


National Population Register

The NPR is a comprehensive identity database to be maintained by the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India (RGI). The objective of creation of the NPR is to help in better targeting of the benefits and services under the government schemes, improve planning, improve security and prevent identity fraud. The Government of India has initiated the creation of National Population Register (NPR) by collecting specific information of all usual residents in the country during the House listing and Housing Census phase of Census 2011.



Tera Software NPR Data centers



**TERA SOFTWARE'S
DATA CENTERS FOR NPR
covering the population of
44.02 Million in 4 States**



The agreement signing ceremony with Nagaland State Government for implementing the Nagaland State wide area network project (NagaSWAN)



Major Clientele

Our customers are our best references and include State and Central Governments active in the e-governance.

Looking at the success of projects undertaken by the company many other States are showing interest in the adoption of e-governance.

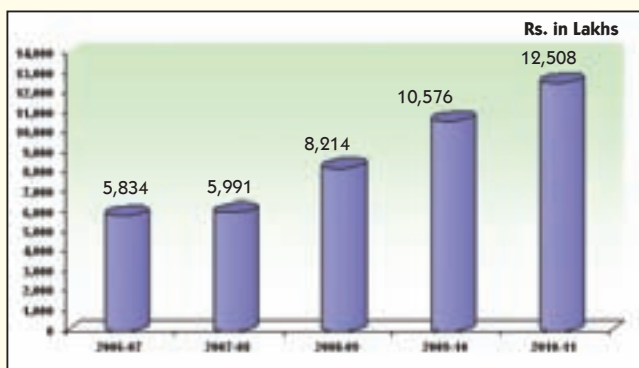
We have customers from the public sector enterprises, Govt. of India undertakings and many large organizations spread across India.

Superior technological products, custom built individual solutions, intuitive operation and simple administration created a long lasting bond with our clients.

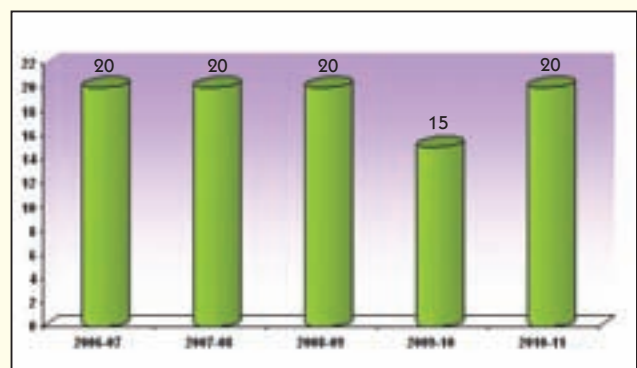
Our list of clients cross 30 across the nation and some of them are OUTLINED HERE.



GROSS TURNOVER



DIVIDEND PER SHARE (%)



BOARD OF DIRECTORS:

1.	Sri D. SEETHARAMAIAH	CHAIRMAN
2.	Sri T. BAPAI AH CHOUDARY	DIRECTOR
3.	Sri R. S. BAKKANNAVAR	DIRECTOR
4.	Dr. T. HANUMAN CHOWDARY	DIRECTOR
5.	Dr. T. V. LAKSHMI	DIRECTOR
6.	Smt. T. PAVANA DEVI	DIRECTOR
7.	Sri. M.V.S.R. PRASAD	ADDITIONAL DIRECTOR
8.	Sri K. RAMA RAO	DIRECTOR – PROJECTS
9.	Sri N.V. V. PRASAD	EXECUTIVE DIRECTOR
10.	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 - 30160333 Fax: 040 - 4004 0554.
Email ID: sta@sathguru.com



NOTICE

Notice is hereby given that the Seventeenth 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 30th day of August, 2011 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 2011, 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 Sri. K. Rama Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri D. Seetharamaiah, who retires by rotation and being eligible offers himself for re-appointment.
5. 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 up to the conclusion of the next Annual General Meeting and fix their remuneration.

AS SPECIAL BUSINESS:

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

“Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and consents as may be required, the approval and consent of the Company be and is hereby accorded to the reappointment of Sri.T.Gopichand, as Vice Chairman and Managing Director of the Company, not liable to retire by rotation for a period of five years w.e.f. 1.9.2011, on the remuneration, commission, perquisites and other allowances mentioned below:

- i) Salary: Rs.500,000/- per month with an annual increment of Rs.75,000/-
- ii) Commission: @ 3.125% on the net profits of the Company and
- iii) Perquisites:
 - a) Contribution to provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company.
 - b) Gratuity payable shall not exceed half month's salary for each completed year of service.
 - c) Free use of Company's car with driver for official purposes only.
 - d) Free communication facilities like Telephones/Mobiles/Fax at residence.

“RESOLVED FURTHER that in pursuance of the provisions of Section – 198 (4) read with Schedule – XIII to the Companies Act, 1956, in case if in any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified in Paragraph 1(A) of Section – II of Part – II of Schedule – XIII of the Companies Act, 1956 shall be paid as minimum remuneration to Sri.T.Gopichand, Vice Chairman and Managing Director.

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

“Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and consents as may be required, the approval and consent of the Company be and is hereby accorded to the reappointment of Sri.N.V.V.Prasad, as Executive Director of the Company, not liable to retire by rotation for a period of five years w.e.f. 1.9.2011 on the remuneration, commission, perquisites and other allowances mentioned below:

Tera Software Limited

- i) Salary: Rs.300,000/- per month with an annual increment of Rs.45,000/-
- ii) Commission: @ 1.875% on the net profits of the Company and
- iii) Perquisites:
 - a) Contribution to provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company.
 - b) Gratuity payable shall not exceed half month's salary for each completed year of service.
 - c) Free use of Company's car with driver for official purposes only.
 - d) Free communication facilities like Telephones/Mobiles/Fax at residence.

"RESOLVED FURTHER that in pursuance of the provisions of Section – 198 (4) read with Schedule – XIII to the Companies Act, 1956, in case if in any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified in Paragraph 1(A) of Section – II of Part – II of Schedule – XIII of the Companies Act, 1956 shall be paid as minimum remuneration to Sri. N.V.V. Prasad, Executive Director.

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

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and consents as may be required, the approval and consent of the Company be and is hereby accorded to the appointment of Sri.K.Rama Rao as Whole time Director of the Company, not liable to retire by rotation for a period of five years w.e.f. 1.7.2011 on the remuneration, perquisites and other allowances mentioned below:

- i) Salary: Rs.110,000/- per month with an annual increment of Rs.15,000/-.
- ii) Perquisites:
 - a) Contribution to provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company.
 - b) Gratuity payable shall not exceed half month's salary for each completed year of service.
 - c) Free use of Company's car with driver for official purposes only.
 - d) Free communication facilities like Telephones/Mobiles/Fax at residence.

"RESOLVED FURTHER that in pursuance of the provisions of Section – 198 (4) read with Schedule – XIII to the Companies Act, 1956, in case if in any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified in Paragraph 1(A) of Section – II of Part – II of Schedule – XIII of the Companies Act, 1956 shall be paid as minimum remuneration to Sri. K.Rama Rao, Whole time Director.

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

"Resolved that Sri.M. Venkata Sivaram Prasad be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that the following Article be inserted as Article 3(h) after the present existing Article 3(g) of the Articles of Association of the Company:

The company shall have power to issue shares to the employees of the Company under the Employees Stock Option Scheme or Employee Stock Purchase Scheme as may be designed by the Board of Directors from time to time but in doing so, the Company shall comply with the provisions of the Act and other applicable provisions."

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place : Hyderabad

Date : 14.07.2011



Notes:

1. The explanatory statement in respect of item numbers 6 to 10 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, 27th August 2011 to Tuesday, 30th August 2011 (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.

Items 6 & 7: The members at their meeting held on 29.09.2006 approved the appointment and remuneration of the Vice Chairman and Managing Director and the Executive Director for a period of five years and revised the remuneration of working directors on 29.9.2009. The Remuneration Committee on 14.07.2011 considered the reappointment and remuneration of Vice Chairman and Managing Director and the Executive Director as their term is expiring on 29.9.2011 and the Board of Directors at their meeting held on 14.07.2011 approved the reappointment for a period of five years and remuneration with effect from 1.9.2011 as recommended by the Remuneration Committee subject to the approval of the members and other approvals.

The proposed resolution as set out in Item Nos.6&7 and this explanatory statement may be treated as an abstract the terms and conditions of the remuneration of Sri T.Gopichand, the Vice Chairman and Managing Director, Sri N.V.V.Prasad, the Executive Director of the Company in terms of Section 302 of the Companies Act, 1956.

Your directors recommend the resolution.

None of the directors are interested/deemed to be interested in the resolution except Sri T.Gopichand, the Vice Chairman and Managing Director, Sri N.V.V.Prasad, the Executive Director individually.

Smt. T. Pavana Devi is interested in the resolution at item 6 concerning Sri. T. Gopichand being Spouse as per Section 6 (B) of the Companies Act, 1956.

Sri T.Bapaiah Choudary is interested item 6 being relative of Sri T. Gopichand as per Schedule IA of the Companies Act, 1956.

Items 8: The Directors at their meeting held on 14.7.2011 appointed Sri K. Rama Rao as a whole time director on remuneration as recommended by the Remuneration Committee. Sri K.Rama Rao is a director of the Company for the last ten years and his contribution is notable.

The proposed resolution as set out in Item No.8 and this explanatory statement may be treated as an abstract of the terms and conditions of the remuneration of Sri K. Rama Rao as a whole time director of the Company in terms of Section 302 of the Companies Act, 1956.

Your directors recommend the resolution.

None of the directors are interested/deemed to be interested in the resolution except Sri K. Rama Rao

Items 9: The Directors at their meeting held on 14.7.2011 co-opted Sri M. Venkata Sivaram Prasad as an additional director of the Company. He holds office only upto the date of this annual general meeting. The Company received a notice from one of the shareholder proposing Sri M.Venkata Sivaram Prasad as a Director of the Company along with the necessary fee of Rs.500/-.

Your directors recommend the resolution.

None of the directors are interested/deemed to be interested in the resolution except Sri M.Venkata Sivaram Prasad.

Items 10: The Directors at their meeting held on 14.7.2011 proposed to introduce Employee Stock Option Scheme or Employee Stock Purchase Scheme in the best interest of the Company. The respective schemes would be designed by the Board at a future date and this is only an enabling resolution to empower the Company to issue shares to the employees under the captioned schemes.

Your directors recommend the resolution.

None of the directors are interested/deemed to be interested in the resolution

Particulars of Directors' proposed to be elected as directors pursuant to Clause 49 of the Listing Agreement:

Serial Number	1	2	3	4	5
Name	Sri K Rama Rao	Sri D.Seetharamaiah	Sri T. Gopichand	Sri N.V.V. Prasad	Sri M.V.S.R. Prasad
Designation	Director	Director	Vice Chairman and Managing Director	Executive Director	Director
Age & Date of Birth	64 Years (10.07.1947)	85 Years (22.04.1926)	52 Years (9.6.1959)	51 Years (14.4.1960)	50 Years (15.11.1961)
Qualification	M.Sc.	Chartered Accountant	M.Tech	B.Tech	M.Sc.
Date of Appointment	29.09.2008	29.09.2008	29.09.2006	29.09.2006	14.07.2011
Nature of Expertise in specific functional areas	34 + Years experience in IT industry and worked at all levels viz. Pm, PL, Analyst Programmer and Programmer.	Senior partner of Brahmayya & Co., a leading Chartered Accountants firm in Andhra Pradesh. Director in many Companies, Ex Director of APIDC, APSFC and Ex Chairman of TTD.	Incharge of all facets of Management with special emphasis on Negotiations, Project Coordination & Implementation and Technical functions.	Incharge of Project Coordination, Marketing, Integrated Services, Post Sales Services and Technical functions.	25+ Years experience in electrical and power generation industry.
Remuneration	Rs.102,000/- (Sitting Fees)	Rs.117,000/- (Sitting Fees)	Rs.6,675,102/- As approved by Members	Rs.3,793,221/- As approved by Members	NIL
No. of outside Directorships held	1	8	1	1	11
Chairman of the Committee of Board of Directors of the Company	NIL	(1) Remuneration Committee (2) Management Committee	NIL	NIL	NIL
Member of the Committee of Board of Directors of the Company	(1) Audit Committee (2) Remuneration Committee (3) Management Committee and (4) Shareholder's Grievance Committee	(1) Audit Committee and (2) Investment Committee	(1) Investment Committee (2) Management Committee and (3) Share Transfer Committee	(1) Investment Committee (2) Management Committee and (3) Share Transfer Committee	NIL
Chairman/member of the Committees of other Companies	NIL	4	NIL	NIL	NIL

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place : Hyderabad
Date : 14.07.2011

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Seventeenth Annual Report and the audited accounts of the company for the year ended 31st March 2011 together with Auditors' report thereon.

a) Financial Results:

(Rs. In Lakhs)

PARTICULARS	Year Ended 31.03.2011		Year Ended 31.03.2010	
Gross Income		12,637.65		10,575.96
Expenditure		10,692.25		8,703.81
Profit before interest, depreciation & tax		1,945.40		1,872.15
Less: Interest (Financial Cost)		200.05		156.06
Profit before depreciation & tax		1,745.35		1,716.09
Less: Depreciation		275.44		249.27
Profit before tax		1,469.91		1,466.82
Less : Provision for tax Current year	529.58		517.60	
Deferred tax	(68.17)	461.42	(16.73)	500.87
Profit after tax		1,008.49		965.95
Add: Balance brought forward from Previous Year	1380.38		1124.83	
Add/(Less): Excess Tax Provision of Earlier years	(24.50)	1,355.88	9.17	1,134.00
Profit available for distribution		2,364.37		2,099.95
Less: Transferred to General Reserve	500.00		500.00	
Proposed Dividend @ 20% (Previous Year 15%)	250.24		187.68	
Tax on distributable profits	40.59	790.83	31.89	719.57
Balance Carried to Balance Sheet		1,573.54		1,380.38

b) Dividend:

Your Directors are pleased to recommend a dividend of 20% absorbing a sum of Rs.290.83 Lakhs including the tax on distributable profits.

c) Performance of the Company:

The Company achieved a turnover of Rs.12, 637.65 Lakhs during the year and earned a net profit after tax of Rs.1,008.49 Lakhs. During the year the authorised capital of the Company is increased from Rs.15 crores to Rs. 25 crores.

During the current year your company has added following three new business segments AADHAR, NPR (National Population Register) and SWAN (State Wide Area Network). Collectively they account for a healthy order book on hand of 870 crores to be executed over next three years. During the current year your company got empanelled with Unique Identification Authority of India, as T2 F4 agency. Under this award of order, your Company is entitled to enroll about 5 crore citizens per year. Central government has planned to cover the entire Indian population of 120 crores in about 4 years with coverage of 10 lakhs population per day.

During the year your Company became a preferred partner in India to integrate and sell the Biometric devices of L1 Identity Solutions Inc, USA. This gives an added advantage to integrated division of your company in addressing the Business opportunities in NPR and AADHAAR.

Your company firmly believes that in bringing new customers and adding value to the existing relationships (with our current customers) will only help in getting additional business opportunities for your company. During the year the client base of your Company has increased from 21 to 30.

During the current year your company has acquired the following certifications which brings in the required pre qualifications and delivery of quality services in managing and implementing UIDAI (AADHAAR), NPR and other e-governance projects.

- Information Security Management System – ISO 27001:2005 for Software development, IT Enabled Services and IT Infrastructure management.
- Information Technology Service Management System: ISO 20000:2005 for Software development, IT enabled Services and It Infrastructure Management.
- Enhanced the ISO 9001: 2008 quality management system with enrollment, data capturing, De-Duplication and supply & maintenance of Biometric devices.
- Provisional STQC certificate for the supply and delivery of L1 Identity Solutions Inc, USA Biometric devices for UIDAI projects.

Future Opportunities:

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

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

Your company has pioneered many a prestigious project in this domain of e-governance for various government agencies at the state and central level. The company today is standing on the threshold of contributing meaningfully to the National e-Governance mission. It has ambitions and plans in further designing creative solutions across a wide spectrum of industries for the dual benefit of citizens and the government, once the basic citizen identification biometric infrastructure is in place. Your company continues to invest in the core e-governance solution capabilities to address this potential market of Rs 60,000 Crore in the next 5 years.

As your Company enters a key strategic period in its evolution, the years ahead will be marked by growth in revenue and profits, whilst further strengthening our focus on customers and delivery.

d) Management Discussion and Analysis Report:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Management's discussion and Analysis Report is enclosed as Annexure – I to the Directors' Report.

e) Corporate Governance:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance along with the certificate issued by the Company's Statutory Auditors M/s Narven Associates, Chartered Accountants thereupon is given as Annexure – II to the Directors' Report.

f) 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.

g) Fixed Deposits:

The Company has accepted Rs.101.00 Lakhs as fixed deposits during the year to which the provisions of Section 58A of the Companies Act, 1956 apply. There are no overdue deposits as at the end of the financial year 2010-2011.

h) Directors:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Sri K.Rama Rao, Director and Sri.D.Seetharamaiah, Director will be retiring at this annual general meeting and being eligible offer themselves for reappointment. Sri M.V.S.R. Prasad is inducted as an Additional Director on 14.07.2011.

During the year on the recommendation of the Remuneration Committee, Board of Directors had recommended to the share holders for the re-appointment of Sri T. Gopichand, Sri N.V.V. Prasad and Sri K. Ramarao with Reumuneration.

**i) 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.

j) 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	V.C. & M.D.	M.Tech	52	01.09.1995	29	6,675,102	Electronic Corporation of India Limited
N V V Prasad	E.D.	B.Tech	51	01.12.1999	28	3,793,221	Taraka Prabhu Publishers Pvt. Ltd.
C.S.Ravindran	C.E.O.	BE	55	01.07.2010	30	4,505,460	Bartronics India Limited

k) 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 provides 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:
 - i. Earnings in Foreign Currency (FOB): NIL
 - ii. Expenditure in Foreign Currency (CIF):

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Capital Contracts	19,806,300	Nil
Trading goods	3,133,200	Nil
Travelling	511,352	Nil
Total	23,450,852	NIL

iii. Value of Imports on CIF Basis In Respect of

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Traded goods	115,015,501	Nil
Capital goods	39,855,066	Nil
Total	154,870,567	NIL

- iv. Foreign Currency outflow in respect of advance given for Professional Service of Rs.613,212/-.

l) Internal Control Systems:

Your Company has a well defined and documented Internal Control Systems which is adequately monitored.

m) 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, 2011 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, 2011 on a going concern basis.

n) Acknowledgment:

Your directors thank the 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: 14.07.2011

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

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



MANAGEMENT DISCUSSIONS AND ANALYSIS

A. Cautionary Statement:

Statements in the Management Discussion and Analysis Report describing our Company's objectives, expectations or predictions is a forward looking statement 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.

B. 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. Only the effective and efficient organizations could stand a competitive situation. The management is confident that with its exposure and experience in this field of e-governance, it stands a better chance than others.

C. 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.

D. 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 and the audited balance sheet, profit and loss account.

(Annexure - II)

REPORT ON THE CORPORATE GOVERNANCE**1. Company's philosophy on Code of Corporate 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 ten directors on the Board comprising an independent non-executive chairman, two promoter whole time directors, one non promoter whole time director, 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 five times on 30.04.2010, 09.08.2010, 21.09.2010, 12.11.2010 and 12.02.2011.

Name of the Director	Category	Attendance Particulars			Committee member-ships/ Chairmanships in our Company		Number of other Director-ships & Committee member-ships	
		Board Meetings		Last AGM	Member-ships	Chairman-ships	Director-ships	Member-ships
		Held	Present					
Sri T. Gopichand	PWTD (2)	5	5	Yes	Nil	Nil	1	Nil
Sri N.V.V. Prasad	PWTD (2)	5	5	Yes	Nil	Nil	1	Nil
Smt. T.Pavana Devi	PNED (4)	5	5	Yes	Nil	Nil	1	Nil
Sri T.Bapaiah Choudary	PNED (4)	5	5	Yes	1	1	Nil	Nil
Sri K. Rama Rao	NPWTD (3)	5	5	Yes	3	Nil	1	Nil
Sri D.Seetharamaiah	INEC (1)	5	5	Yes	1	1	8	4
Sri R.S.Bakkannavar	INED (5)	5	5	Yes	Nil	1	1	Nil
Dr.T.Hanuman Chowdary	INED (5)	5	4	Yes	Nil	Nil	3	1
Dr. T.V. Lakshmi	INED (5)	5	5	Yes	2	Nil	1	Nil
Sri MVSR Prasad (Joined on 14.07.2011)	INED (5)	Nil	Nil	Nil	Nil	Nil	11	Nil

1. INEC: independent non-executive chairman, **2. PWTD:** promoter whole time directors, **3. NPWTD:** non promoter whole time director, **4. PNED:** promoter non-executive directors and **5. INED:** independent non-executive directors

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/she is a Director.

The detail of share held by directors as on 31-03-2011 is given below.

Name of Director	Number of Shares
Tummala Gopichand	2,367,025
Tummala Pavana Devi	1,274,595
Tummala Bapaiah Chowdary	150,000
N V V Prasad	721,437



CODE OF CONDUCT

The Board has approved a code of conduct for Board members and senior management personnel of the company. All directors and senior management personnel have affirmed compliance with the code of conduct for the year ended 31st March 2011.

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
Sri D. Seetharamaiah	Member
Sri K. Rama Rao	Member

- 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 4 times on 30.04.2010, 05.08.2010, 12.11.2010 and 12.02.2011 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 has met 4 times on 30.6.2010, 30.9.2010, 31.12.2010 and 31.3.2011 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 50. Outstanding complaints/requests as on 31st March 2011 were nil.

5. Remuneration Committee:

The Board constituted the Remuneration Committee comprising 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 has met once on 20.4.2010 and all the members were present.

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 and Executive Director is as detailed below:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Vice Chairman & Managing Director (Sri T. Gopichand)	6,675,102	8,257,294
Executive Director (Sri N.V.V. Prasad)	3,793,221	4,635,941
Total	10,468,323	12,893,235

The Company has paid the following sitting fee to the Directors of the Company during the year ended on 31st March 2011 vis a vis the previous financial year ended on 31st March 2010.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Sri D. Seetharamaiah	102,000	88,000
Sri R.S. Bakkannavar	97,000	88,000
Sri T. Bapaiah Choudary	60,000	68,000
Dr. T. Hanuman Chowdary	47,000	48,000
Dr. T.V. Lakshmi	65,000	68,000
Sri K. Rama Rao	117,000	108,000
Smt. T. Pavana Devi	40,000	48,000
Total	528,000	516,000



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 8 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 reconstituted during the year adding 2 more independent Directors namely Sri K.Rama Rao and Dr. T.Hanuman Chowdary and total 6 directors of the Company as stated below constitute the committee:

Sri D.Seetharamaiah	Chairman
Sri R.S.Bakkannavar	Member
Sri T.Gopi Chand	Member
Sri N.V.V.Prasad	Member
Sri K. Rama Rao	Member
Sri Dr. T.Hanuman Chowdary	Member

During the year, the Committee has met 5 times on 16.7.2010, 21.8.2010, 9.11.2010, 15.12.2010 and 20.1.2011 respectively and all the members were present at all the meetings.

9. General Body Meetings:

Location and time for last 3 Annual General Meetings were:

YEAR	AGM	LOCATION	DATE	TIME
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
2009-2010	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	21st September 2010	10.00 A.M

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

Date	Type of Meeting	Section	Brief particulars
21.09.2010	AGM	31	Increase of authorized capital of the Company
21.09.2010	AGM	81 (1A)	Issue of further Equity Shares

Whether Special resolutions were put through postal ballot last year, if so, details of voting pattern: No special resolutions were put through postal ballot last year.

Person who conducted the postal ballot exercise: Not Applicable

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, SEBI or any other statutory authority on any matter related to capital markets, during the year.

c. **Mandatory Requirements:** All the requirements were complied with.

d. **Audit Qualifications:** There are no audit qualifications in the report.

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. Material Developments in Human Resources / Industrial Relations Front, including number of people employed:

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been adopting methods and practices for Human Resources Development. With utmost respect to human values, company served its human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employee welfare activities. Industrial relations are cordial and satisfactory.

13. General Information for Shareholders:

a. As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on 30th August, 2011 at 10.00 A.M. at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500 013.

b. The Financial Year of the Company is April 1st of every year to March 31st of sub sequent year.

c. Date of Book Closure:

From Saturday, 27th August 2011 to Tuesday, 30th August 2011 (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 2011-2012 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**

ISIN: **INE482B01010**



f. Stock Market Data:

Month	Bombay Stock Exchange Limited	
	SHARE PRICE (Rs.)	
	High	Low
April 2010	42.75	38.60
May 2010	40.50	36.00
June 2010	39.00	31.30
July 2010	45.75	35.95
August 2010	47.75	39.80
September 2010	52.10	40.30
October 2010	66.60	49.80
November 2010	63.70	43.30
December 2010	53.00	40.15
January 2011	49.50	37.80
February 2011	41.50	34.90
March 2011	46.70	36.60

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 some of the shareholders converted their holding to electronic form from physical form. As such 1,23,38,187 shares of the Company are in electronic form as on 31.03.2011.

i. (a) Shareholding Pattern as on 31st March 2011:

Sl. No.	Category	No. of Shareholders	Total Shares	% to Total
A.	Shareholding of Promoter & Promoter Group:			
1	Indian			
A.	Individuals/HUF	14	5,333,902	42.63
2	Foreign	Nil	Nil	Nil
B.	Public Shareholding:			
1	Institutions			
A.	Foreign Institutional Investors	Nil	Nil	Nil
2	Non-Institutions:			
A.	Bodies Corporate	205	1,003,730	8.02
B.	Individuals			
1	Individual Shareholders holding nominal share capital up to Rs.1 Lakh.	6,550	3,240,851	25.90
2	Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh.	93	2,618,145	20.93
C.	Any Other (Specify) NRI/OCB	64	167,840	1.34
C1	Any Others – Trust	2	120,194	0.96
C2	Any Others – Clearing Members	12	27,213	0.22
C.	Shares held by Custodians etc.	Nil	Nil	Nil
	Total	6,940	12,511,875	100

(b) Distribution of Shareholding as on 31st March 2011:

Equity Shares holding of nominal value of Rs.	Equity Shares Holders		Equity Shares Amount	
	Numbers	% to	In Rs.	% Of
0001 - 5000	5,450	78.53	8,578,100	6.86
5001 - 10000	647	9.32	5,184,390	4.14
10001 - 20000	341	4.91	5,214,440	4.17
20001 - 30000	106	1.53	2,675,310	2.14
30001 - 40000	89	1.28	3,104,540	2.48
40001 - 50000	58	0.84	2,772,810	2.22
50001 - 100000	112	1.61	8,155,850	6.52
100001 - Above	137	1.97	89,433,310	71.48
Total	6,940	100.00	125,118,750	100.00

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 31.03.2011 are as follows:

Financial Year	2003 - 04	2004 - 05	2005-06	2006-07	2007-08	2008- 09	2009-10
Unclaimed Dividend Amount in Rs.	159,239	225,947	398,004	552,888	281,388	352,370	222,993.50

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

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Sd/-

(N.V.V. Prasad)

Executive Director

Place: Hyderabad

Date: 14.07.2011



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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Tera Software Limited,

We have examined the compliance of conditions of Corporate Governance by Tera Software Limited (the Company), for the year ended on 31st March 2011, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementation 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: 0059055

Place: Hyderabad.
Date : 14.07.2011

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

DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR (V.C. & M.D.)

Compliance of Code of Conduct for Directors and Senior Management personal pursuant to provisions of clause 49 of the listing agreement.

The Board laid down a code of conduct for all Board of Directors and Senior Management personal of the Company at its meeting held on 21.01.2006.

I hereby affirm and declare to the best of my knowledge and belief and on behalf of Board of Directors and Senior personnel that its code of conduct has been complied with for the year ended 31 March 2011.

Place:Hyderabad
Date:14.07.2011

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

DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR (V.C. & M.D.) 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 2011 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: 14.07.2011

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

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



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, 2011 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 misstatement. 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 as amended by the Companies (Auditor's Report) (amendment) order, 2004 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 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - (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: 005905S

Place: Hyderabad
Date: 18.06.2011

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

Annexure to Auditors' 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 afore-said order are not applicable to the company.
- (b) During the year, the company had taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.62.67 lakhs and the year-end balance is Rs.62.67 lakhs.
- (c) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the Companies Act,1956 are not prima facie prejudicial to the interest of the Company.
- (d) The principal amount and the interest on the same are repayable as per the repayment schedule. In respect of the said loans, there are no over due amounts and the company is regular in repayments.
- (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, excise duty, customs duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable;



(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 explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
- (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: 18.06.2011

For NARVEN ASSOCIATES
Chartered Accountants
Firm Reg. no: 0059055

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

BALANCE SHEET AS AT 31 st MARCH 2011

	Schedules	As At		As At	
		Rs.	31stMarch' 2011 Rs.	Rs.	31stMarch' 2010 Rs.
I. SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
Share Capital	1	125,118,750		125,118,750	
Reserves & Surplus	2	519,930,549	645,049,299	450,614,466	575,733,216
B. LOAN FUNDS					
Secured Loans	3	181,392,935		179,208,460	
Unsecured Loans	4	10,100,000	191,492,935	-	179,208,460
C. Deferred Tax Liability			3,034,965		9,851,492
TOTAL			839,577,199		764,793,168
II. APPLICATION OF FUNDS					
A. FIXED ASSETS					
	5				
Gross Block		344,780,233		215,805,052	
Less : Depreciation		120,455,583		92,911,946	
Net Block		224,324,650		122,893,106	
Add : Capital work in progress		110,714,921	335,039,571	38,827,803	161,720,909
C. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	45,058,892		1,184,429	
Sundry Debtors	7	940,585,778		750,677,881	
Cash & Bank Balances	8	95,090,605		145,458,491	
Loans & Advances	9	81,211,485		31,294,300	
		1,161,946,760		928,615,101	
Less : Current Liabilities & Provisions					
Current Liabilities	10	569,172,469		287,985,242	
Provisions	11	88,236,663		37,557,600	
		657,409,132		325,542,842	
NET CURRENT ASSETS			504,537,628		603,072,259
TOTAL			839,577,199		764,793,168

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 18

As per our report of even date attached

For NARVEN ASSOCIATESChartered Accountants
Firm Reg No:005905SSd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643Place: Hyderabad
Date: 18.06.2011**For and on behalf of the board of directors**Sd/-
(T. GOPICHAND)
Vice Chairman & Managing DirectorSd/-
(N.V.V. PRASAD)
Executive directorSd/-
(B.D. NAIDU)
General Manager (Finance)

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

	Schedules	For the year Ended		For the year Ended	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Gross Sales & Services	12		1,250,855,675		1,045,946,110
Other Income	13		12,908,880		11,650,299
Total			1,263,764,555		1,057,596,409
II. EXPENDITURE:					
Cost Of Goods Sold	14		675,635,655		520,094,761
Personnel Cost	15		82,653,171		77,112,093
Operating and other expenses	16		310,936,317		272,373,634
Financial Cost	17		20,005,324		15,606,138
Depreciation & Amortization	5		27,543,637		24,927,487
Prior Period Items (net)			-		800,514
Total			1,116,774,104		910,914,627
Profit before Tax			146,990,451		146,681,782
Less : Current Year					
Provision for tax (including Provision for wealth tax of Rs.0.12 Lakhs, previous year Rs.0.15 Lakhs)		52,958,089		51,759,643	
- Deferred tax (net)		(6,816,527)	46,141,562	(1,673,187)	50,086,456
Profit after Tax			100,848,889	-	96,595,326
Add: Balance brought forward from previous year		138,038,216		112,482,803	
Add/(Less): Short/(Excess) Provision for tax of Earlier Year (2,449,578)			135,588,638	917,490	113,400,293
Profit available for distributions			236,437,527		209,995,619
Less: Appropriations :					
Transferred to General Reserve		50,000,000		50,000,000	
Proposed Final Dividend on Equity Shares		25,023,750		18,767,813	
Tax on distributed profit		4,059,478		3,189,590	
			79,083,228		71,957,403
Balance Carried to Balance Sheet			157,354,299		138,038,216
Earnings Per Share					
-Basic			7.86		7.79
-Diluted			7.86		7.79
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		18			

As per our report of even date attached

For NARVEN ASSOCIATESChartered Accountants
Firm Reg No:005905SSd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643Place: Hyderabad
Date: 18.06.2011**For and on behalf of the board of directors**Sd/-
(T. GOPICHAND)
Vice Chairman & Managing DirectorSd/-
(N.V.V. PRASAD)
Executive directorSd/-
(B.D. NAIDU)
General Manager (Finance)

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

	Rs.	Current Year 31st March' 2011 Rs.	Rs.	Current Year 31st March' 2010 Rs.
A. Cash flow from Operating Activities:				
Net Profit Before Tax as per Profit & Loss A/c.		146,990,451		146,681,782
Adjustments for:				
Depreciation & Amortization	27,543,637		24,927,487	
Profit on Sale of Fixed Assets	-		(727)	
Prior Period Expenses/(Income)	-		800,514	
Interest Income	(2,452,410)		(3,601,910)	
Interest Expenses	2,223,433		4,872,032	
		<u>27,314,660</u>		<u>26,997,396</u>
Operating Profit before working capital changes		174,305,111		173,679,178
Adjustments for:				
Inventories	(43,874,463)		673,081	
Sundry debtors	(189,907,898)		(58,137,674)	
Loans and advances	(51,078,661)		22,111,569	
Current Liabilities and provisions	207,919,156		42,104,468	
		<u>(76,941,866)</u>		<u>5,405,281</u>
Cash Generated from Operations		97,363,245		179,084,459
Prior Period (Expenses)/Income		-		(800,514)
Taxes Paid		(32,181,779)		(64,166,518)
Net Cash from Operating Activities		65,181,466		114,117,427
B. Cash flow from Investing Activities				
Purchase of Fixed Assets & Advances paid		(107,392,055)		(4,009,089)
Sale of Fixed Assets		-		7,000
Interest Income		3,613,885		3,455,534
Net Cash Generated from Investing Activities		(103,778,170)		(546,555)
C. Cash flow from Financing Activities:				
Proceeds from Long term funds		10,100,000		-
Repayment of Long term loans		11,935,128		(36,664,824)
Short term loans (net)		(9,750,652)		51,992,609
Interest Paid		(2,228,571)		(4,788,441)
Dividend Paid		(21,827,087)		(28,933,965)
Net Cash Generated from Financing Activities		(11,771,182)		(18,394,621)
Net Increase/(Decrease) in Cash and Cash Equivalents		(50,367,886)		95,176,251
Opening Balance of Cash and Cash Equivalents		145,458,491		50,282,240
Closing Balance of Cash and Cash Equivalents		95,090,605		145,458,491

As per our report of even date attached

For NARVEN ASSOCIATESChartered Accountants
Firm Reg No:005905SSd/-
(CA.D.C.NAIDU)
Partner
Membership No.24643Place: Hyderabad
Date: 18.06.2011**For and on behalf of the board of directors**Sd/-
(T. GOPICHAND)
Vice Chairman & Managing DirectorSd/-
(N.V.V. PRASAD)
Executive directorSd/-
(B.D. NAIDU)
General Manager (Finance)

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As At 31st March' 2011 Rs.	As At 31st March' 2010 Rs.
1. Share Capital		
Authorised		
250,00,000 Equity Shares of Rs.10/- each (Previous year 150,00,000 Equity Shares of Rs. 10/- each)	250,000,000	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	227,476,250	177,476,250
Add: Transfer From Profit & Loss Account	50,000,000	50,000,000
Total (b)	277,476,250	227,476,250
iii) Surplus in Profit & Loss Account		
Current Period	157,354,299	138,038,216
Total (c)	157,354,299	138,038,216
Total (a)+(b)+(c)	519,930,549	450,614,466
3. Secured Loans		
I. Term Loans:		
from Banks	6,512,985	11,361,634
from Banks - for Vehicles Purchases	1,462,230	1,748,897
from Finance Companies	31,628,733	14,558,289
II. Working Capital Loans:		
from Banks (Ref. Note 1 of Notes on Accounts)	141,788,988	151,539,640
Total	181,392,935	179,208,460
4. Unsecured Loans		
from Directors	6,000,000	-
from Others	4,100,000	-
Total	10,100,000	-
6. Inventories		
(As verified, valued and certified by management)		
Trading Goods	43,782,016	1,184,429
Consumables	1,276,876	-
Total	45,058,892	1,184,429

SCHEDULE 5 : FIXED ASSETS
(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK	
	As at 31st March' 10	Additions during the year	(Deductions) during the year	As at 31st March' 11	During the year	(Deductions) during the year	As at 31st March' 11	As at 31st March' 10
Land	11,684,075	-	-	11,684,075	-	-	11,684,075	11,684,075
Buildings	24,447,746	1,627,306	-	26,075,052	421,378	-	23,933,231	22,727,303
Office Equipment	2,739,256	13,190	-	2,752,446	196,194	-	1,922,396	2,105,400
Computers & Servers	85,987,115	120,353,904	-	206,341,019	18,797,235	-	138,720,974	37,164,305
Electrical Equipment	10,909,693	307,432	-	11,217,125	452,449	-	8,236,514	8,381,531
Furniture & Fixtures	15,877,159	388,041	-	16,265,200	1,007,111	-	11,933,275	12,552,345
Capital Expenditure on Projects Div*	57,617,000	6,285,308	-	63,902,308	6,102,645	-	23,952,748	23,770,085
Vehicles	6,543,008	-	-	6,543,008	566,625	-	3,941,437	4,508,062
Total	215,805,052	128,975,181	-	344,780,233	27,543,637	-	224,324,650	122,893,106
Previous Year	207,241,879	8,571,173	8,000	215,805,052	24,927,487	1,727	122,893,106	139,255,693
Capital work in progress							110,714,921	38,827,803

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 31st March' 2011 Rs.	As At 31st March' 2010 Rs.
7. Sundry Debtors (Unsecured)		
Over Six Months		
Considered Good	427,444,636	311,687,869
Considered Doubtful	11,702,342	5,098,136
Less : Provision for doubtful debts	(11,702,342)	(5,098,136)
	427,444,636	311,687,869
Others		
Considered Good (includes unbilled work of Rs. 408.10 lakhs (Previous Year Rs.456.98 lakhs))	513,141,142	438,990,012
Total	940,585,778	750,677,881
8. Cash & Bank Balances		
Cash	445,998	342,849
Remittance in Transit/ Cheques on hand	26,382,797	87,612,534
Balances with Scheduled Banks		
in Current Accounts*	7,670,761	6,557,322
in Deposit Accounts (* includes unclaimed dividend Rs.21,92,830, Previous Year Rs.20,62,514)	60,591,049	50,945,786
Total	95,090,605	145,458,491
9. Loans & Advances (Unsecured)		
Considered good		
Accrued Interest	602,624	1,764,099
Deposits	46,340,701	6,337,924
Advances recoverable in cash or in kind or for value to be received	34,268,160	23,192,277
Total	81,211,48	31,294,300
10. Current Liabilities		
Interest accrued but not due on loans	78,453	83,591
Sundry Creditors		
for trading goods	268,416,026	114,707,357
for Capital Goods	118,219,996	24,749,752
for other liabilities and expenses	153,882,367	141,900,830
Unclaimed Dividend**	2,192,830	2,062,514
Mobilization Advances from customers (** Unclaimed Dividend do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.)	26,382,797	4,481,199
Total	569,172,469	287,985,242
11. Provisions		
Proposed Dividend	25,023,750	18,767,813
Tax on Distributed Profit	4,059,478	3,189,590
Provision for Tax (net of advance Tax and TDS receivables)	23,225,888	-
Provision for under performance of service level deliverable	30,484,558	10,635,457
Provision for Gratuity	5,442,989	4,964,740
Total	88,236,663	37,557,600

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year Ended 31st MARCH 2011	For the year Ended 31st MARCH 2010
	Rs.	Rs.
12. Gross Sales and Services		
Sale of Goods(net of returns)	702,877,798	526,817,302
Income from Projects & Services	547,977,877	519,128,808
Total	1,250,855,675	1,045,946,110
13. Other Income		
Insurance Claim Recovered	65,831	8,800
Interest Income (TDS Rs.5,11,307 (Previous Year Rs.7,28,431))	2,506,121	3,601,910
Discount and Other Incentives Received	29,851	-
Sundry Credit balances & Excess Provision written back(net)	861,745	2,595,278
Rent received	5,987,940	5,443,584
Miscellaneous Income* (profit on sale of fixed assets Rs.Nil (Previous year includes Rs.727/-))	3,457,392	727
Total	12,908,880	11,650,299
14. Cost Of Goods Sold		
(a) Raw Material, Components consumed and Purchase of Trading Goods		
Opening stock	1,184,429	511,348
Add: Purchases (net of returns)	718,233,242	520,767,842
	719,417,671	521,279,190
(Less): Closing stock	43,782,016	1,184,429
Total	675,635,655	520,094,761
15. Personnel Cost		
Salaries, wages, Bonus and other benefits	72,271,190	64,228,896
Commission to Whole Time Directors 4,	739,603	8,004,515
Contribution to Provident Fund, ESI etc.	5,176,844	4,519,435
Staff Welfare	465,534	359,247
Total	82,653,171	77,112,093

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the year Ended 31st MARCH 2011 Rs	For the year Ended 31st MARCH 2010 Rs
16. Operating and other Expenses		
Advertisement & Sales Promotion	241,404	154,369
Consultancy, Professional & Other Charges	185,811,752	146,519,073
Consumables Consumed	22,166,958	26,172,906
Electricity Charges	8,664,521	15,987,822
Insurance	600,384	438,261
General Expenses	8,186,189	11,941,622
Lease Rentals	15,559,696	13,949,420
Communication	13,262,665	11,653,903
Courier & Postage	551,718	680,838
Printing & Stationery	178,738	287,057
Rates & Taxes	2,192,445	2,709,912
Remuneration to Auditors	700,000	500,000
Rent	2,470,155	2,267,075
Repairs & Maintenance - Others	11,294,899	11,415,241
Bad Debts written off	653,656	-
Advances Written Off	711,984	800,410
Provision for under Performance of Service Level Deliverables	20,259,112	14,091,052
Provision for Service Level Deliverables Written Back	(410,011)	(21,129,656)
Recovery for Service Level Non Deliverables	813,966	21,129,656
Provision for Doubtful Debts	6,604,206	5,098,136
Sitting fees	528,000	516,000
Travelling & Conveyance	9,893,880	7,190,538
Total	310,936,317	272,373,634
17. Financial Cost		
Interest on Fixed Loans	2,223,433	4,872,032
Interest on Working Capital & Others	17,781,891	10,734,106
Total	20,005,324	15,606,138

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.**1. BASIS OF PREPARATION:**

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

2. USE OF ESTIMATES:

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

2. Fixed Assets & Depreciation:

- i. Fixed assets are stated at the cost, less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies and any other costs relating to the acquisition and installation of the assets. Interest and financing charges on borrowed funds, if any, used to finance the acquisition of fixed assets, which take substantial time until the assets are ready for use, are capitalized and included in the cost of the asset.
- ii. Capital work-in-progress 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.
- iii. Fixed Assets acquired under finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments.
- iv. Depreciation on the Fixed Assets of the Company is provided on Straight-line method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis.
- v. 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.
- vi. Assets acquired under finance lease, where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated as per the clause (iv) above.

3. Revenue Recognition:

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

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



- i) Unbilled revenues represent cost and earnings in excess of billings as at the balance sheet date.
- j) Income on investments and dividends on units is recognized as and when right to receive the same is established.

4. Expenditure:

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

5. Inventories:

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

6. Investments:

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

7. Impairment of Assets

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

8. Benefits to employees:

- i. Short-Term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.
- ii. Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable to the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.
- iii. Other long-term/short-term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, as the discounting rate.
- iv. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.
- v. Provident Fund:
The company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act, 1952.

9. Foreign Currency transaction:

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

10. Borrowing Costs:

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

11. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow or 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:

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

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

16. Leases:**a) FINANCE LEASE:**

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

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

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

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

b) OPERATING LEASE:

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

17. Sales:

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



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, 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 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, Hyderabad, Computers and peripherals, stock in trade, software in process, book debts and lien on company's term deposits worth Rs.605.16 Lakh (previous year Rs.508.46 Lakh) with the bank and personal guarantee given by the Vice Chairman & Managing Director, Executive Director and Director of the Company.

e. FINANCE LEASE:

- (i) In respect of Fixed Assets acquired on Finance Lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March, 2011 are as follows.

(Amount in Rs.)

Due	Total Minimum Lease Payments Outstanding As at 31st March		Future Interest on Outstandings As at 31st March	
	2011	2010	2011	2010
Payable within one year	21,019,108	4,108,869	6,173,323	1,473,547
Later than over year and not later than five years	54,748,154	9,635,550	14,079,023	1,272,220
Total	75,767,262	13,744,419	20,252,346	2,745,767

- (ii) General description of Lease terms:

- a) Lease rentals are charged on the basis of agreed terms.
- b) Assets are taken on lease over a period of 3 to 5 years.

f. OPERATING LEASE

Future minimum lease rentals payable on 31.03.2011 as per the agreement

(Amount in Rs.)

Due	Total Minimum Lease Payments Outstanding As at 31st March	
	2011	2010
Payable within one year	16,346,960	13,985,168
Later than over year and not later than five years	31,116,109	37,226,466
Total	47,463,069	51,211,634

Lease payments recognized in the statement of Profit and Loss Account for the year ended 31st March, 2011 is Rs.15,559,696.

2. Commitments and Contingencies:

- a. The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is Rs.8.10 lakh as at March 31, 2011 (Previous year Rs.12.90 Lakh).
- b. The company has outstanding guarantees of Rs. 4000.14 Lakh as at 31st March 2011 (previous year Rs. 2259.37 Lakh).
- c. Few cases relating to vendors are pending in the Courts against which the Company is liable to pay to Vendor. Contingent liability is Rs. 3.15 Lakh (Previous year Rs. 3.15 Lakh)
- d. During the year, the company had received an advance ruling in respect of applicability of AP VAT on Digitization of Registered documents. They challenged the same in the A.P High Court. Based on the above advance ruling the Liability works out to Rs.5,151,143/-.
- e. 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.

- a. The company has recognized, in the profit and loss account for the year ended 31st March 2011, below mentioned defined contribution plans.

Description	2010-11 (Amount in Rs.)
Provident Fund	3,809,860
Employee State Insurance	1,366,984
Total	5,176,844



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

Description	2010-11(Amount in Rs)
1.Reconciliation of opening and closing balances of obligation	
a. Obligation as at the beginning of the year	4,964,740
b. Current Service Cost	558,930
c. Interest Cost	397,179
d. Actuarial (Gain)/Loss	(1,248,236)
e. Past services cost	770,376
f. Benefits Paid	-
g. Obligation as at the end of the year	5,442,989
2.Expense recognized in the period	
a. Current Service Cost	558,930
b. Interest Cost	397,179
c. Actuarial(Gain)/Loss	(1,248,236)
d. Past service cost	770,376
e. Expense recognized during the year	478,249
3. Assumptions	%
a. Discount Rate (per annum) as at the end of the year	8
b. Salary Rise	4
c. Attrition Rate	5

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	5,710,000	4,870,000
Contribution to Provident	18,720	18,720
Commission	4,739,603	8,004,515
Directors Sitting Fee	528,000	516,000
Total	10,996,323	13,409,235

6. In the opinion of the Management 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 31,2011		Year ended March 31,2010
	(Rs)	(Rs)	(Rs)	(Rs)
Profit before Tax		146,990,451		146,681,782
Add:				
1.Wholetime directors remuneration	5,728,720		4,888,720	
2.Directors sitting fee	528,000		516,000	
3.Commission to wholetime directors	4,739,603		8,004,515	
4.Depreciaion as per books of accounts	27,543,637		24,927,487	
	-	38,539,960	-	38,336,722
		185,530,411		185,018,504
Less:				
1.Depreciaiton as envisaged under section 350 of the Companies Act				
	27,543,637		24,927,487	
2. Profit on Sale of Fixed Assets	-		727	
		27,543,637		24,928,214
Net Profit on which commission is payable		157,986,774		160,090,290
Maximum permissible commission as per the Companies Act		4,739,603		8,004,515
Commission Payable to :				
a) Managing Director		3,080,742		5,202,934
b) Executive Director		1,658,861		2,801,581

8. a) Value of Imports on CIF Basis In Respect of

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Traded goods	115,015,501	Nil
Capital goods	39,855,066	Nil
TOTAL	154,870,567	

b) Expenditure in Foreign Currency:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Capital Contracts	19,806,300	Nil
Trading goods	3,133,200	Nil
Travelling	511,352	Nil

C) Foreign Currency outflow in respect of advance given for Professional Service of Rs.613,212/-.



9. Remuneration to Statutory Auditors:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit fee	500,000	300,000
Tax Audit fee	200,000	75,000
Limited Review Fee	-	50,000
Taxation Matters	-	60,000
Certification Fee & Others	-	15,000
Total	700,000	500,000

10 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, 2011 and 2010

(all figures in Rs.)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	702,877,798	194,711,609	353,266,268	-	-	1,250,855,675
	<i>526,817,302</i>	<i>114,400,003</i>	<i>404,728,805</i>	-	-	<i>1,045,946,110</i>
Identified operating expenses	675,661,243	128,500,968	183,347,252	-	-	987,509,463
	<i>520,188,695</i>	<i>65,541,948</i>	<i>200,302,195</i>	-	-	<i>786,032,838</i>
Allocated Expenses	230,752	6,960,478	38,140,267	12,681	-	45,344,178
	<i>37,059</i>	<i>6,059,021</i>	<i>49,665,872</i>	<i>12,681</i>	-	<i>55,774,633</i>
Segmental operating income	26,985,803	59,250,163	131,778,749	(12,681)	-	218,002,034
	<i>6,591,548</i>	<i>42,799,034</i>	<i>154,760,738</i>	<i>(12,681)</i>	-	<i>204,138,639</i>
Unallocable expenses					63,915,139	63,915,139
					<i>53,501,018</i>	<i>53,501,018</i>
Operating income						154,086,895
						<i>150,637,621</i>
Other income/(expenses), net					10,402,759	10,402,759
					<i>8,048,389</i>	<i>8,048,389</i>
Net profit before Interest						164,489,654
						<i>158,686,010</i>
(Less): Interest Expenses					(20,005,324)	(20,005,324)
					<i>(15,606,138)</i>	<i>(15,606,138)</i>
Add: Interest Income					2,506,121	2,506,121
					<i>3,601,910</i>	<i>3,601,910</i>
Net profit before taxes						146,990,451
						<i>146,681,782</i>
Income Taxes						(46,141,562)
						<i>(50,086,456)</i>
Net Profit after taxes						100,848,889
						<i>96,595,326</i>
Other Information						
Segment Assets	307,119,759	162,905,564	814,854,535	78,358	212,028,115	1,496,986,331
	<i>138,253,495</i>	<i>123,015,975</i>	<i>599,665,106</i>	<i>91,039</i>	<i>229,310,395</i>	<i>1,090,336,010</i>
Segment Liabilities	367,450,677	72,057,535	105,211,129	-	112,689,791	657,409,132
	<i>131,179,218</i>	<i>63,548,427</i>	<i>64,327,094</i>	-	<i>66,488,103</i>	<i>325,542,842</i>
Capital Expenditure	-	-	127,189,719	-	1,785,462	128,975,181
	-	<i>7,308,999</i>	<i>572,399</i>	-	<i>689,775</i>	<i>8,571,173</i>
Depreciation	-	4,063,727	11,680,774	12,681	11,786,455	27,543,637
	-	<i>3,725,997</i>	<i>15,396,316</i>	<i>12,681</i>	<i>5,792,493</i>	<i>24,927,487</i>

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

b) Geographical Segment

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



11. Related Party Transactions:

a) Name of Related Parties & relationship:

Party Name	Relation
Mr. T. Gopi Chand & Mr.T.Gopichand (HUF)	Key Management Personnel (Vice Chairman & Managing Director), Spouse of Mrs. T. Pavana Devi & Brother of T.Bapaiah Chowdary.
Mrs. T. Pavana Devi	Director & Spouse of Mr.T. Gopi Chand.
Mr. N.V.V.Prasad	Key Management Personnel (Executive Director)
Mr.T.Bapaiah Chowdary	Brother to the Vice-Chairman
Mr.T.Hanuman Chowdary	Director

b) Transactions with related parties:

Name of the related party	Mr. T. Gopi Chand & Mr.T.Gopi Chand (HUF)	Mr. N.V.V.Prasad	Mrs.T. Pavana Devi	Mr.T.Bapaiah Chowdary-Director	Mr.T.Hanuman Chowdary-Director
Description of the Relationship between the parties	Key Management Personnel (Vice Chairman & Managing Director) , Spouse of Mrs. T. Pavana Devi & brother of T.Bapaiah Chowdary	Key Management Personnel (Executive Director)	Director & Spouse of Mr.T. Gopi Chand.	Brother to the Vice-Chairman & Managing Director	Independent Director
Description of the nature of transactions	a) Receiving of Services b) Commission on Profits. c)Interest on Deposits u/s 58A	a) Receiving of Services. b)Commission on Profits	Sitting Fee	Sitting Fee	a) Sitting fee b)Interest on Deposits u/s58A
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs.3,585,000. b)Commission of Rs.30,80,742. c)Interest on deposits of Rs.252,756.	a) Managerial Remuneration of Rs.2,125,000. b)Commission of Rs.1,658,861.	a) Sitting Fee Paid Rs.40,000	a) Sitting Fee Paid Rs.60,000	a) Sitting Fee paid Rs.47,000 b) Interest on deposit of Rs.14,247
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	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	a) Managerial Remuneration Payable Rs. 139,244. b) Commission payable Rs.4,154,984. c)Interest on Deposit payable Rs.252,756.	a) Managerial Remuneration Payable Rs. 149,006 b) Commission payable Rs.2,594,753.	NIL	NIL	Interest on deposit of Rs.14,247
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL

12. 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.

13. 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'2011 comprise of the following:

		Rs. In lakhs As At 31st March 2011		Rs. In lakhs As At 31st March 2010	
A	Deferred Tax Liability				
1	Related to fixed assets		204.49		168.87
B	Deferred Tax Assets				
1	Disallowance under the Income Tax Act'1961	(135.27)		(53.03)	
2	Provision for doubtful debts	(38.87)	(174.14)	(17.33)	(70.36)
C	Provision for deferred tax (net)		30.35		98.51

14. Prior period items, material items, non-recurring and extraordinary items are disclosed separately. Prior period items (net) which include prior period income Nil and prior period expenses Nil (Previous year prior period income Rs.18,840 and prior period expenses Rs.8,19,354)

15. Micro and Small Scale business entities:

There are no micro and small scale enterprises to which the company owes dues, as at 31st March 2011. 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.

16. Earnings per Share.

	Current Year	Previous Year
a) Net Profit as per Profit and Loss Account(Rs)	100,848,889	96,595,326
b) Add\Less: Excess Provision for Tax of earlier year(Rs)	(2,449,578)	917,490
c) Profit available for equity share holders(Rs)	98,399,311	97,512,816
d) Weighted average number of Equity Shares outstanding during the year	12,511,875	12,511,875
e) Weighted Average number of equity shares in computing diluted earnings per share	12,511,875	12,511,875
f) Face Value of each Equity Shares(Rs)	10	10
g) Earnings per share		
-Basic(Rs)	7.86	7.79
-Diluted (Rs)	7.86	7.79



Tera Software Limited

17. Paise have been rounded off to the nearest rupee.
18. Figures for the corresponding year ended March 31, 2010, wherever necessary, have been regrouped, recast, rearranged to conform to those of the current year.
19. 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. 005905S

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

For and on behalf of the board of directors

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

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

Place: Hyderabad.

Date : 18.06.2011

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 1		

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 Mobilization and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	839,577	Total Assets	839,577
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Sources of Funds:

Paid-up Capital	125,119	Reserves & Surplus	519,931
Coveritable Warrants	N I L		
Loan Funds	191,493	Deferred Tax	3,035

Application of Funds:

Net Fixed Assets	335,040	Investments	N I L
Net Current Assets	504,538	Misc.Expenditure	N I L
Accumulated Losses	N I L		

IV Performance of Company (Amount in Rs.Thousands)

Total Turnover	1,263,765	Total Expenditure	1,116,774
Profit Before Tax	146,990	Profit After Tax	100,849
Earning Per Share (Rs.)	7.86	Dividend Rate %	20 %
Dividend on Equity Shares (Rs.)	2.00		

V Generic Names of Principal Products of the Company

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	SOFTWARE DEVELOPMENT
Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	COMPUTERSERVICES



TERA SOFTWARE LIMITED

8-3-1113/2B, Kesava Nagar,
Sri Nagar Colony, Hyderabad – 500073.
Phone: 040-23730553. Fax: 040-23743526

Date: 14th July 2011.

Sub: Green Initiative

We value our relationship with Tera Software Limited and thank you for all your support.

Ministry of Corporate Affairs (MCA) has issued a circular no.17/2011, dated 21.04.2011 propagating “Green Initiative”, by allowing paperless compliances by serving documents through electronic media (e-mail), copy of the circular is enclosed for your reference. As an enlightened corporate citizen, we propose to send all future shareholders communications like notices, Company’s Annual Report etc through electronic mode. This will also ensure prompt receipt of communications and avoid loss in postal transit.

We request you to register your email address with your Depository Participant. If Physical Shareholders, you may register your e-mail id with the company’s Registrars & Share Transfer Agents M/s Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034, at the e-mail id: sta@sathguru.com. In case you have already registered the same, you are not required to re-register unless there is a change in your e-mail address.

You may mail your details as under:

Name of the share holder : _____
Folio No / CI.ID.No : _____
Email ID : _____

You are also requested to intimate to the Depository Participant (DP), changes, if any in your registered addresses, e-mail id and/or changes in your bank account details.

Kindly note that if we do not hear from you, the existing e-mail id registered with your Depository Participant will be used by us for sending you the communication(s).

Please note, as a member of the Company, you will be entitled to be furnished, free of cost, with a printed copy of the balance sheet of the company and all the other documents required by law to be attached thereto including the profit and loss account and auditors’ report and all other communication that may be sent to you, upon receipt of a requisition from you to this effect.

Soliciting your co-operation and continued patronage.

Thanking You.

For TERA SOFTWARE LIMITED,

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Note: If shares are held in joint names, the first shareholders email is need to be furnished.

Circular No. 17/2011

No 17/95/2011 CL-V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhavan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 21-04-2011

All the regional Directors,
All the Registrar of Companies/ Official Liquidators

Subject:- Green Initiatives in the corporate Governance – Clarification regarding service of documents by e-mode instead of under posting certificate (UPC).

Sir,

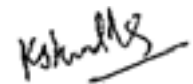
The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies after considering sections 2, 4, 5, and 81 of the Information Technology Act, 2000 for legal validity of compliances under companies Act through electronic mode.

Section 53 of the Companies Act, 1956 provides service of documents under 'Certificate of Posting' as one of the accepted mode of service. Whereas the Department of posts has recently discontinued the postal facility under 'Certificate of Posting' vide their letter dated 23-02-2011. The information Technology Act, 2000 also permits service of documents etc., in electronic mode.

Keeping in view of above, it is here by clarified that a Company would have complied with Section 53 of the Companies Act, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholders to register their e-mail address and changes therein from time to time with the company.

In cases where any member has not registered his e-mail address with the Company, the service of document etc will be effected by other modes of service as provided under Section 53 of the Companies Act, 1956.

Yours faithfully,



(Kamna Sharma)
Assistant Director

Copy to: All Concerned



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 Type: Saving Current Cash Credit
Please (_ /)
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 17th Annual General Meeting of the Company held on Tuesday, the 30th August, 2011 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 of

.....as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting to be held on Tuesday, the 30th August, 2011 at 10.00 A.M. or at any adjournment thereof.

Signed this.....day of.....2011

*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.

Tera Software Foot Prints



Andhra Pradesh	Delhi	Puducherry
Maharashtra	Tamil Nadu	Manipur
Karnataka	Madhya Pradesh	Meghalaya
Kerala	Uttar Pradesh	Sikkim
West Bengal	Andaman & Nicobar	Gujarat
Goa	Nagaland	Rajasthan
Arunachal Pradesh	Himachal Pradesh	Tripura
		Assam



TERA SOFTWARE LIMITED

8-3-1113/2B, Kesavanagar, Srinagar Colony, Hyderabad - 500 073. A.P. INDIA