

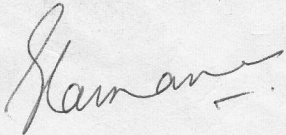

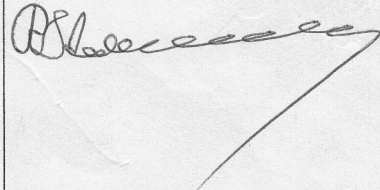


FORM A

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

1.	Name of the Company:	Tera Software Limited	
2.	Annual financial statements for the year ended	31 st March,2015	
3.	Type of Audit observation	Unqualified	
4.	Frequency of observation	Not Applicable	
5.	<i>Name</i>	<i>Designation</i>	<i>Signature</i>
	Sri T. Gopichand	Vice Chairman & Managing Director	
	Sri B.D.Naidu	Chief Financial Officer	
	Sri G.V.Ramana	Partner M/s. Narven Associates Statutory Auditors	 
	Sri R. S. Bakkannavar	Chairman Audit Committee	



TERA SOFT
Redefining IT Solutions



Tera Software Limited

Annual Report

2014-15

Board of Directors



Sri Koteswara Rao SSR
Chairman



Dr. T. Hanuman Chowdary
Director



Sri R.S. Bakkannavar
Director



Sri T. Gopichand
Vice Chairman &
Managing Director



Sri K. Rama Rao
Wholetime Director



Sri T. Bapaiah Chowdary
Director



Smt. T. Pavana Devi
Director



Dr. T.V. Lakshmi
Director

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Disclaimer

In this Annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward- looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

BOARD OF DIRECTORS

Sri KOTESWARA RAO SSR	CHAIRMAN
Sri R. S. BAKKANNAVAR	DIRECTOR
Dr. T. HANUMAN CHOWDARY	DIRECTOR
Dr. T. V. LAKSHMI	DIRECTOR
Sri T. BAPAI AH CHOWDARY	DIRECTOR
Smt. T. PAVANA DEVI	DIRECTOR
Sri K. RAMA RAO	WHOLE TIME DIRECTOR
Sri T. GOPICHAND	VICE CHAIRMAN & MANAGING DIRECTOR

REGISTERED OFFICE:

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

AUDITORS

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

BANKERS :

BANK OF MAHARASHTRA,
Basheerbagh, Hyderabad - 500029.

CANARA BANK

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

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Hyderabad - 500 032
Tel: +91-040-67162222; Fax:040-23001153;
Toll Free No: 1800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

TERA SOFTWARE LIMITED

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

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

Email: info@terasoftware.in **Website:** www.terasoftware.com

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of Tera Software Limited will be held on Wednesday, 30th September, 2015 at 3.00 PM at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2015, the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sri K. Rama Rao, (DIN: 00108659) who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the continuation of the Statutory Auditors.

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 20th AGM held on 30th September, 2014 the appointment of M/s. Narven Associates, Chartered Accountants (Registration No. 05905S), who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 22nd AGM, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company.”

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place: Hyderabad

Date: 30.05.2015

Notes:

1. A statement giving the relevant details of the Director seeking re-appointment under Item Nos. 3 of the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty eight (48) hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. Members / proxies are requested to bring their attendance slip along with their copy of annual report to the Meeting.
4. The Register of Members and Share Transfer Books will remain closed from 21st September, 2015 to 26th September, 2015 (both days inclusive).
5. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

6. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
9. The business set out in the Notice will also be transacted through electronic voting system (e-voting facility) and as required the Company is providing the said e-voting facility to its members. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members, who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by an e-mail.
10. The Company has engaged the services of Karvy Computershare Private Limited (“Karvy”) as the Agency to provide e-voting facility. The e-voting facility will be available at the link <https://evoting.karvy.com> and instructions and other information relating to e-voting are given in this Notice under Note No. 14.
11. The members are requested to note that apart from aforesaid e-voting facility, ballot or polling paper will also be made available at the meeting to enable them to exercise their voting right at the meeting.
12. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
13. All documents referred to in the notice are open for inspection at the Corporate Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

14. Information and other instructions relating to e-voting are as under:

- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Clause 35B of the Listing Agreement, the Company is extending facility of voting by electronic means (e-voting facility) to its members enabling them to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
- ii. Under this mode the members may either cast their votes using an electronic voting system from a place other than the venue of the Meeting (‘remote e-voting’) or at the venue of the meeting (insta poll). The insta poll facility shall be made available at the Meeting to enable the members attending the Meeting who have not cast their vote by remote e-voting can vote at the Meeting through ‘Insta Poll.
- iii. The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- iv. September 23, 2015 is fixed as cut-off date for e-voting facility purpose and accordingly a person whose name is recorded in the register of members (either in physical form or in dematerialisation form) as on the cut-off date only are entitled to avail the e-voting facility based on the paid up value of shares held as on that date.

- v. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 23, 2015, is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the Karvy's toll free number 1-800-34-54-001 or send an email request to e-voting@karvy.com or info@terasoftware.in
- vi. The Board of Directors of the Company has appointed Mr.K.CH. Venkat Reddy of M/s C.V. Reddy K & Associates, Practicing Company Secretaries as Scrutinizer to scrutinize the insta poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed as such.
- vii. The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. Thereafter, the Chairman or any other person authorized by the Chairman, shall declare the result of the voting forthwith. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.terasoftware.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchange.
- viii. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 30, 2015.
- ix. Members are requested to note that the remote e-voting will open at 09.00 A.M. (IST) on September 26, 2015 and shall remain open till 05.00 P.M. (IST) on September 29, 2015 and the remote e-voting module will be disabled by Karvy after 05.00 P.M. on September 29, 2015.
- x. The procedure and instructions for remote e-voting are as follows:
 - 1) In case a Member receives an email from Karvy Computershare Private Limited [for members whose email IDs are registered with the Depository Participants(s)]:
 - a. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b. Enter the login credentials (i.e. User ID and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c. After entering these details appropriately, click on "LOGIN".
 - d. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - e. You need to login again with the new credentials.
 - f. On successful login, the system will prompt you to select the E-Voting Event Number for Tera Software Limited.
 - g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

- h. You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - i. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
 - j. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to info@terasoftware.in. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format ____ (Corporate Name) ____ (EVENT NO.)
- 2) In case a Member receives physical copy of the Notice by post [for members whose email IDs are not registered with the Depository Participants(s)]:
 - i. User ID and initial password - These will be sent separately.
 - ii. Please follow all steps from Sr. No. (a) to (j) as mentioned in (1) above, to cast your vote.
 3. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
 4. In case of any query pertaining to e-voting, please visit Help & FAQ’s section available at Karvy’s website <https://evoting.karvy.com>.

**Details of Directors seeking appointment/ re-appointment at the forthcoming
Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	K. Rama Rao
Date of Birth	10/07/1947
Date of Appointment	30/09/2000
Qualification	M.Sc.
Expertise in specific functional areas	38 + Years experience in IT industry and worked at all levels viz. Pm, PL, Analyst Programmer and Programmer.
No. of Shares held in the Company	NIL
List of companies in which Directorship held as on 31.03.2015	NIL
Chairman/ Member of the Mandatory Committees of the Board of the companies on which he is a Director as on 31.03.2015	NIL

By Order of the Board of Directors

Place: Hyderabad
Date: 30.05.2015

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

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,
Your Directors are pleased to present the Twenty First Annual Report for the financial year ended March 31, 2015.

Summarized Financial Highlights:

(Rs. in Lakh)

PARTICULARS	Year Ended 31.03.2015	Year Ended 31.03.2014
Gross Income	9,325.99	10,278.83
Expenditure	7,434.66	7950.56
Profit before Finance Cost, depreciation & tax	1,891.33	2328.27
Less: Finance Cost	719.69	899.36
Depreciation	630.74	1,002.47
Profit before tax	540.90	426.44
Less: Provision for Current tax	127.96	369.02
Tax Expense relating to earlier years	0.51	0
Deferred tax	49.99	(144.91)
Profit for the year	362.44	202.33

Company Performance

Your Company posted a turnover of Rs. 9,325.99 lakh for the year ended 31st March, 2015 as against Rs. 10,278.83 Lakh in 2013-14. Your Company has registered a net profit of Rs.362.44 Lakh, as compared to previous year's net profit of Rs. 202.33 Lakh representing an increase of 179% over the previous year.

No Material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

Dividend:

Your Directors have recommended a dividend of Re.0.80/- per equity share i.e. 8% on each equity share having face value of Rs.10/- each, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be Rs. Rs.120.11 Lakh (including dividend tax).

Share Capital

The paid up Equity Share Capital as on 31st March, 2015 was 12.51 crores. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

Economic Scenario and Outlook

India is set to become the world's fastest-growing major economy by 2016 ahead of China, the International Monetary Fund (IMF) said in its recent latest forecast. India is expected to grow at 6.3 per cent in 2015, and 6.5 per cent in 2016 when it is likely to cross China's projected growth rate, the IMF said in the latest update of its World Economic Outlook.

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

E-governance in India is steadily evolving from basic digitization of government data and processes to actually facilitating delivery of various citizen services on-line. A common vision and strategy is being deliberated and firmed up across all levels of government Central, State and local bodies. This approach has huge potential in garnering cost savings, increasing transparency, and presenting a seamless view of government to citizens. Digital Technologies which include Cloud Computing and Mobile Applications have emerged as catalysts for rapid economic growth and citizen empowerment across the globe. Digital technologies are being increasingly used by us in everyday lives from retail stores to government offices. They help us to connect with each other and also to share information on issues and concerns faced by us. In some cases they also enable resolution of those issues in near real time.

Hon'ble Prime Minister vision of a digital India is transforming our nation and creating opportunities for all citizens by harnessing digital technologies. His vision is to empower every citizen with access to digital services, knowledge and information.

Vision of Digital India Centered on 3 Key Areas

- Digital Infrastructure as a Utility to Every Citizen
- Governance & Services on Demand
- Digital Empowerment of Citizens

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

Tera Software is positioned to entrench into the following schemes announced by the Government under Digital India initiatives.

- Infrastructure as a Utility to Every Citizen
- High speed internet as a core utility
- Mobile phone & Bank account enabling participation in digital & financial space
- Easy access to a Common Service Centre
- Services available in real time from online & mobile platform
- All citizen entitlements to be available on the cloud
- Making financial transactions electronic & cashless
- Universal Digital Literacy - Universally accessible digital resources - All documents/ certificates to be available on cloud
- Collaborative digital platforms for participative
- Process Re-engineering using IT to improve transactions
- Use of online repositories e.g. school certificates, voter ID cards, etc.
- Integration of services and platforms - UIDAI, Payment Gateway, Mobile Platform, EDI Workflow automation inside government
- Technology for Education - e-Education
- Technology for Health - e-Healthcare - Online medical consultation- Online medical -Pan-India exchange for patient information
- Common Service centers
- Aadhaar based Direct Cash (e-Cash) Transfers
- Aadhaar based Pension schemes.

- Aadhaar based Social Security Benefit Schemes towards Scholarships for Students and Teachers.
- Aadhaar based Public Distribution Systems (PDS)
- Permanent enrollment centres for AADHAAR
- Automation of VAT and subsequently GST
- Power sector Field Management services including Pre-Paid Meters
- Online tax/Utility Bill Collection
- Healthcare and Education
- Smart Cities, Wi-Fi enabled services.

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

Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 at its Board meeting held on 30.05.2014. The Company's average Net profits of last 3 years works out to Rs.804.07 lakhs, and 2% thereof to be spent on CSR works out to Rs.16.08 lakhs. The Company could not spend any amount on CSR activity in view of substantial outstanding receivables from the Government Departments.

Human Resources

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

Business Risk Management

The Company has adopted a Risk Management Policy in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Internal Controls Systems and Adequacy

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

Vigil Mechanism/ Whistle Blower Policy

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

Particulars of Loans, Guarantees or Investments

The Company has not made any investment or given any loans or guarantees or provided any security during the year.

Fixed Deposits:

The Company has not accepted any fixed deposits during the financial year 2014-2015. The Company has repaid the public fixed deposits of Rs.11 Lakh accepted during the year 2013-14. There are no outstanding deposits as on 31.03.2015.

Related Party Transactions

The Company has not entered into any new Related Party Transactions during the financial year. There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholder approval under Clause 49 of the Listing Agreement.

All the Related Party Transactions of the Company were entered before the commencement of Companies Act, 2013 at arm's length price and requisite approvals were also obtained. Details of the transactions with Related Parties are provided in the accompanying financial statements.

The Company has adopted a Policy for Related Party Transactions. The Policy, as approved by the Board, is uploaded on the Company's website.

Directors

In pursuance of Section 152 of the Companies Act, 2013 and the rules framed there under, Sri K. Rama Rao, Wholtime Director is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

During the year under review Sri Koteswara Rao SSR was appointed as the Additional Director (Independent) w.e.f. 07th August, 2014 by the Board and Sri D. Seetharamaiah, an independent Director and Chairman ceased to be the Director of the Company from 30.09.2014. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by Sri D. Seetharamaiah during his association with the Company.

At the 20th Annual General Meeting of the company held on 30th September, 2014 the Company had appointed Sri Koteswara Rao SSR and the other independent directors, Dr. T. Hanuman Chowdary, Sri R. S. Bakkannavar and Dr. T. V. Lakshmi as independent directors under the Companies Act, 2013 for 5 years term which ends at conclusion of the 25th Annual General Meeting.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

No Key Managerial Person has been appointed or has retired or resigned during the year.

Performance Evaluation

Pursuant to the provisions of Section 134 (3) (p), 149(8) and Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, annual Performance Evaluation of the Directors as well as of the Audit Committee, Nomination and Remuneration has been carried out.

The Performance Evaluation of the Independent Directors was carried out by the entire Board and the Performance Evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

Nomination and Remuneration Policy

The Company has adopted the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee has considered the following factors while formulating the Policy:

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company. Details of the Remuneration Policy are given in the Corporate Governance Report.

Board and Committee Meetings

A calendar of Board and Committee Meetings to be held during the year was circulated in advance to the Directors. Five Board Meetings were convened and held during the year.

The Board has constituted an Audit Committee with all Independent Directors namely Sri R.S.Bakkannavar (Chairman), Dr.T.Hanuman Chowdary and Sri Koteswara Rao SSR as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Act and the Listing Agreement.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors to the best of their knowledge and ability confirm as under::

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis; and
- e) The Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Significant and Material orders passed by the Regulators or Courts

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

Auditors

Statutory Auditors

M/s. Narven Associates, Chartered Accountants have been appointed as statutory auditors of the company at the last Annual General Meeting held on 30.09.2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Members are requested to consider the ratification of appointment of Statutory Auditors of the Company at the ensuing AGM and authorize the Board of Directors to fix their remuneration.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s C.V. Reddy K & Associates, Practicing Company Secretaries, to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure I'.

The Auditors' Report and the Secretarial Audit Report for the financial year ended 31st March, 2015 do not contain any qualification, reservation, adverse remark or disclaimer.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy:

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

(B) Technology absorption:

Your Company is constantly upgrading its technological excellence with emerging technologies. The has not incurred any expenditure on Research and Development.

(C) Foreign exchange earnings and Outgo:

Foreign Exchange Earnings during the year: Nil

Foreign Exchange outgo:

- ◆ Value of Imports on CIF Basis In Respect of

(Rs. in Lakh)

Particulars	Current Year	Previous Year
Trading goods	15.76	Nil
Capital Contracts	3.56	Nil
Total	19.32	Nil

- ◆ Expenditure in Foreign Currency (CIF):

(Rs. in Lakh)

Particulars	Current Year	Previous Year
Trading Goods	13.40	Nil
Capital Contracts	2.52	Nil
TOTAL	15.92	Nil

Particulars of Employees and related disclosures:

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

(i) & (ii) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year, the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name	Designation	Ratio of remuneration of each Director to the Median remuneration of Employees	% Increase in remuneration during F.Y. 2014-15
*Mr. T. Gopichand	Vice Chairman & Managing Director	77.62	300%
Mr. K. Rama Rao	Wholetime Director	16.77	11%
Mr. B. D. Naidu	Chief Financial Officer	N.A	3.50%
Mrs. V. Sri Lakshmi	Company Secretary	N.A	5.75%

*Due to inadequate profits previous year Sri T. Gopichand, Vice Chairman & Managing Director was paid minimum remuneration of Rs.21 lakhs only as per the applicable provisions of Companies Act, 1956 read with Schedule XIII of the said Act.

Due to inadequate profits during the year review Sri T. Gopichand, Vice Chairman & Managing Director was paid minimum remuneration of Rs.84 lakhs only as per the applicable provisions of Companies Act, 2013 read with Schedule V of the said Act as approved by the Members of the Company at the AGM held on 30.09.2014 by special resolution for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013 in case of Company having no profit or inadequate profit in any financial year to Sri T. Gopichand, Vice Chairman and Managing Director during the tenure of his appointment with effect from 1st April, 2014, for the remainder of his term up to 31.08.2016.

(iii) the percentage increase in the median remuneration of employees in the financial year- 3% to 6%.

(iv) the number of permanent employees on the rolls of company as on 31.03.2015 - 864.

(v) the explanation on the relationship between average increase in remuneration and company performance;

There was no increase in remuneration during the previous year 2013-14 due to average company performance. The average increase of 3% to 6% in remuneration given in the Company was to prevent any significant employee attrition at lower levels.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

The increase in remuneration of the Chief Financial Officer and Company Secretary are below the increase in employees' median remuneration. The increase in the remuneration of Mr. T. Gopichand and Mr. K. Rama Rao is as approved by the Board of Directors and the Members.

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies.

The market capitalization of the Company as at 31st March, 2015 is Rs.40.038 crores, as against Rs.19.581 crores as at 31st March, 2014, an increase of 104% during the year under review. The price earnings ratio of the Company as at 31st March, 2015 is 11.03, as against 9.66 as at 31st March, 2014.

Price at the time of initial public offer in the year 2000 was Rs. 10. The market quotation of the Equity Shares of the Company as on 31st March, 2015 was Rs.32 for shares of face value of Rs. 10/- each, representing an increase of 220% over the period.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 3% to 6%. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time.

The Percentage increase in the salaries of employees its comparison with the percentile increase in the managerial remuneration – for justification please refer point no. (ii) (v) & (vi) above.

There are no exceptional circumstances of increase in KMP remuneration.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company
Same response as in point (v) & (vi) above.

(x) The key parameters for any variable component of remuneration availed by the directors;
No Director has received any variable component of remuneration.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

None of the employees (who are not directors) receive remuneration in excess of the highest paid director.

(xii) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid to all the Key management Personnel was in accordance with remuneration policy adopted by the Company.

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:

a) Employed throughout the year Nil

b) Employed for part of the year Nil

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “Annexure - II”.

Sexual Harassment

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

Corporate Governance

The Report on Corporate Governance, as required under Clause 49 of the Listing Agreement, forms part of the Annual Report.

Acknowledgment:

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

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 30.05.2015

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

Sd/-
(K. Rama Rao)
Wholetime Director

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

To,
The Members,
Tera Software Limited
Plot No: 1107, Road No: 55,
Jubilee Hills, Hyderabad-500 033.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tera Software Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Tera Software Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Tera Software Limited** ("the Company") for the financial year ended on **31st March, 2015** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The EPF & Misc. Provisions Act, 1952;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the Company during the audit period).**
- (ii) The Listing Agreements entered into by the Company with BSE (Bombay Stock Exchange);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Signature:

Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
ACS No.: 25281
C P No.: 8998

Place: Hyderabad

Date: 30.05.2015

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

To,
The Members,
Tera Software Limited
Plot No: 1107, Road No: 55,
Jubilee Hills, Hyderabad-500 033.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature

Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
ACS No.: 25281
C P No.: 8998

Place: Hyderabad
Date: 30.05.2015

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2015 of Tera Software Limited [Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L72200TG1994PLC018391
ii.	Registration Date	26.09.1994
iii.	Name of the Company	Tera Software Limited
iv.	Category / Sub-Category of the Company	Company having share capital
v.	Address of the Registered office and contact details	#8-2-293/82/A/1107, Plot No:1107, Road No:55 Jubilee Hills, Hyderabad-500033. Tel.Nos.040-23540446, 040 - 23547447/8 Fax : 040 - 23547449 Email: info@terasoftware.com
vi.	Whether listed company Yes / No	Yes- BSE Limited
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032 Tel: +91-040-67162222; Fax: 040-23001153; E-mail: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	IT & Integrated related services	6201	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NONE				
2					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	5824184	--	5824184	46.55	5824184	--	5824184	46.55	--
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1):-	5824184	--	5824184	46.55	5824184	--	5824184	46.55	--
2) Foreign									
a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
b)Other-Individuals	--	--	--	--	--	--	--	--	--
c)Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
f)Any Other....	--	--	--	--	--	--	--	--	--
Sub-total(A)(2):-	5824184	--	5824184	46.55	5824184	--	5824184	46.55	--
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	5824184	--	5824184	46.55	5824184	--	5824184	46.55	--
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.(s)	--	--	--	--	--	--	--	--	--
e)Venture Capital Funds	--	--	--	--	--	--	--	--	--
f)Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total(B)(1)	--	--	--	--	--	--	--	--	--

2. Non Institutions									
Bodies Corp.									
(i) Indian	636641	--	636641	5.09	806778	--	806778	6.45	1.36
(ii) Overseas	--	--	--	--	--	--	--	--	--
Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2429011	124002	2553013	20.40	2230964	120803	2351767	18.80	1.6
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3144012	12500	3156512	25.23	3130879	12500	3143379	25.12	0.11
a) Others(Specify)									
Clearing member	1917	--	1917	0.02	11045	--	11045	0.08	0.06
NRIs	259645	--	259645	2.08	269660	--	269660	2.16	0.08
Trusts	79963	--	79963	0.64	105062	--	105062	0.84	0.2
Sub-total(B)(2)	6551189	136502	6687691	53.45	6554388	133303	6687691	53.45	--
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6551189	136502	6687691	53.45	6554388	133303	6687691	53.45	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	12375373	136502	12511875	100	12378572	133303	12511875	100	--

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1.	Tummala Gopichand	3089736	24.69	3.17	3089736	24.69	3.17	—
2.	Tummala Pavana Devi	1962924	15.69	1.02	1962924	15.69	1.02	—
3.	N Sri Durga	226537	1.81	—	226537	1.81	—	—
4.	Tummala Bapaiah Choudary	150000	1.20	0.12	150000	1.20	0.12	—
5.	T Seetharamamma	136875	1.09	—	136875	1.09	—	—
6.	Raja Sekhar Tummala	109554	0.88	—	109554	0.88	—	—
7.	Madhu Mitra Tummala	91308	0.73	0.07	91308	0.73	0.07	—
8.	Tummala Tulasi Rani	57250	0.46	—	57250	0.46	—	—
	Total	5824184	46.55	4.38	5824184	46.55	4.38	—

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No changes during the year			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc). No changes during the year	No changes during the year			
	At the End of the year	No changes during the year			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Rajesh Dinkar Fowkar	443907	3.55	-	-	443907	3.55
2.	Pradip S Kampani	271797	2.17	-	50873	220924	1.77
3.	Ramesh Kumar Somani	170000	1.36	-	170000	0	0
4.	Dr Ramesh Chimanlal Shah	145986	1.17	-	145986	0	0
5.	Rahul Ravindra Bhat	126000	1.01	-	76000	50000	0.40
6.	Jasmine Jayant Thakkar	111000	0.89	39000	-	150000	1.20
7.	Protechsoft Systems Pvt Ltd	102507	0.82	-	-	102507	0.82
8.	Trupti Bharat Shah	97455	0.78	-	47455	50000	0.40
9.	Camel Foods Pvt Ltd.	86258	0.69	33438	-	119696	0.96
10.	Nipun Mehta	80000	0.64	-	-	80000	0.64

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Share Holding of KMP					
1.	T. Gopichand Vice Chairman & Managing Director	3089736	24.69	No change during the year	
2.	Mr. K. Rama Rao, WTD	-	-	-	
3.	Mr. B.D. Naidu, CFO	-	-	-	
4.	Mrs. V. Sri Lakshmi, CS	-	-	-	
Shareholding of Other Directors					
1.	T. Pavana Devi	1962924	15.69	No change during the year	
2.	T.Bapaiah Chowdary	150000	1.20	No change during the year	
3.	Dr. T.V. Lakshmi,	2250	0.012	No change during the year	
4.	Dr. T. Hanuman Chowdary	-	-	-	
5.	Mr. R.S. Bakkannavar	-	-	-	
6.	Mr. Koteswara Rao SSR	-	-	-	

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding / accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43,79,03,398	-	53,00,000	44,32,03,398
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,30,643	-	-	7,30,643
Total(i + ii + iii)	43,86,34,041	-	53,00,000	44,39,34,041
Change in Indebtedness during the financial year				
- Addition	5,50,98,667	2,00,00,000	-	7,50,98,667
- Reduction	6,21,41,676	2,00,00,000	53,00,000	8,74,41,676
Net Change	(70,43,009)	-	(53,00,000)	(1,23,43,009)
Indebtedness at the end of the financial year				
i) Principal Amount	43,08,60,389	-	-	43,08,60,389
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,78,181	-	-	3,78,181
Total(i + ii + iii)	43,12,38,570	-	-	43,12,38,570

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		T. Gopichand Vice Chairman & MD	K. Rama Rao WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000	18,15,000	1,02,15,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	84,00,000	18,15,000	1,02,15,000
	Ceiling as per the Act	Within the limits of Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013.		

B. Remuneration to other directors:
1. Independent Directors

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Dr. T. Hanuman Chowdary	R.S.Bakkannavar	Koteswara Rao SSR	Dr. T.V. Lakshmi	D.Seetharamaiah (upto 30.09.2014)	
1	Fee for attending Board/ Committee Meetings	1,18,000	97,000	50,000	99,000	68,000	4,32,000
2	Commission	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-
	Total (B1)						4,32,000

2. Other Non-Executive/Promoter Directors

Sl. No	Particulars of Remuneration	Name of Directors		Total Amount
		T. Bapaiah Chowdary	T. Pavana Devi	
1	Fee for attending Board / Committee Meetings	99,000	71,000	1,70,000
2	Commission	-	-	-
3	Others, please specify	-	-	-
	Total (B2)			1,70,000
	Total B=(B1) + (B2)			6,02,000
	Total Managerial Remuneration			@1,02,15,000

@Total remuneration paid to the Vice Chairman and Managing Director and the Whole-time Director of the Company.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO	Company Secretary	
1.	Gross salary	13.47	3.84	17.31
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—
5	Others, please specify	—	—	—
	Total	13.47	3.84	17.31

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no Penalties, Punishment or Compounding of Offences during the F.Y. ended 31st March, 2015.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:

The Company believes that Corporate Governance is a set of processes, customs, policies, rules, regulation and laws for ensuring transparency, professionalism and accountability in its dealings with its customers, principal, employees, shareholders and with every individual who comes in contact with the Company. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement entered into with the Stock Exchanges and in this regard, submits a report on the matters mentioned in the said clause and also the practices followed by the Company as stated below:

Board of Directors:

The Board of Directors, as on 31.03.2015, comprised 2 Executive Directors, 2 Non-Executive Directors and 4 Non-Executive & Independent Directors. The composition of the Board is in conformity with clause 49 of the listing Agreement entered into with the stock Exchanges.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the Governance Guidelines for Board Effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

The company has formulated a policy to familiarise the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The details of such familiarisation programme are disclosed on the website of the company www.terasoftware.com.

The Board of Directors met five (5) times during the financial year on 30.05.2014, 07.08.2014, 30.09.2014, 06.11.2014 and 14.02.2015 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of Listing Agreement.

The meetings of the Board are governed by a structured agenda. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings.

Necessary information as required under the statute and as per the guidelines on Corporate Governance are placed before and reviewed by the Board from time to time.

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

Name of the Director	Category	Designation	Attendance Particulars		No. of other Directorships#	Committee memberships##	Chairmanship in Committees##
			Board Meetings	Last AGM			
Sri T.Gopichand	Promoter/ Executive	Vice Chairman & Managing Director	5	yes	-	-	-
Smt. T.Pavana Devi	Promoter/ Non-Executive	Director	5	yes	1	1	-
Sri T.Bapaiah Chowdary	Promoter/ Non-Executive	Director	5	yes	-	1	1
Sri K. Rama Rao	Executive	Wholetime Director	5	yes	-	-	-
*Sri D.Seetharamaiah	Non-Executive and Independent	Director	2	-	5	5	1
**Sri Koteswara Rao SSR	Non-Executive and Independent	Chairman	3	Yes	2	1	-
Sri R.S.Bakkannavar	Non-Executive and Independent	Director	5	yes	1	1	1
Dr.T.Hanuman Chowdary	Non-Executive and Independent	Director	5	yes	2	3	2
Dr. T.V. Lakshmi	Non-Executive and Independent	Director	5	yes	0	1	-

Excludes directorships in Indian private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

Membership/ Chairmanship in Audit and Stakeholders Relationship Committees of public limited companies (including Tera Software Ltd.) have been considered.

* Sri D.Seetharamaiah Ceased to be a Director w.e.f 30th September, 2014. 2 meetings were held during his tenure.

** Sri Koteswara Rao SSR appointed as Director, w.e.f. 7th August, 2014.

Smt. T.Pavana Devi is the spouse of Sri T. Gopichand. Sri T.Bapaiah Chowdary and Sri T. Gopichand, are brothers. None of the other directors are related to any other director on the Board.

INDEPENDENT DIRECTORS' MEETING

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 14th February, 2015, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Clause 49 of the Listing Agreement. At the Meeting, the Independent Directors:

- i. reviewed the performance of non-independent directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the company, taking into account the views of executive directors and non executive directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Dr.T.Hanuman Chowdary, Sri R.S.Bakkannavar, Sri Koteswara Rao SSR and Dr.T.V.Lakshmi attended the Meeting of Independent Directors. Sri Koteswara Rao SSR chaired the Meeting.

Code of Conduct

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

Board and Director Evaluation and criteria for evaluation

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include *inter alia*, degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Vice Chairman & Managing Director.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

BOARD COMMITTEES:

The Company has seven Board level Committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Share Transfer Committee and Management Committee.

Audit Committee:

The audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and clause 49 of listing agreement. The terms of reference of the Audit Committee, *inter alia*, are as follows:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower mechanism.
- Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.
- And, generally, all items listed in Clause 49 III (D) of the Listing Agreement and in Section 177 of the Companies Act, 2013.

During the year under review, the Committee met 4 times on 29.05.2014, 07.08.2014, 06.11.2014 and 14.02.2015 respectively.

Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2014-15 are given below:

Name	Status	Category	No of Meetings Attended during the 2014-15
Sri R.S.Bakkannavar	Chairman	Non Executive & Independent Director	4
Dr.T.Hanuman Chowdary	Member	Non Executive & Independent Director	4
*Sri D. Seetharamaiah	Member	Non Executive & Independent Director	2
**Sri Koteswara Rao SSR	Member	Non Executive & Independent Director	2

The company secretary acts as the secretary to the committee.

*Sri D. Seetharamaiah, ceased to be the member of the Committee w.e.f. 30th September, 2014.

**Sri Koteswara Rao SSR, appointed as member of the Committee w.e.f. 30th September, 2014.

Stakeholders Relationship Committee:

In terms of Section 178 (5) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Shareholders' / Investors' Grievance Committee was renamed as Stakeholders Relationship Committee with effect from 30th May, 2014. Following are the terms of reference of the Stakeholders Relationship Committee:

- Transfer/Transmission of shares
- issue of Duplicate Share Certificates.
- Review of Share dematerialization and rematerialization.
- Monitoring the expeditious Redressal of Investor Grievances.
- Monitoring the performance of company's Registrar & Transfer Agent.
- All other matters related to the shares.

The Committee met four times during the year i.e. on 30.06.2014, 30.09.2014, 31.12.2014, and 31.03.2015.

The details of composition of the Committee are as under:

Name	Status	Category	No of Meetings Attended during the year 2014-15
Sri T. Bapaiah Chowdary	Chairman	Non Executive Director	4
Dr. T.V. Lakshmi	Member	Non Executive & Independent Director	4
*Sri D. Seetharamaiah	Member	Non Executive & Independent Director	1
**Smt. T. Pavana Devi	Member	Non Executive Director	3

*Sri D. Seetharamaiah, ceased to be the member of the Committee w.e.f. 30th September, 2014.

** Smt. T. Pavana Devi, appointed as member of the Committee w.e.f. 30th September, 2014.

During the year under review, 56 complaints of general nature (non-receipt of annual reports/ dividend warrants, Change of address, /Bank details etc.,) were received from the shareholders were attended promptly and replied/ resolved to the satisfaction of the concerned shareholders. There were no pending complaints at the close of the financial year. The Company designated a separate email id for investor grievances viz: info@terasoftware.in.

Compliance Officer Name and Address:

Ms. V. Sri Lakshmi, Company Secretary,
Tera Software Limited, # 8-2-293/82/A/1107,
P. No. 1107, R. No. 55, Jubilee Hills, Hyderabad – 500033.
E-mail: info@terasoftware.in

Nomination and Remuneration Committee:

The remuneration committee was renamed and reconstituted as Nomination and Remuneration Committee at the Board Meeting held on 30.05.2014.

The terms of reference of the committee are as follows:

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

During the year under review, the Committee met 3 times on 30.05.2014, 07.08.2014, and 30.09.2014 respectively.

Name	Status	Category	No of Meetings Attended during the year 2014-15
Dr. T.Hanuman Chowdary	Chairman	Non Executive & Independent Director	3
Dr. T.V. Lakshmi	Member	Non Executive & Independent Director	3
Sri T.Bapaiah Chowdary	Member	Non Executive Director	3
*Sri D. Seetharamaiah	Member	Non Executive & Independent Director	2

*Sri D. Seetharamaiah, ceased to be the member of the Committee w.e.f. 30th September, 2014.

Remuneration Policy

The Company's philosophy for remuneration of Directors, key managerial personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

1) Remuneration to Managing Director / Whole-time Directors:

- The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

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

(Rs. in lakh)

Particulars	Current Year	Previous Year
Vice Chairman & Managing Director (Sri T. Gopichand)	84.00	21.00
Whole Time Director (Sri K. Rama Rao)	18.15	16.35
Total	102.15	37.35

Details of sitting fee paid to the Non-Executive & Independent Directors for the year:

Rs. in lakh)

Particulars	Current Year	Previous Year
Sri D. Seetharamaiah	0.68	1.25
Sri Koteswara Rao SSR	0.50	—
Sri R.S.Bakkannavar	0.97	0.97
Dr. T. Hanuman Chowdary	1.18	0.97
Dr. T.V. Lakshmi	0.99	0.68
Sri T. Bapaiah Chowdary	0.99	0.78
Smt. T. Pavana Devi	0.71	0.50
Total	6.02	5.15

Corporate social responsibility committee:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 at its Board meeting held on 30.05.2014. The Committee has been constituted with the following terms of reference:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Attend to such other matters and functions as may be prescribed from time to time.

The CSR policy of the Company is available on our website, www.terasoftware.com investors section.

One CSR committee meeting was held during the year on 07.08.2014.

Name	Status	Category	No of Meetings Attended during the year 2014-15
Dr. T.Hanuman Chowdary	Chairman	Non Executive & Independent Director	1
Sri R.S. Bakkannavar	Member	Non Executive & Independent Director	1
*Sri D. Seetharamaiah	Member	Non Executive & Independent Director	1
**Sri T.Gopichand	Member	Executive Director	0
**Sri K. Rama Rao	Member	Executive Director	0
**Smt T. Pavana Devi	Member	Non Executive Director	0

*Sri D. Seetharamaiah, ceased to be the member of the Committee w.e.f. 30th September, 2014.

**Sri T.Gopichand, Sri K. Rama Rao , Smt T. Pavana Devi were appointed as members of CSR Committee w.e.f. 30th September, 2014.

Risk Management Committee

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors of the Company at its Meeting held on 30th September, 2014 constituted a Risk Management Committee.

The Committee comprises of

Name	Status	Category
Sri Koteswara Rao SSR	Member	Non Executive & Independent Director
Sri T.Gopichand	Member	Executive Director
Sri K. Rama Rao	Member	Executive Director
Operation Head	-	-
Finance Head	-	-

This Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company.

No meeting of this Committee was held during the financial year i.e. 2014-15.

Share Transfer Committee:

The Share Transfer Committee was constituted comprising:

Sri T.Gopichand	Member
Sri K. Rama Rao	Member
Mr. O.Babu Reddy	Member

During the year, the Committee has met 4 times on 30.06.2014, 04.08.2014, 30.09.2014 and 30.12.2014 all the members were present at all the meetings.

Management Committee:

The Management Committee of the Board is responsible for reviewing, items such as Business and strategy review, long-term financial projections, divestments and business restructuring proposals. The Committee is also responsible for advising the management on development of business plans and future strategies for the Company.

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

Dr. T.Hanuman Chowdary	-Chairman
Sri R.S.Bakkannavar	-Member
Sri Koteswara Rao SSR	-Member
Sri T.Gopichand	-Member
Sri K. Rama Rao	-Member

Sri D. Seetharamaiah, ceased to be the member of the Committee w.e.f. 30th September, 2014.

During the year, no meeting of the Committee was held.

Investment Committee:

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

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

The Investment Committee has been dissolved w.e.f.30.09.2014 and no meetings were held up to that period.

General Body Meetings:

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

Year	AGM	Location	Date	TIME	SPECIAL RESOLUTION PASSED
2011-12	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	September 28 th , 2012	10.00 A.M	Nil
2012-13	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	September 30 th , 2013	3.00 PM	Nil
2013-14	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	September 30 th , 2014	3.00 PM	<ul style="list-style-type: none"> i. Approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013. ii. To limit the borrowings under Section 180(1)(c) of the Companies Act,2013. iii. To create charge/mortgage assets and undertakings of the Company under Section 180(1)(a) of the Companies Act,2013. iv. To alter Articles of Association of the Company in conformity with the Companies Act, 2013.

All the special resolutions were passed with requisite majority by e-voting & poll.

No special resolution was passed through Postal Ballot during the Financial Year 2014-15.

Disclosures:

- i. Related party transactions:
During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No.33 of Financial Statements, forming part of the Annual Report. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests.
- ii. There were no occasions of non compliance by the Company and no penalties or strictures were imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to Capital markets, during the last three years.
- iii. The Vice Chairman & Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 IX of the Listing Agreement pertaining to CEO/ CFO certification for the Financial Year ended 31st March, 2015.
- iv. The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- v. The company has complied with all the applicable mandatory requirements of the Clause 49 of the Listing Agreement and also has complied with the following non-mandatory requirements as prescribed in Clause 49 of the Listing Agreement with the stock exchange:
 - ❖ The Non-Executive Chairman maintains a separate office, for which the Company is not required to reimburse expenses.
 - ❖ During the year under review, there is no audit qualification in the company's financial statements.
 - ❖ The Internal Auditor directly reports to the Audit Committee.
 - ❖ The Chairman of the Board is a Non-Executive & Independent Director and his position is separate from that of the Vice Chairman & Managing Director.

Means of Communication:

The quarterly and annual financial results of the Company are published in English newspaper and vernacular newspaper shortly after its submission to the Stock Exchanges. The results are also displayed on the Company's website www.terasoftware.com.

The Company's website www.terasoftware.com contains a separate dedicated section 'Investors' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the Listing Agreement.

General Shareholder Information:

i. Annual General Meeting (Day, Date, Time and Venue):	Wednesday, 30 th September, 2015 at 3.00 PM at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500 033
ii. Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Agreement.
iii. Date of Book Closure:	21 st September, 2015 to 26 th September, 2015 (both days inclusive).
iv. Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange) Annual listing fee for the year 2015-16 has been paid by the Company to BSE.
v. Stock codes:	BSE : 533982
vi. Company's ISIN :	INE482B01010

vii. Market price data

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

Month	Bombay Stock Exchange Limited	
	Month's High Price	Month's Low Price
April 2014	19.80	14.65
May 2014	26.00	16.00
June 2014	24.90	19.15
July 2014	31.00	23.20
August 2014	29.00	21.00
September 2014	28.90	21.60
October 2014	28.60	22.50
November 2014	40.95	26.80
December 2014	37.70	27.55
January 2015	44.90	31.00
February 2015	41.90	36.30
March 2015	41.50	30.00

viii. Registrars and Transfer Agents

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Hyderabad – 500 032
Tel: +91-040-67162222; Fax:040-23001153;
Toll Free No: 1800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

ix. Share transfer system

The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respect.

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

x. Distribution of Shareholding as on March 31, 2015

Category (Shares)	No. of Holders	No. of Shares	% of Total Shares
1 - 5000	5,189	19,75,465	15.79
5001 - 10000	77	5,56,556	4.45
10001 - 20000	60	8,34,287	6.67
20001 - 30000	21	5,32,598	4.26
30001 - 40000	8	2,84,977	2.28
40001 - 50000	9	4,31,980	3.45
50001 - 100000	15	10,24,852	8.19
100001 and above	15	68,71,160	54.92
Total	5,394	1,25,11,875	100%

Shareholding Pattern as on March 31, 2015:

Sl.No.		No. of Shareholders	Total Shares	% to Total
A.	Shareholding of Promoter & Promoter Group:			
	Indian			
	Individuals/HUF	11	58,24,184	46.55
	Foreign	Nil	Nil	Nil
B.	Public Shareholding:			
	Institutions			
	Foreign Institutional Investors	Nil	Nil	Nil
	Non-Institutions:			
	Bodies Corporate	125	8,06,778	6.45
	Individuals			
	Individual Shareholders holding nominal share capital up to Rs.1 Lakh	5100	23,51,767	18.80
	Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh.	96	31,43,379	25.12
	Any Other (Specify) NRI/OCB	50	2,69,660	2.16
	Any Others – Clearing Members	10	11,045	0.08
	Any Others – Trust	2	1,05,062	0.84
C.	Shares held by Custodians etc.	Nil	Nil	Nil
	Total	5394	1,25,11,875	100.00

xi. Dematerialization of Shares:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories, viz. National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL).

Details of shares held in physical and dematerialized form as on 31st March, 2015:

Mode of Holding	No. of Shares	% age
NSDL	10532142	84.18
CDSL	1846430	14.76
Physical	133303	1.06
Total	12511875	100.00

98.94% of Company's paid-up Equity Share Capital has been dematerialised up to 31st March, 2015. The Company's shares are liquid and actively traded.

xii. Outstanding of unclaimed dividend amounts:

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account to the Investor Education and Protection Fund (IEPF). Members are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund.

In compliance with Sections 205A (6) & 205A(7) of the Companies Act, 1956, the Company transferred on 11-11-2014 the unclaimed dividend amounting to Rs. 4,35,634 pertaining to the year 2006-2007 to the Investor Education and Protection Fund. Members are further requested to note that after completion of 7 years, no claims shall lie against the said Fund or Company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claims.

Details of outstanding amount of unclaimed dividend lying in Unpaid Dividend Account year wise as on 31.03.2015:

Financial year ended	Date of declaration of Dividend	Amount remaining Unclaimed as on 31.03.2015 (in Rs.)	Last date for claiming unpaid dividend amount (before)	Last date for transfer to IEPF
31.03.2008	29/09/2008	2,48,490	04/11/2015	03/12/2015
31.03.2009	19/09/2009	2,48,134	25/10/2016	24/11/2016
31.03.2010	21/09/2010	1,98,087.50	27/10/2017	26/11/2017
31.03.2011	30/08/2011	5,12,724	06/10/2018	05/11/2018
31.03.2012	28/09/2012	3,23,994	03/11/2019	02/12/2019
31.03.2013	30/09/2013	1,31,988	05/11/2020	04/12/2020
31.03.2014	30/09/2014	1,34,549.60	05/11/2021	04/12/2021

xiii. Location of our software development center:

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

xiv. Address for Correspondence:

Company

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

Registrars and Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District,
Hyderabad - 500 032
Tel: +91-040-67162222;
Fax:040-23001153;
Toll Free No: 1800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

**Declaration by the Managing Director
under Clause 49 of the Listing Agreement**

I, T. Gopichand, Vice Chairman & Managing Director of Tera Software Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2015.

Place: Hyderabad
Date: 30.05.2015

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

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 2015, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges.

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

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

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

For NARVEN ASSOCIATES
Chartered Accountants
Firm Reg. No: 05905S

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

Place : Hyderabad
Date : 30.05.2015

INDEPENDENT AUDITOR'S REPORT

To the Members of
TERA SOFTWARE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Tera Software Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the statement of Profit and Loss account for the year then ended and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26(c) to the financial statements
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **NARVEN ASSOCIATES**
Chartered Accountants
Firm Regn. No: 05905S

Sd/-
G.V.Ramana
Partner

Membership No.:025995

Place:Hyderabad
Date:30.05.2015

Annexure to the Independent Auditor's Report of Even Date to the Members of TERA SOFTWARE LIMITED

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As per the information and explanations given to us the fixed assets of the company have been physically verified by the management during the year in regular intervals. 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.
- 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. During the year the Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained Under Section 189 of the Companies Act to parties listed in the register maintained Under Section 189 of the Companies Act. Hence clause iii(a), iii(b) of the order is not applicable.
- 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 the 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. The company has complied with the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under with regard to the deposits accepted. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank Of India or any court or any other tribunal, on compliance or non –compliance of the same.
- vi. In respect of the company, the Central Government of India has not prescribed for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act. Accordingly clause vi of the order is not applicable.
- vii. (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Employees' State Insurance, Provident Fund, Income-tax, Sales-tax, Service-tax, Wealth-tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable to it other than the following:

S No	Nature of Dues	Amount (Rs)	Period to which the amount relates
1	Tax Deducted at Source	8,540	2007-08
2	Tax Deducted at Source	49,390	2008-09
3	Tax Deducted at Source	8,170	2009-10
4	Tax Deducted at Source	3,00,460	2011-12
5	Tax Deducted at Source	7,09,930	2012-13
6	Tax Deducted at Source	2,35,210	2013-14

- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute other than the following:

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

- (c) According to the information and explanations given to us, the amount which is required to be transferred to Investment education and protection fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made there under has been transferred to Investment education and protection fund within time.
- viii. The Company has no accumulated losses as at March 31 2015, and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. According to the information and explanation given to us, we are of the opinion that, the company during the year has not defaulted in repayment of dues to banks and other financial institutions.
- x. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause (x) of the Order is not applicable;
- xi. The company has applied the term loans for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books and records of the Company, we have not come across any instance of material fraud on or by the Company. Hence clause (xii) of the order is not applicable.

For NARVEN ASSOCIATES
Chartered Accountants
FRN:05905S

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

Place:Hyderabad
Date:30.05.2015

BALANCE SHEET AS AT 31st March 2015

(Rs. In Lakhs)

Particulars	Note No	As at 31 March, 2015	As at 31 March, 2014
Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	1	1,251.19	1,251.19
(b) Reserves and surplus	2	5,870.66	7,061.16
		7,121.85	8,312.35
(2) Non-current liabilities			
(a) Long-term borrowings	3	20.67	226.79
(b) Deferred tax liabilities (Net)	4	-	390.28
(c) Other Long term liabilities	5	752.82	1,090.77
(d) Long-term provisions	6	10.26	10.65
		783.75	1,718.49
(3) Current liabilities			
(a) Short-term borrowings	7	4,082.19	3,584.21
(b) Trade payables	8	2,944.77	2,711.24
(c) Other current liabilities	9	981.49	1,633.66
(d) Short-term provisions	10	288.72	555.98
		8,297.17	8,485.09
Total Liabilities		16,202.77	18,515.93
Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	1,383.47	3,536.04
(ii) Capital work-in-progress		211.71	750.43
		1,595.18	4,286.47
(b) Long-term loans and advances	12	618.23	525.10
(c) Other non-current assets	13	136.30	84.03
		2,349.71	4,895.60
(b) Deferred tax Asset (Net)	4	243.97	-
(2) Current assets			
(a) Inventories	14	74.75	604.71
(b) Trade receivables	15	12,253.59	11,519.00
(c) Cash and cash equivalents	16	580.77	763.47
(d) Short-term loans and advances	17	618.38	667.59
(e) Other current assets	18	81.60	65.56
		13,609.09	13,620.33
Total Assets		16,202.77	18,515.93

Significant Accounting Policies & Notes 1 to 37 on Financial Statement

As per our report of even date

For and on behalf of Board of Directors

for NARVEN ASSOCIATES

F R No. 05905S

Chartered Accountants

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

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

Sd/-
(K. Rama Rao)
Wholetime Director

Place : Hyderabad
Date : 30.05.2015

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

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

STATEMENT OF PROFIT and LOSS for the year ended 31st March 2015

(Rs. In Lakhs)

Particulars	Note No	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Continuing Operations			
Revenue from operations	19	9,126.99	10,169.79
Other income	20	199.00	109.04
Total Revenue		9,325.99	10,278.83
Expenses			
(1) Purchases of Stock-in-Trade		2,850.97	2,150.38
(2) Changes in inventories of Stock-in-Trade	21	529.96	(497.95)
(3) Employee benefits expense	22	1,516.67	1,875.41
(4) Finance costs	23	719.69	899.36
(5) Depreciation & amortization expense	11	630.74	1,002.47
(6) Other expenses	24	2,537.06	4,422.72
Total Expenses		8,785.09	9,852.39
Profit before tax		540.90	426.44
Less: Tax expense			
(1) Current tax		127.96	369.02
(2) Tax Expenses relating to Earlier Years		0.51	-
(3) Deferred tax		49.99	(144.91)
Profit for the year		362.44	202.33
Earnings per equity share			
(1) Basic		2.90	1.62
(2) Diluted		2.90	1.62

**Significant Accounting Policies & Notes on
Financial Statement**

1 to 37

As per our report of even date

For and on behalf of Board of Directors

for NARVEN ASSOCIATES

F R No. 05905S

Chartered Accountants

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

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

Sd/-
(K. Rama Rao)
Wholetime Director

Place : Hyderabad
Date : 30.05.2015

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

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

Cash Flow Statement for the year 2014-15

(Rs in Lakhs)

Particulars	2014-15		2013-14	
A. Cash flow from operating activities				
Net Profit before tax as per Profit & Loss Statement		540.90		426.44
<i>Adjustments for:</i>				
Depreciation and amortisation	630.74		1,002.47	
Impairment Loss on CWIP	11.00		-	
Liabilities No Longer Required, Written Back	(134.13)		(18.29)	
(Profit) / loss on sale / write off of assets(net)	-		1.03	
Provision For Doubtful & Advances, Bad Debts Written Off	183.36		223.56	
Finance Costs	719.69		899.36	
Rental Income	(147.33)		(52.23)	
Interest Income	(43.31)		(54.81)	
		1,220.02		2,001.09
Operating profit before working capital changes		1,760.92		2,427.53
<i>Adjusted for:</i>				
Trade receivables	(900.06)		3,481.79	
Movement in Other Current Assets	-		23.92	
Movement in Advances & Deposits	(263.17)		68.65	
Inventories	529.96		(434.68)	
Trade & Other Payables	(445.49)		(2,404.14)	
		(1,078.76)		735.54
Cash generated from operations		682.16		3,163.07
Net income tax (paid) / refunds		(90.24)		(168.05)
Net cash flow from operating activities (A)		591.92		2,995.02
B. Cash flow from investing activities				
Purchase Of Fixed Assets		(106.07)		(151.98)
Sale Of Fixed Assets		-		299.70
Interest Income Received		37.52		71.08
Rental Income Received		141.81		50.41
Net cash flow from Investing activities (B)		73.26		269.21

C. Cash flow from financing activities			
Proceeds from Long Term Borrowings		-	11.00
Repayment of Long Term Borrowings		(674.42)	(1,448.44)
Short Term Borrowings(Net)		550.99	(827.59)
Dividends & Dividend Tax Paid		(120.24)	(148.06)
Interest Paid		(723.21)	(909.35)
Net cash flow from Financing activities (C)		(966.88)	(3,322.44)
Net increase in Cash and cash equivalents (A+B+C)		(301.70)	(58.21)
Opening balance of Cash and cash equivalents		445.73	503.94
Closing balance of Cash and cash equivalents		144.03	445.73
Components of Cash and Cash Equivalents			
Cash and cheques on Hand		4.12	4.48
Balances with Banks			
-On Current Accounts		120.91	389.00
-On Deposit Accounts		455.74	369.99
Cash and cash Equivalent as per Note 16		580.77	763.47
Less: Fixed Deposits not considered as cash equivalents		140.16	42.14
Less: Margin Money Deposits not considered as cash equivalents		274.34	275.60
Less : Retention Money held in Fixed Deposits with Bank of Maharashtra		22.24	
		144.03	445.73

As per our report of even date

For and on behalf of Board of Directors

for NARVEN ASSOCIATES

F R No. 05905S

Chartered Accountants

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

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

Sd/-
(K. Rama Rao)
Wholetime Director

Place : Hyderabad
Date : 30.05.2015

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

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

SIGNIFICANT ACCOUNTING POLICIES:

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

1. Preparation and presentation of financial statements:

1. BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013, as adopted consistently by the company.

2. USE OF ESTIMATES:

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

2. Fixed Assets & Depreciation:

- i. Fixed assets are stated at the cost, less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies and any other costs relating to the acquisition and installation of the assets. Interest and financing charges on borrowed funds, if any, used to finance the acquisition of fixed assets, which take substantial time until the assets are ready for use, are capitalized and included in the cost of the asset.
- ii. Capital work-in-progress towards the acquisition of fixed assets, and the cost of assets not put to use before the year-end, are disclosed under capital work-in-progress.
- iii. Fixed Assets acquired under finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments.
- iv. Depreciation on Fixed Assets is provided to the extent of depreciable amount on Straight Line Method (SLM) based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in case of assets pertaining to Nagaswan project where assets other than computers are depreciated over a period of 60 months and computers are depreciated over a period of 36 months which is the estimated useful life of the Assets respectively and in respect of assets pertaining to National Population Register (NPR) project is depreciated over a period of 36 months which is the estimated useful life of the Assets.
- 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 market yields on government bonds, at the balance sheet date, 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 Employees Provident Funds and Miscellaneous Provisions Act, 1952.

9. Foreign Currency transaction:

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

10. Borrowing Costs:

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

11. Provision, Contingent Liabilities and Contingent Assets:

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

12. Product Warranty Expenses:

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

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

16. Leases:

a) FINANCE LEASE:

1. Assets given under finance lease are recognized as a sale transaction in the Profit and Loss Account and are treated like other outright sales.
The Finance Lease amount is shown as the receivables at an amount equal to the net investment in the lease.
Finance lease income is recognized over the period of the lease so as to yield a constant rate of return on the net investment in the lease.
2. Assets acquired under leases where the company has substantially transferred all the risk and rewards of ownership are classified as finance lease. Such assets are capitalized at the inception of the lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) OPERATING LEASE:

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

17. Sales:

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

Notes forming part of the Financial Statements :

1 SHARE CAPITAL

(Rs. in lakh)

Particulars	Number of shares as at 31 March, 2015	As at 31 March, 2015	Number of shares as at 31 March, 2014	As at 31 March, 2014
Authorised: 2,50,00,000 Equity Shares of Rs 10/- each.	250.00	2,500.00	250.00	2,500.00
Issued, subscribed and paid up: 1,25,11,875 Equity Shares of Rs 10/- each fully paid up	125.12	1,251.19	125.12	1,251.19
TOTAL	125.12	1,251.19	125.12	1,251.19

1.1 Details of shareholders holding more than 5% of total number of shares

(Shares in lakh)

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% out of total number of shares of the company	Number of Shares held	% out of total number of shares of the company
Tummala Gopichand	30.90	24.69%	30.90	24.69%
Tummala Pavana Devi	19.63	15.69%	19.63	15.69%
TOTAL	50.53	40.38%	50.53	40.38%

1.2 Reconciliation of Number of Shares:

Particulars	Equity Shares as at 31.03.2015		Equity Shares as at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	125.12	1,251.19	125.12	1,251.19
Add: Shares Issued during the year	-	-	-	-
	125.12	1,251.19	125.12	1,251.19
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	125.12	1,251.19	125.12	1,251.19

2. RESERVES AND SURPLUS
(Rs. In Lakh)

Particulars	As at 31 March, 2015	As at 31 March, 2014
<u>Securities Premium Reserve</u>		
Figures as at the end of the previous reporting period	851.00	851.00
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	851.00	851.00
<u>General Reserve</u>		
Figures as at the end of the previous reporting period	3,834.76	3,824.76
Additions	-	10.00
Deductions	-	-
Figures as at the end of current reporting period	3,834.76	3,834.76
<u>Surplus in Profit and Loss Statement</u>		
Figures as at the end of the previous reporting period	2,375.40	2,300.18
Add: Profit for the year	362.44	202.33
: Depreciation (Sch II Impact)	(2,117.08)	-
: Deferred Tax (Sch II Impact)	684.25	-
Less: Proposed dividend	(100.10)	(100.10)
: Tax on Proposed dividend	(20.01)	(17.01)
: Transfer to General Reserves	-	(10.00)
Figures as at the end of current reporting period	1,184.90	2,375.40
Total of Reserves and Surplus	5,870.66	7,061.16

(Rs in Lakhs)
3. LONG TERM BORROWINGS

Particulars	As at 31 March, 2015	As at 31 March, 2014
<u>A. Secured</u>		
i. Long term maturities of finance lease obligations	20.67	226.79
Total	20.67	226.79

- 3.1.** 548700 Shares are pledged (Previous Year 623700) in favour of Canara Bank as per terms and conditions of their sanction letter.
- 3.2.** In respect of Fixed Assets acquired on Finance Lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March, 2015 are as follows:

(Rs. in Lakh)

Period	Total Minimum lease Payments outstanding**		Future Interest Outstanding	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Payable within 1 year	205.74	198.42	17.31	41.55
Payable between 1 - 5 years	20.67	226.79	0.88	17.79

Lease term ranges between 3-5 years .

Finance lease obligations are secured against the leased assets.

4. DEFERRED TAX ASSET / LIABILITY

Particulars	As at 31 March, 2015		As at 31 March, 2014	
i. Relating to Fixed Assets		20.55		739.44
ii. Disallowance under the Income Tax Act, 1961	(77.10)		(182.19)	
iii. Provision for doubtful debts	(187.42)		(166.97)	
		(264.52)		(349.17)
Total		(243.97)		390.28

5. OTHER LONG TERM LIABILITIES

Particulars	As at 31 March, 2015	As at 31 March, 2014
i. Advance from Customers	224.25	397.83
ii. Security Deposits from Vendors	528.57	692.94
Total	752.82	1,090.77

6. LONG-TERM PROVISIONS

Particulars	As at 31 March, 2015	As at 31 March, 2014
Provision for employee retirement benefits		
Gratuity	10.26	10.65
Total	10.26	10.65

(Rs in Lakhs)

7. SHORT-TERM BORROWINGS

Particulars	As at 31 March, 2015	As at 31 March, 2014
A. Secured		
i. Loans repayable on demand : from banks	4,082.19	3,531.21
Total (a)	4,082.19	3,531.21
B. Unsecured		
i. Deposits	-	53.00
Total (b)	-	53.00
Total (a+b)	4,082.19	3,584.21

Working Capital Loans given by Bank of Maharashtra are secured by way of hypothecation of Land and Buildings situated at Jubilee hills Hyderabad and Srinagar colony, Computers and Peripherals, Stock in trade, Software in process, book debts and personal guarantee given by the Vice Chairman & Managing Director, Whole-Time Director and Director of the Company.

Working Capital Loan taken from Canara Bank is secured by way of hypothecation on pari passu first charge basis along with Bank of Maharashtra and collateral Security of Industrial Land and Buildings situated at Annaram Village, Hyderabad by way of Equitable Mortgage on exclusive charge basis.

8. TRADE PAYABLES

Particulars	As at 31 March, 2015	As at 31 March, 2014
Dues to: Micro, Small and Medium Micro Enterprises *		
Others		
i. Creditors for Services	1,919.75	1,705.45
ii. Creditors for Goods	1,025.02	1,005.79
Total	2,944.77	2,711.24

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

9. OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2015	As at 31 March, 2014
i. Current maturities of long-term debt	-	422.62
ii. Current maturities of finance lease obligations	205.74	198.42
iii. Interest accrued but not due on borrowings	3.78	7.31
iv. Income received in advance	0.63	242.00
v. Unpaid dividends	17.98	21.12
vi. Sundry Creditors for Capital Goods	15.04	54.37
vii. Expenses Payable	489.51	408.51
viii. Statutory Expenses Payable	248.81	279.31
Total	981.49	1,633.66

10. SHORT-TERM PROVISIONS

Particulars	As at 31 March, 2015	As at 31 March, 2014
i. Gratuity	69.88	60.72
ii. Provision for Leave Travel Allowance	-	0.17
iii. Proposed Final Dividend Payable	100.10	100.10
iv. Tax Payable on Distributed Profit	20.01	17.01
v. Provision for Income Tax: (net of advance Tax & TDS)	-	-
vi. Provision for under performance of service level deliverable	98.73	377.98
Total	288.72	555.98

11. FIXED ASSETS

(Rs in Lakhs)

Particulars	Gross Block			Depreciation			Net Block			
	As at 01-04-2014	Additions during the year	Deductions during the year	Adjustment during the year	As at 31-03-15	For the Year	On deductions	Adjustment ***	As at 31-03-15	As at 31-03-14
i. TANGIBLE										
Land	112.82	-	-	-	112.82	-	-	-	112.82	112.82
Buildings	548.92	-	-	-	548.92	9.31	-	-	498.63	507.94
Plant and Equipment	4,318.84	125.35	-	-	4,444.19	396.43	-	1,622.94	4,290.25	2,047.96
Furniture and Fixtures	233.90	-	-	-	233.90	39.26	-	-	113.30	159.86
Vehicles	31.83	-	31.83	-	23.32	-	-	7.31	31.03	8.51
Office equipment	21.88	-	-	-	21.88	2.28	-	8.34	19.71	12.79
Electrical & Fixtures:	255.61	5.26	-	-	260.87	79.96	-	-	138.07	197.50
Capital expenditure on Projects Div *	397.79	464.65	-	-	862.44	92.93	-	-	490.72	-
Sub-total	5,921.59	595.26	-	-	6,516.85	620.57	-	1,638.59	5,133.37	3,047.38
Previous Year	6,808.28	115.86	1,002.56	-	5,921.58	856.38	701.83	-	2,874.20	4,088.63
LEASED ASSETS:										
Plant and Equipment	901.25	-	-	-	901.25	10.17	-	478.49	901.25	488.66
Sub-total	901.25	-	-	-	901.25	10.17	-	478.49	901.25	488.66
Previous Year	901.25	-	-	-	901.25	146.09	-	-	412.60	634.75
Total	6,822.84	595.26	-	-	7,418.10	630.74	-	2,117.08	6,034.62	3,536.04
Previous Year	7,709.53	115.86	1,002.56	-	6,822.83	1,002.47	701.83	-	3,286.79	4,723.38
ii. CAPITAL WORK IN PROGRESS**										
										211.71
										750.43

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

** After deducting Impairment Loss of Rs 121.01 lakhs.

*** Based on transition provisions provided in note no.7(b) of Schedule II of Companies Act' 2013, an amount of Rs. 2117.08 lacs has been adjusted with the Reserves for the difference of depreciation relating to past period.

(Rs. In Lakhs)

12. LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2015	As at 31 March, 2014
(a) Secured, Considered Good		
i. Capital Advances	14.11	14.90
ii. Security Deposits	604.12	510.20
	618.23	525.10
Less: Provision for bad and doubtful loans and advances		
Total	618.23	525.10

13. OTHER NON CURRENT ASSETS

Particulars	As at 31 March, 2015	As at 31 March, 2014
Bank deposits maturity of more than 12 months	1.00	0.92
Margin Money Deposits maturity of more than 12 months	80.30	83.11
Retention Money held in Fixed Deposits with BoM More than 12 months	55.00	-
Total	136.30	84.03

14. INVENTORY

Particulars	As at 31 March, 2015	As at 31 March, 2014
Stock-in-trade	74.75	604.71
Total	74.75	604.71

15. TRADE RECEIVABLES

Particulars	As at 31 March, 2015	As at 31 March, 2014
Unsecured, Considered Good		
Outstanding for a period exceeding six months	8,133.97	8,537.73
Others	4,541.71	3,340.31
Sub total	12,675.68	11,878.04
Less: Provision for bad and doubtful debts	(422.09)	(359.04)
Total	12,253.59	11,519.00

(Rs.in Lakhs)

16. CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2015	As at 31 March, 2014
a. Cash on hand	4.12	4.48
c. Balances with banks		
i. Current Accounts	102.93	367.88
ii. Unpaid Dividend Accounts	17.98	21.12
iii. Margin Money Deposit Accounts	19.00	52.25
Total (A)	144.03	445.73
d. Other Bank Balances 3 to 12 months		
i. Deposit Accounts	140.16	42.14
ii. Margin Money Deposits	274.34	275.60
iii. Retention Money held in Fixed Deposits with BoM	22.24	
Total (B)	436.74	317.74
Total (A) + (B)	580.77	763.47

17. SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2015	As at 31 March, 2014
Unsecured, Considered Good		
Advance for Expenses	10.22	59.19
Others	608.16	608.40
Total	618.38	667.59

18. OTHER CURRENT ASSETS

Particulars	As at 31 March, 2015	As at 31 March, 2014
Accrued Interest	22.04	16.25
Prepaid Expenses	58.04	49.31
Others - Receivables	1.52	-
Unbilled Revenue	155.57	155.57
Less: Provision for Unbilled	(155.57)	(155.57)
Total	81.60	65.56

(Rs. In Lakhs)

19. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Sale of products	3,690.29	1,892.51
Sale of services	5,109.10	7,943.78
Other operating revenues	327.60	333.50
Total	9,126.99	10,169.79

20. OTHER INCOME

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Interest Income	43.31	54.81
Profit on Sale of Assets	-	1.83
Other non-operating income	155.69	52.40
Total	199.00	109.04

21. CHANGES IN INVENTORY OF STOCK IN TRADE

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Opening Stock	604.71	170.03
Less: Stock Transferred to Operating expenses	-	(63.27)
Less: Closing Stock	(74.75)	(604.71)
Total	529.96	(497.95)

22. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Salaries and Wages	1,412.47	1,723.10
Contribution to PF and other funds	100.47	150.11
Staff welfare expenses	3.73	2.20
Total	1,516.67	1,875.41

23. FINANCE COSTS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Interest expense	656.31	880.00
Other borrowing costs	63.38	19.36
Total	719.69	899.36

24. OTHER EXPENSES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Power and fuel	49.01	113.77
Rent	46.85	64.43
Repairs to : Equipment	122.94	300.83
: Others	6.53	2.17
Insurance	14.51	26.42
Rates and taxes, excluding, taxes on income	17.84	24.35
Payments to Auditor as : auditor	12.00	12.00
: for other services	1.00	1.00
Consultancy, Professional Charges	37.77	83.83
Subcontracting Charges	1,458.33	2,445.69
Infrastructure & Facility Charges	1.03	-
Advertisement & Sales Promotion	2.09	2.80
Consumables	19.75	238.56
Lease Rentals Nalgonda Schools	24.00	115.82
Communication Charges	272.04	162.87
Courier & Postage	1.68	3.15
Printing & Stationery	1.68	6.58
Bad Debts written off	102.42	61.53
Advances Written Off	4.22	-
Provision for Doubtful Debts Written Back	(13.67)	(4.73)
Provision for Doubtful Debts (1)	76.72	162.02
Penalty for Service Level Non Deliverables	403.19	301.39
Provision for under performance of Service Level Deliverables (2)	41.38	52.47
Provision for Service Level Deliverables Written Back	(320.63)	(13.28)
Sitting fees	6.02	5.15
Travelling & Conveyance	36.47	98.50
Impairment Loss	11.00	-
Loss on Sales of Assets	-	2.86
Other Expenditure (3)	100.89	152.54
Total	2,537.06	4,422.72

- Total provision made during the year is Rs 76.72 lakh (Previous year Rs 162.02 lakh), Provision written back of Rs 13.67 (Previous year Rs 4.73 lakh).
- Total provision made during the year is Rs 41.38 lakh (Previous year Rs 52.47 lakh), Provision written back of Rs 320.63 (previous year Rs 13.28 lakh).
- Include Foreign Exchange Loss of Rs 0.10 lakh (previous year Rs NIL lakh).

II Notes forming part of Financial Statements:

25. OPERATING LEASE

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

	(Rs in Lakh)	
Particulars	31 st March 2015	31 st March 2014
Payable within 1 Year	4.96	19.83
Payable between 1-5 Years	0.00	4.96
Total	4.96	24.79

26. Commitments and Contingencies:

- The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is Rs.NIL as at March 31, 2015 (Previous year Rs. 10.25 Lakh).
- The company has outstanding guarantees of Rs. 1,990.30 Lakhs and Letter of credit Rs 546.79 Lakhs as at 31st March 2015 (previous year Bank Guarantees Rs. 3,635.24 Lakh and Letter of credit Rs NIL).
- Sales tax matters under dispute as per table below:

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

27. Employee Benefits:

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

- a. The company has recognized, in the profit and loss account for the year ended 31st March 2015, below mentioned defined contribution plans.

Description	(Rs in lakh)
	2014-15
Provident Fund	72.78
Employee State Insurance	27.69
Total	100.47

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

Description	2014-15 (Rs in lakh)	2013-14 (Rs in lakh)
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at the beginning of the year	71.37	69.12
b. Current Service Cost	8.93	9.06
c. Interest Cost	5.71	5.53
d. Actuarial (Gain)/Loss	(5.87)	(12.34)
e. Past services cost	-	-
f. Benefits Paid	-	-
g. Obligation as at the end of the year	80.14	71.37
2. Expense recognized in the period		
a. Current Service Cost	8.93	9.06
b. Interest Cost	5.71	5.53
c. Actuarial(Gain)/Loss	(5.87)	(12.34)
d. Past service cost	-	-
e. Expense recognized during the year	11.16	12.24
3. Assumptions	%	%
a. Discount Rate (per annum) as at the end of the year	8	8
b. Salary Rise	4	4
c. Attrition Rate	8.6	8.6

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

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

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Traded goods	15.76	Nil
Capital goods	3.56	Nil
TOTAL	19.32	Nil

b) Expenditure in Foreign Currency:

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Trading Goods	13.40	Nil
Capital Contracts	2.52	Nil
Travelling	Nil	Nil
TOTAL	15.92	Nil

30. Remuneration to Statutory Auditors:

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
Statutory Audit fee	9.00	9.00
Tax Audit fee	3.00	3.00
Certification Fee & Others	1.00	1.00
Total	13.00	13.00

31. Deferred Tax

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

The deferred tax (Asset) / Liability as at 31st March, 2015 comprise of the following:

(Rs in Lakhs)

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
A Deferred Tax Liability				
1 Related to fixed assets		20.55		739.44
B Deferred Tax Assets				
1 Disallowance under the Income Tax Act, 1961	(77.10)		(182.19)	
2 Provision for doubtful debts	(187.42)	(264.52)	(166.97)	(349.16)
C Provision for deferred tax (net)		(243.97)		390.28

32. Segmental Reporting:

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

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

a. Business Segments :
Year ended March 31, 2015 and 2014

(Rupees in Lakh)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	3,690.29	1,672.83	3,763.87	-	-	9,126.99
	<i>1,892.51</i>	<i>1,545.26</i>	<i>6,732.02</i>	-	-	<i>10,169.79</i>
Identified operating expenses	3,398.18	1,513.03	1,776.60	-	-	6,687.81
	<i>1,722.93</i>	<i>1,386.60</i>	<i>3,769.83</i>	-	-	<i>6,879.36</i>
Allocated Expenses	8.56	7.39	788.35	-	-	804.30
	<i>6.63</i>	<i>20.79</i>	<i>1,311.67</i>	-	-	<i>1,339.09</i>
Segmental operating income	283.55	152.41	1,198.92	-	-	1,634.88
	<i>162.95</i>	<i>137.87</i>	<i>1,650.52</i>	-	-	<i>1,951.34</i>
Unallocable expenses	-	-	-	-	568.43	568.43
	-	-	-	-	<i>734.57</i>	<i>734.57</i>
Operating income	-	-	-	-	-	1,066.45
	-	-	-	-	-	<i>1,216.77</i>
Other income/(expenses), net	-	-	-	-	150.83	150.83
	-	-	-	-	<i>54.23</i>	<i>54.23</i>
Net profit before Interest	-	-	-	-	-	1,217.28
	-	-	-	-	-	<i>1,270.00</i>
(Less): Interest Expenses	-	-	-	-	(719.69)	(719.69)
	-	-	-	-	<i>(899.36)</i>	<i>(899.36)</i>
Add: Interest Income	-	-	-	-	43.31	43.31
	-	-	-	-	<i>54.81</i>	<i>54.81</i>
Net profit before taxes	-	-	-	-	-	540.90
	-	-	-	-	-	<i>426.45</i>
Income Taxes	-	-	-	-	-	178.46
	-	-	-	-	-	<i>224.11</i>
Net Profit after taxes	-	-	-	-	-	362.44
	-	-	-	-	-	<i>202.33</i>
Other Information	-	-	-	-	-	-
Segment Assets	2,301.14	1,709.24	9,235.09	-	2,238.19	15,483.65
	<i>1,216.32</i>	<i>1,367.55</i>	<i>12,790.62</i>	-	<i>2,200.66</i>	<i>17,575.15</i>
Segment Liabilities	1,037.26	689.03	2,303.10	-	32.39	4,061.78
	<i>1,048.78</i>	<i>218.01</i>	<i>3,072.80</i>	-	<i>(16.21)</i>	<i>4,323.37</i>
Capital Expenditure	-	-	595.26	-	-	595.26
	-	-	<i>115.22</i>	-	<i>0.64</i>	<i>115.86</i>
Depreciation	-	3.29	581.15	-	46.30	630.74
	-	<i>22.58</i>	<i>949.20</i>	-	<i>30.69</i>	<i>1,002.47</i>

Note: Figures in italics represent previous year's figures. Previous year's figures have been regrouped to correspond with the current year's figures.

b. Geographical Segments :

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

33. Related Party Transactions:
a) Name of Related Parties & relationship:

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

b) Transactions with related parties:

Name of the related party	Mr. T. Gopi Chand & Mr.T.Gopi Chand (HUF)	Mrs.T. Pavana Devi	Mr.K Rama Rao	Mr.T.Bapaiah Chowdary	Mr.T.Madhu Mitra & Mr. T.Girish
Description of the nature of transactions	a) Remuneration b) Rent paid for Office Premises.	Sitting Fee	Remuneration	a) Sitting Fee	Remuneration
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs 84.00 lakh b) Rent paid for Office Premises Rs24.07 lakh.	Sitting Fee Paid Rs.0.71 lakh	Managerial Remuneration of Rs.18.15 lakh	Sitting Fee Paid Rs.0.99 lakh	Salary of Rs 7.82 lakh & Rs 4.03 lakh respectively.
Any other elements of the related party transactions	Managerial Remuneration, Rent for office premises approved by Board of Directors	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	a) Managerial Remuneration Payable Rs 59.82 lakh b) Commission payable Rs 15.14 lakh c) Rent payable Rs 3.65 lakh	NIL	Managerial Remuneration Payable Rs2.40 lakh	NIL	Salary Payable of Rs 1.13 lakh & Rs 0.32 lakh respectively.
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL

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

35. Micro and Small Scale business entities:

There are no micro and small scale enterprises to which the company owes dues, as at 31st March 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

36. Earnings per Share

Particulars	Current Year (Rs in lakh)	Previous Year (Rs in lakh)
a) Net Profit as per Profit and Loss Account(Rs)	362.44	202.33
b) Add\(\Less): Excess Provision for Tax of earlier year (Rs)	0.51	Nil
c) Profit available for equity share holders(Rs)	362.95	202.33
d) Weighted average number of Equity Shares outstanding during the year	125.12	125.12
f) Weighted Average number of equity shares in computing diluted earnings per share	125.12	125.12
g) Face Value of each Equity Shares(Rs)	10	10
h) Earnings per share -Basic & Diluted (Rs)	2.90	1.62

37. Figures for the corresponding year ended March 31, 2014, wherever necessary, have been regrouped, recast, rearranged as per the Schedule III of Companies Act, 2013.

As per our report of even date attached

For **NARVEN ASSOCIATES**
Chartered Accountants
Firm Reg. No. 05905S

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

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

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

Sd/-
(K. Rama Rao)
Wholetime Director

Place: Hyderabad
Date:30.05.2015

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

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

TERA SOFTWARE LIMITED

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

CIN: L72200TG1994PLC018391Tel.Nos.040-23540446, 040 – 23547447/8 Fax : 040 - 23547449

Email : info@terasoftware.in; **Website :** www.terasoftware.com

ATTENDANCE SLIP

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

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

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033 on Wednesday, 30th September, 2015 at 3.00 PM.

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

SIGNATURE OF THE MEMBER/ JOINT MEMBER (S) / PROXY

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

TERA SOFTWARE LIMITED

CIN: L72200TG1994PLC018391

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

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

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

1) _____ of _____ having e-mail id _____ or failing him

2) _____ of _____ having e-mail id _____ or failing him

3) _____ of _____ having e-mail id _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual general meeting of the company, to be held on the Wednesday, 30th September, 2015 at 3.00 p.m.at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolutions		Vote	
		For	Against
1.	Adoption of the Audited Financial Statement together with the reports of the Board of Directors and Auditors' thereon.		
2.	Declaration of Dividend on Equity Shares.		
3.	Re-appointment of Sri K. Rama Rao (DIN: 00108659) as a Director of the Company.		
4.	To ratify the continuation of the Statutory Auditors.		

Signed _____ this day _____ of 2015.

Affix
Re.1/-
Revenue
Stamp

Signature of member _____ : Signature of proxy holder: _____

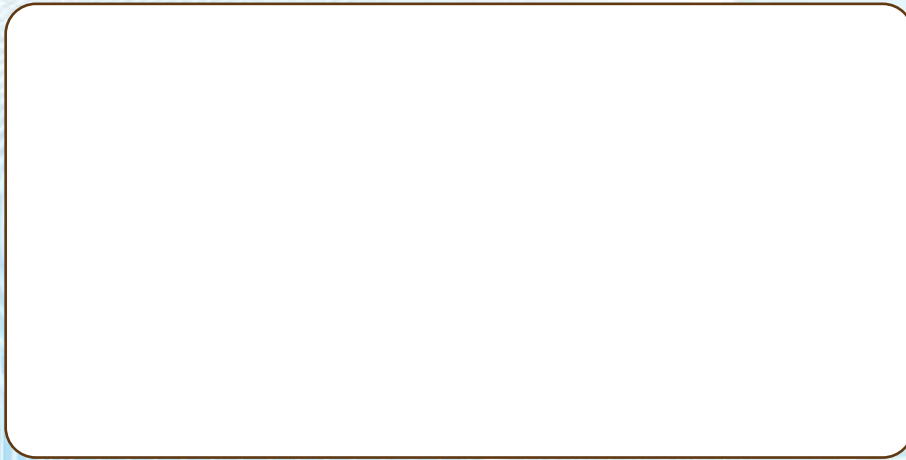
Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

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

* Applicable for investors holding shares in Electronic Form.



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Tera Software Limited

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

E-Mail : info@terasoftware.com; Url : www.terasoftware.com