



Digit-ALL



TERA SOFT
Redefining IT Solutions

TERA SOFTWARE LIMITED

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Disclaimer

This document contains statements about expected future events and financial and operating results of Tera Software Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Tera Software Limited Annual Report 2015-16.

Corporate Information



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. Bapaiah 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 : Wwww.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: Wwww.karvycomputershare.com



CLICK | SHARE | UPLOAD | DOWNLOAD

Live TV. Webcasts / Streaming Audio / Video Applications.

Online sharing / Online ticket-booking / Online Registrations / Online Grievances

Online Food Ordering / Online Shopping / Online Gaming / Online Trading.

Notifications / News Updates / GPS Tracking / Infotainment.

E-Books / E-Learning / E-Healthcare / E-Counselling.



These are **frequently used** terms in the world of Internet...

...but large percentage of the Indian **population are still unfamiliar.**

Reason: **Lower internet penetration of 35%!**





In July 2015, the Government of India initiated the '**Digital India**' drive to lay emphasis on e-governance and transform India into a digitally empowered society. The initiative aims at providing high speed internet services to all the corners of the Nation to promote inclusive digital growth amongst the Indian citizens for a better socio-economic life and reduce the urban-rural awareness gap

In October 2015, The Andhra Pradesh (AP) Government launched prestigious AP Fibre Grid Project with a vision to make available highly qualitative and affordable digital services (data, voice and video) to Households, Government Offices and Private Agencies across Andhra Pradesh. The initiative aims at converting the State of AP to Digital AP, thus progressing in the direction of realising the dream of Digital India

At Tera Software Limited, we are actively involved in building the AP Fibre Grid Network infrastructure that will make every citizen truly participate in and benefit from the global information revolution. With host of other e-governance projects, the Company is positively building a digital culture and contributing to a balanced growth of the nation.



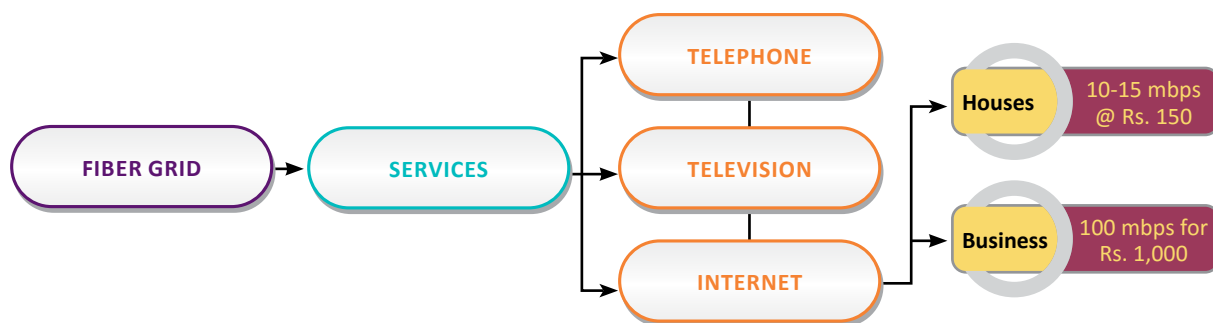
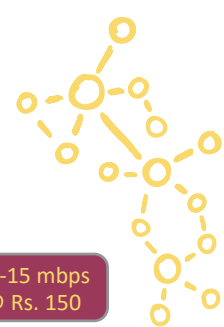
The AP Fibre Grid Network- a step towards digital inclusiveness

The AP Fibre Grid Project is a first of its kind broadband project in India and a part of the country’s largest Information and Communication Technology (ICT) initiative of Digital India. The project has been taken under the national Optic Fibre Network of the Centre on a pilot basis and implemented at a cost of Rs 333 crore.

Under this project, a highly scalable network infrastructure across Andhra Pradesh is being implemented. It will provide on-demand, affordable and end-to-end broadband connectivity of 10 to 20 Mbps for all households and 1 to 10 Gbps for all institutions and multi-dwelling units by 2018.

Salient Features:

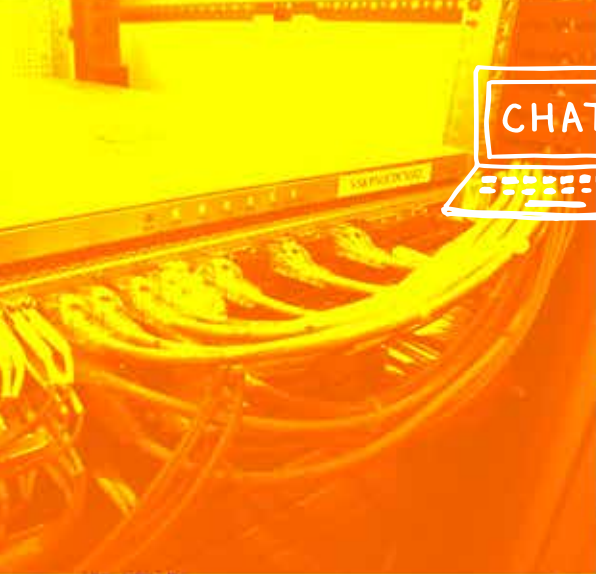
- Setting up state-wide high-speed optical fibre infrastructure by leveraging the existing assets (electric poles and substation) of the electricity transmission & distribution companies
- Sharing infrastructure with the ISPs, TSPs, MSOs and content providers etc on a non-discriminatory basis under Infrastructure as a Service (IAAS) and Platform as a Service (PAAS) model
- Extending the services to the last mile user through PoPs at around 2449 substations and further utilising the existing LCO network wherever available
- Developing sustainable business models for last-mile operators, and also providing institutional ecosystem with a platform for delivering products and services



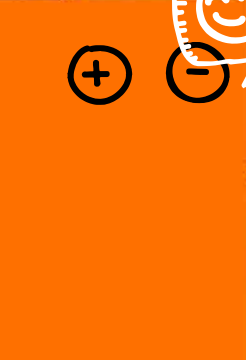
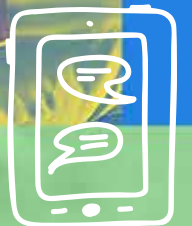
At **Tera Software Limited**, we are actively implementing the AP Fibre Grid Project Phase-I. We have partnered CISCO in building the IT infrastructure and network architecture technology for this ambitious project.



@



CHAT



The Digital Reach!

22,500 KMS
of 24-Core ADSS Optical
Fiber cable

3,75,000+
Number of electrical poles

2,449
Point of Presence (POPs)
in substations

9,928
Local Cable Operators
(approx.)

837
Multi System Operators
(approx.)

1.1Crore
Households (Reach with in 5
kms radius)

52,000+
Schools (Reach with in 5 kms
radius)

6,580
Public Health Care Centres
(Reach with in 5 kms radius)

10,000+
Telco Towers (Reach with in
5 kms radius)

10,000+
Government Offices

1.3 TB
Network capacity





Partnering the Digital Growth

We are implementing the overhead fibre network across Andhra Pradesh using the network of electricity poles through ring topology. This will interconnect all the districts with each other resulting in faster information dissemination.

We are executing the following activities as a part of its mandate:

- Verifying and optimisation of routes designed based on GIS survey
- Laying the fibre network
- Creating requisite number of points of presence (PoPs)
- Supplying and installation of networking equipment
- Setting up network operating centre (NOC) at central location
- Implementing OSS and BSS software
- Setting up network of cable TV operators to provide bandwidth
- Providing maintenance services for fibre network for one year post going live

Joining the dots!

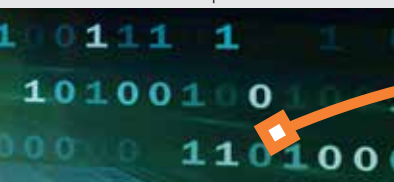
The PoP infrastructure is equipped with adequate power provisioning including grid and backup power to ensure non-stop connectivity. A total of 2,449 PoPs would be created at the state, district and mandal level to enable the customers and ecosystem partners like local cable operators to have easy and interrupted access to the network.





Vice-Chairman and Managing Director's Message

As a Nation, we are looking forward towards a smooth transition to a smart economy and Internet is going to be the way of life.



Dear Shareholders,

It has been a rather busy year for us and we are very happy about it. We are a proud participant of promoting a Digital culture in India. And, in doing so, we are actively contributing towards digitising the economy that will link up national and regional initiatives and boost the progress of the nation as a whole.

Industry optimism

The Indian IT industry is expected to witness a 12-14% annual growth. Over the past couple of years, the Indian Government has been constantly stressing on the importance of providing online services and the resultant benefits. As a result, the Digital India programme was launched and several government services are now being transformed online. The initiative is integrating the government departments and the people of India. The adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's Gross Domestic Product (GDP) by US\$ 550 billion to US\$ 1 trillion by 2025.

However, in order to have an effective outcome of the digital initiatives, serious measures are being taken to improve the country's lower internet penetration of 35%. A special focus is being given towards accessibility and affordability. As a response, the AP Government pioneered a unique concept of providing low-cost and high-speed broadband services across Andhra Pradesh through the prestigious AP-Fibre Grid System. The broadband infrastructure is being built on the electricity poles across the state, thus enabling last mile connectivity at a very minimum rate.

Adding value to the Digital foray

At Tera Software Limited, we have been officially appointed to execute the implementation of the AP Fibre Grid Project Phase-I. We are partnering CISCO in building the IT infrastructure and network architecture technology for this ambitious project.

Venturing into the AP Fibre Grid Project has strengthened our presence in the digital space as well as added value to our fundamental parameters in the following ways:

Stronger revenue visibility

Ideally Government projects have a longer receivable cycle. However, this project has been entirely funded by Andhra Bank, thus securing receivables and providing clear revenues visibility of Rs 220 crores in the next fiscal with comfortable margins.

Recurring revenues

The Company has the opportunity of earning additional revenues by way of maintenance of the infrastructure and ancillary business.

Opportunity to venture to other states

The successful implementation of this project is a gateway for the Company to explore the opportunities of venturing into other states and leverage its first-mover advantage and the knowhow. Moreover, the Central Government has also recognised this project as a role model for other states, thus opening up possibilities of replicating the approach across different states.

Promoting content delivery and healthcare

The Company will deliver set-top boxes to the households that will provide internet as well as video services at an annual fee of Rs 4,000 per customer. This will ensure content delivery to the far interior regions of the state. Through this initiative, we further intend to promote e-health services like maintaining patient records, matching medications, sharing test results and collaborating with prominent specialists via video conferencing among others. We intend to leverage the high-speed wireless networks and elevate healthcare services of all sizes, improve care and save lives.

What lies ahead?

As a Nation, we are looking forward towards a smooth transition to a smart economy. Internet is going to be the way of life. We will strive forward to prepare the next generation of products and services to allow a seamless transmission of data and improve the quality of life.

I would like to thank all our stakeholders, bankers, investors and our team for being a part of this digital journey. We hope to receive your support in all our future endeavours and take your company to the next level of digital foray.

Best Wishes,
T Gopichand
Vice Chairman and Managing Director
Tera Software Limited

Gaining visibility!

After speedy and successful implementation of AP Fibre Grid Project, Centre has asked other states to follow Andhra Pradesh model in laying optic fibre cable lines over electric poles to complete the phase-2 of the BharatNet project by December 2018.

Tera Software Limited –

a dedicated Indian e-Governance Company



Incorporated in 1994, headquartered in Hyderabad, Tera Software Limited has emerged as one of the fastest growing companies in IT and ITES segment, pioneering in the field of e-governance and is one of the leading e-Governance Solution Provider across India.

Our Service Portfolio

- Sales Tax Automation
- Registration of Land Records
- Road Transport and Vehicle Registration Authorities
- Total Revenue Management & Spot Billing System
- Computer Education in Schools
- Ration Cards (Public Distribution System)
- AADHAAR – Enrolment of Citizens of India
- NPR – Creation of National Population Register
- Common Services Centres
- IT Infrastructure & related Facility management of Government Departments

The Company possesses wide range of infrastructure including modern equipments, talented professionals and application software for various e-Governance needs.

20+

Years of experience in the IT/ITES industry

19

States covered for various e-Governance projects

10+

Years of experience in designing, developing and deploying Identity Management Solutions on BOOT/BOOR basis



World-class quality excellence

CMMI Level3 Certification

Acquired CMMI Level3 Certification for processes across the organisation (certified by CMMI Institute, Carnegie Mellon University, USA)

ISO 9001:2008 Certification

Identified the importance of quality and earned ISO 9001:2008 certifications for its processes across the organization (certified by TUV, South Asia)

ISO / IEC 20000-1:2011 Certification

Identified the importance of Information Technology Service Management System and earned ISO / IEC 20000-1:2011 certification for its processes across the organisation (certified by Nimbus Certification Pvt Ltd, Mumbai)

ISO / IEC 27001:2013 Certification

Identified the importance of Information Security Management System and earned ISO / IEC 27001:2005 certification for its processes across the organization (certified by Nimbus Certification Pvt Ltd, Mumbai)

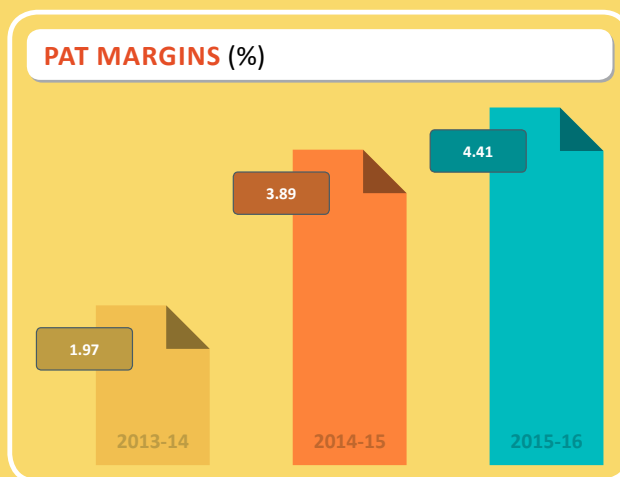
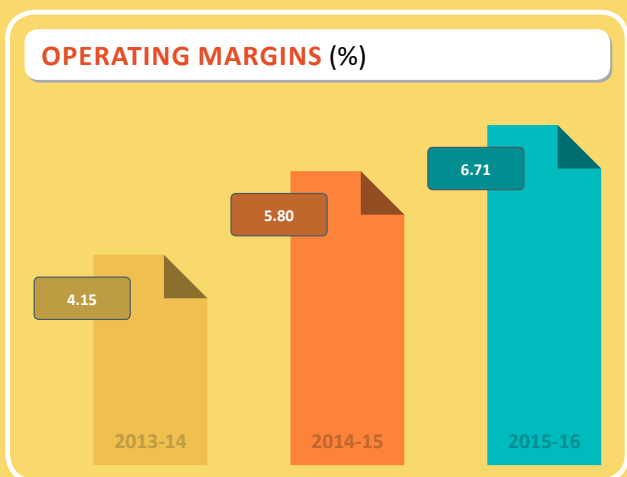
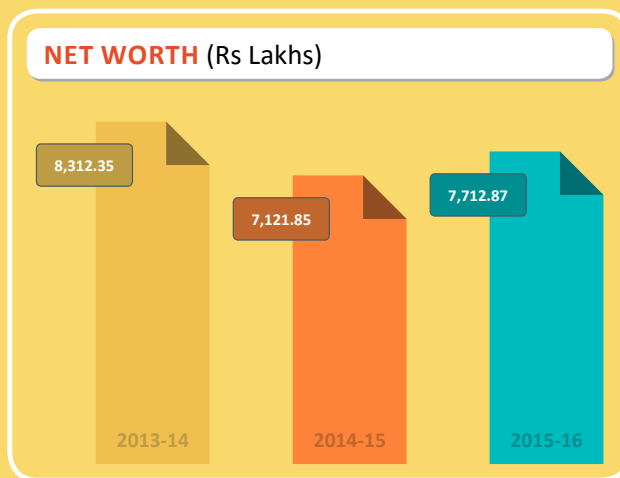
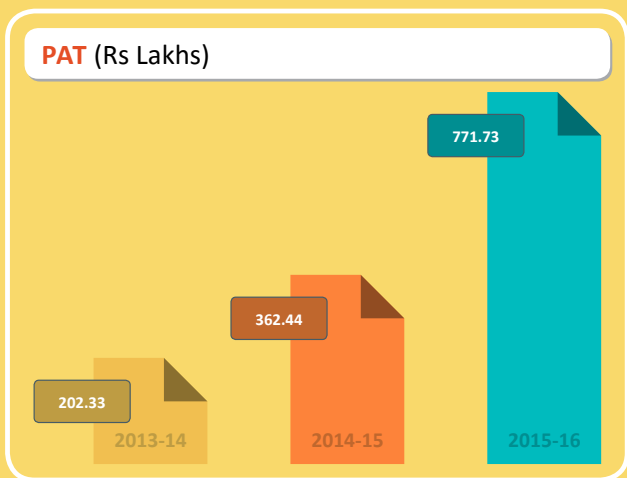
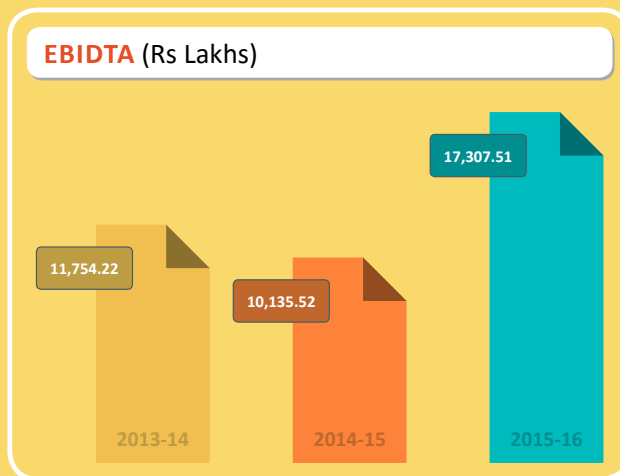
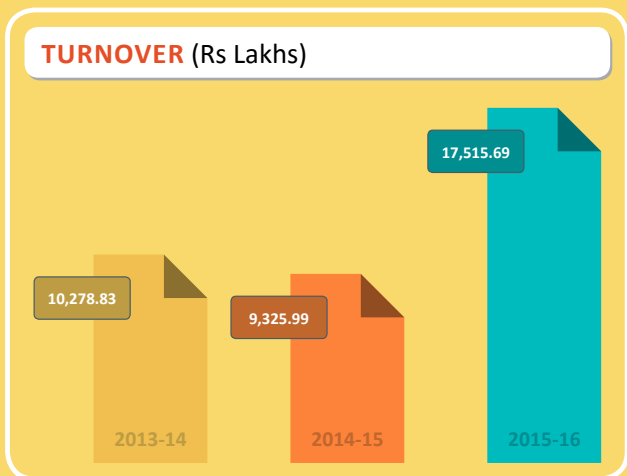
1,000+

Employees (as on 31st March, 2016)

₹104.03 crores

Market Capitalisation (as on 31st March, 2016)
Listed on Bombay Stock Exchange (BSE)
BSE Code: 533982

Performance Snapshot






Foray into Jharkhand

In January 2016, Tera Software Limited received Letter from Jharkhand Agency for Promotion of Information Technology (JAP-IT) for an amount of Rs. 7,797 Lakhs for Preparation of Modern Record Rooms in 259 locations across the State of Jharkhand on a turnkey basis. The Company entered into a tripartite agreement with the Jharkhand Agency for JAP-IT and Revenue, Registration and Land reforms department, Government of Jharkhand on March 17, 2016, for a period is 5 years


Board of Directors



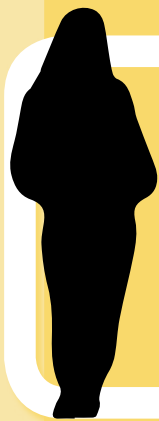
Sri Koteswara Rao SSR
Chairman




Sri R. S. Bakkannavar
Director



Dr. T. Hanuman Chowdary
Director



Dr. T. V. Lakshmi
Director



Sri T. Bapaiah Chowdary
Director



Smt. T. Pavana Devi
Director



Sri K. Rama Rao
Whole Time Director



Sri T. Gopichand
Vice Chairman &
Managing Director



Our Corporate Office



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**Statutory
Reports**

47-69
**Financial
Section**

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 Second Annual General Meeting of the members of Tera Software Limited will be held on Friday, 30th September, 2016 at 3.00 P.M. at Best Western Jubilee Ridge, Plot No. 38 & 39, Kavuri Hills, Near Hi-tech city, Madhapur, Hyderabad- 500032 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March, 2016, 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 T. Bapaiah Chowdary, (DIN: 00107795) 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 30 September, 2014 the appointment of M/s. Narven Associates, Chartered Accountants (Registration No. 005905S), 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 23rd AGM, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203, schedule V and other applicable provisions if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Board be and is hereby accorded for re-appointment of Sri T. Gopichand as Managing Director of the company for a period of Five(5) years with effect from 1 September 2016, on the terms and conditions as specified below:

- i. Basic Salary: At the rate not exceeding ₹ 7,00,000/- per month
- ii. Perquisites:
 - a. Contributions to Provident Fund, Super Annuation fund as per the rules of the company.
 - b. Gratuity payable shall not exceed half month's salary for each completed year of service.
 - c. Reimbursement of actual travelling and entertainment expenses incurred on behalf of the company.
 - d. Free use of Company's car with driver for official purposes only.

- e. Free communication facilities like Telephones/ Mobiles/Fax at residence.

Such other perquisites and allowances in accordance with the rules of the company or as may be agreed between the Board of Directors and Sri T. Gopichand.

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203, schedule V and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Board be and is hereby accorded for the appointment of Sri K. Rama Rao as Whole Time Director of the Company for a period of upto 30th November, 2016 with effect from 1 September 2016, on the terms and conditions as specified below:

- i) Basic Salary: At the rate not exceeding ₹ 1,70,000/- per month
- ii) Perquisites:
 - a) Contributions to Provident Fund, Super Annuation fund as per the rules of the company.
 - b) Gratuity payable shall not exceed half month's salary for each completed year of service.
 - c) Reimbursement of actual travelling and entertainment expenses incurred on behalf of the company.
 - d) Free use of Company's car with driver for official purposes only.
 - e) Free communication facilities like Telephones/ Mobiles/Fax at residence.

Such other perquisites and allowances in accordance with the rules of the company or as may be agreed between the Board of Directors and Sri K. Rama Rao.

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

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

RESOLVED THAT pursuant to the provisions of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification (s) or re-enactment thereof for the time being in force) or any amendment made thereto, the members of the Company accord approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013 in case of Company having no profit or inadequate profit in any financial year to Sri T. Gopichand, Vice Chairman and Managing Director during the tenure of his appointment with authority to the Board or a Committee thereof to fix his salary within such maximum amount, with effect from 1 September, 2016 upto 3 years.

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

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

RESOLVED THAT pursuant to the provisions of Section 14 of and other applicable provisions if any, of the Companies Act, 2013 read with the rules made thereunder the approval of shareholders be and is hereby accorded, to insert the following Clauses in the Articles of Association:

- i) Inserting new Article 23(iv) as a sub clause to Article 23;
That option or right to call shares shall not be given to any person except with the sanction of the issuer in general meetings.
- ii) Inserting new Article 28(b) as a sub clause to Article 28;
Any amount paid up in advance of calls on any shares may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.
- iii) Inserting new Article 31(iii) as a sub clause to Article 31;
The registration of registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever.
- iv) Inserting new Article 31(iv) as a sub clause to Article 31;
“The common form of transfer shall be used for transfer of any Shares.”
- v) Inserting new Article 106(iv) as a sub clause to Article 106
“There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law”

By Order of the Board of Directors

Sd/-
(T. Gopichand)

Place: Hyderabad Vice Chairman and Managing Director
Date : 30.07.2016 DIN: 00107886

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. A statement giving the relevant details of the Director seeking re-appointment under Item Nos. 5 & 6 of the accompanying Notice, as required by Sebi (Lodr) Regulations, 2015 is annexed herewith.
3. 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.
4. Members / proxies are requested to bring their attendance slip along with their copy of annual report to the Meeting.
5. The Register of Members and Share Transfer Books will remain closed from Saturday, 24th September, 2016 to Friday, 30th September, 2016 (both days inclusive) for the purpose of Annual general Meeting.
6. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilise the Electronic Clearing System (ECS) for receiving dividends.
7. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. 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.
9. 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.
10. 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.
11. 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. 15.
12. 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.
13. Corporate members intending to send their authorised 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.
14. 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.
15. **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), 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. 23rd September, 2016 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. 23rd September 2016, 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 companysecretary@terasoftware.in
 - vi. The Board of Directors of the Company has appointed SriK.CH. Venkat Reddy of M/s C.V. Reddy K & Associates, Practicing Company Secretaries as Scrutiniser to scrutinise 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 Scrutiniser, 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 scrutiniser's report and submit the same to the Chairman. Thereafter, the Chairman or any other person authorised by the Chairman, shall declare the result of the voting forthwith. The results declared along with the consolidated scrutiniser'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. 30th September 2016.
 - ix. Members are requested to note that the remote e-voting will open at 9.00 A.M. (IST) on September 26, 2016 and shall remain open till 5.00 P.M. (IST) on September 28, 2016 and the remote e-voting module will be disabled by Karvy after 5.00 P.M. on September 28, 2016.
 - 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 authorised representative(s), to companysecretary@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>.

Explanatory statement pursuant to section 102 of the Companies Act, 2013.

Item No,5:

The members at their meeting held on 30.09.2011 approved the appointment and remuneration of the Vice Chairman & Managing Director for a period of five years w.e.f 01.09.2011.

The Nomination and Remuneration Committee on 28.05.2016 considered the reappointment and remuneration of Sri T. Gopichand, Vice Chairman & Managing Director as his term is expiring on 31.08.2016 and the Board of Directors at their meeting held on 28.05.2016 approved the re-appointment for a period of five years and remuneration with effect from 01.09.2016 as recommended by the Nomination and Remuneration Committee subject to the approval of members and other approvals.

The Board commends the resolution at item No.5 of the Notice for approval of the shareholders by a ordinary resolution

None of the directors are interested in the resolution as set out in the under Item No.5 of the Notice except Sri T. Gopichand, Vice Chairman & Managing Director.

Smt T. Pavana Devi is interested in the resolution at item No.5 concerning Sri T. Gopichand being spouse of Sri T. Gopichand.

Sri T. Bapaiah Chowdary is interested in the item No.5 being relative of Sri T. Gopichand.

Item No,6:

The Nomination and Remuneration Committee on 28.05.2016 considered the reappointment and remuneration of, Sri K. Rama Rao, whole Time Director as his term is expiring on 31.08.2016 and the Board of Directors at their meeting held on 28.05.2016 approved the reappointment for a period upto 30th November, 2016 and remuneration with effect from 01.09.2016 as recommended by the Nomination and Remuneration Committee subject to the approval of members and other approvals.

The Board commends the resolution at item No.6 of the Notice for approval of the shareholders by a ordinary resolution.

None of the directors are interested/deemed interested in the resolution as set out in the under Item No.6 of the Notice except Sri K. Rama Rao.

Item No.7

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

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

Sri T. Gopichand, Vice Chairman and Managing Director, Smt T. Pavana Devi and Sri T. Bapaiah Chowdary and their relatives may be deemed to be concerned or interested in the proposed Resolution set out at Item No.7 of the Notice convening the meeting.

Other than the aforesaid Promoter / Directors and their Relatives none of the other Directors, Key Managerial Personnel of the Company and their Relatives are interested or concerned whether financially or otherwise in the Resolution set out at Item No. 7 of the Notice convening the meeting.

The Board of Directors recommends the resolution set out at item No.7of the Notice for your approval.

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

I. GENERAL INFORMATION			
1. Nature of Industry	The Company operates in the areas of IT, ITES and various e-governance projects of Public Sector Undertakings, State Governments and Central Government of India. Your company implements the projects as System Integrator/PPP model (BOOT, BOO, BOMT).		
2. Date or expected date of commencement of commercial production.	The Company has commenced its commercial activities w.e.f. 26.09.1994.		
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.		
4. Financial performance based on given indicators	(₹in lakhs)		
	Particulars	2014-15	2013-14
	Revenue	9,325.99	10,278.83
	Profit before tax	540.90	426.44
	Profit for the year	362.44	202.33
5. Foreign investments or collaborators, if any.	The Company is a listed entity and around 2.38% of equity is held by NRI/OCB.		
II. INFORMATION ABOUT THE APPOINTEE:			
1. Background details	: T. Gopichand - M.Tech in Electronics & Communication with 30+ years of experience in the IT industry. Worked with Electronic Corporation of India Limited for a period of 13 years. In ECIL, he was involved in the technical support of Main Frame Computers and participated in various projects like Power Plants Simulators at Rourkela, Demand Drafts Conciliation at State Bank of India, Delhi Electric Supply Undertaking. He had also extensively worked on Steel, Oil and Electricity projects. His leadership made this company as one of the pioneer in e-Governance projects and fast growing with domestic focus.		
2. Past remuneration	: Salary: ₹ 7,00,000 per month		
3. Recognition or awards	: NIL		
4. Job profile and his suitability	: Vice-Chairman & Managing Director and varied experience in the IT industry & related areas.		
5. Remuneration proposed	: Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate remuneration as specified in Schedule – V, Part-II- Section-II -para-A of the Companies Act,2013 be doubled with the approval of the Shareholders by passing a special resolution at the forthcoming general meeting.		
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	: The remuneration proposed is similar to the remuneration being drawn by persons with similar background in the IT industry & related areas.		
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	: T. Gopichand holds 31,66,554 shares in the Company, directly and 27,44,448 shares through his family and others aggregating to 47.24 % and is relative to Sri T. Bapaiah Chowdary, Smt T. Pavana Devi, Promoters/Directors of the Company and Sri T. Madhu Mitra, employee of the Company.		

III. OTHER INFORMATION :	
1. Reasons for loss or inadequate profits	: To deliver the services of enrolment under the national prestigious projects NPR (National Population Register) and UIDAI project, the Company has built a huge IT infrastructure. Due to the huge capital employed for future business, there were increases in financial costs, depreciation and coverage of service tax to the projects resulted in lesser net profits.
2. Steps taken or proposed to be taken for improvement	: Realisation of values to the extent of works executed by Tera Software will result in improvement of profit margins over a period of time.
3. Expected increase in productivity and profits in measurable terms.	: Same as above.

Item No.8

The Company has made an application with the National Stock Exchange(NSE) for listing the shares.

As per the NSE guidelines, the applicant Company who wish to list its shares with NSE, must contain the Articles as mentioned in item No. 8 above. In this light, it is hereby proposed to amend the Articles of Association to insert the articles as mentioned in the resolution to the item No.8.

The Board commends the resolution at item No.8 of the Notice for approval of the shareholders by a special resolution.

None of the directors are interested/deemed interested in the resolution as set out under Item No.8.

**Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting
[in pursuance of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015.]**

Name of Director	T.Gopichand	T. Bapaiah Chowdary	K.Rama Rao
Date of Birth	09/06/1957	20/11/1957	10/07/1947
Date of Appointment	01/09/2011	30/09/2000	01/09/2011
Qualification	M.tech	M.com	M.Sc
Expertise in specific functional areas	M.tech in Electronics & Communication with 30+ years of experience in IT industry.	Business man in agri industry.	Experience of over 34 years in various software projects. Executed projects in the area of banking, insurance, Accounting systems and System programming applications.
No. of Shares held in the Company	31,66,554	1,50,000	Nil
List of companies in which Directorship held as on 31.03.2016	Tera Life Health Care Technologies And Storage Solutions Private Limited	Nil	Tera Media Cloud Solutions Limited
Chairman/ Member of the Mandatory Committees of the Board of the companies on which he is a Director as on 31.03.2016	Nil	Nomination & Remuneration Committee – Member Stakeholder Relationship Committee- Chairman	Nil

By Order of the Board of Directors

Place : Hyderabad
Date : 30 July, 2016

Sd/-
(T. Gopichand)
Vice Chairman and Managing Director
DIN : 00107886

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present the Twenty Second Annual Report for the financial year ended 31 March, 2016.

FINANCIAL RESULTS

(₹ in Lakh)

PARTICULARS	Year Ended 31.03.2016	Year Ended 31.03.2015
Gross Income	17,515.69	9,325.99
Expenditure	15,372.19	7,434.66
Profit before Finance Cost, depreciation & tax	2,143.50	1,891.33
Less: Finance Cost	697.81	719.69
Depreciation	269.85	630.74
Profit before tax	1,175.84	540.90
Less: Provision for Current tax	303.78	127.96
Tax Expense relating to earlier years	9.75	0.51
Deferred tax	90.58	49.99
Profit for the year	771.73	362.44

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

Your Company posted a turnover of ₹ 17,515.69 lakh for the year ended 31 March, 2016 as against ₹ 9,325.99 lakhs in 2014-15. Your Company has registered a net profit of ₹ 771.73 lakhs, as compared to previous year's net profit of ₹ 362.44 lakhs.

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

DIVIDEND:

The Board on its meeting held on 28 May 2016, has recommended a dividend of Re.1.20/- per equity share i.e. 12% on each equity share having face value of ₹10/- each, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be ₹180.71 lakhs (including dividend distribution tax).

SHARE CAPITAL

The paid up Equity Share Capital as on 31 March, 2016 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 the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy.

The IT industry has also created significant demand in the Indian education sector.

MARKET SIZE

The Indian IT sector is expected to grow at a rate of 12-14 per cent for FY 2016 in constant currency terms. The sector is also expected triple its current annual revenue to reach US\$ 350 billion by FY 2025, as per National Association of Software and Services Companies (NASSCOM).

GOVERNMENT INITIATIVES

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

- The Ministry of Communication and Information Technology, announced plan to increase the number of common service centres or e-Seva centres to 250,000 from 150,000 currently to enable village level entrepreneurs to interact with national experts for guidance, besides serving as a e-services distribution point.
- The e-Tourist Visa (e-TV) scheme has been extended to 37 more countries thereby taking the total count of countries under the scheme to 150 countries.
- Indian government is expected to increase its spending on information technology (IT) products and services by 5.2 per cent to US\$ 6.88 billion in FY 2015-16.
- The Government of India has launched the Digital India program to provide several government services to the people using IT and to integrate the government departments and the people of India. The adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's Gross Domestic Product (GDP) by US\$ 550 billion to US\$ 1 trillion by 2025.

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 profits from the new projects that will be undertaken during the coming years.

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, our Company has not come under the purview of the Section 135 of the Companies Act, 2013 as the Company has not crossed limit of Net worth or Turnover or Net profit during the three preceding financial years as specified in the provisions of Section 135 of the Companies Act, 2013.

HUMAN RESOURCES

'Human Resources' are recognised as a key pillar of any successful organisation 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.

RISK MANAGEMENT

The provisions related to the Risk Management Committee of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. However the Company has a Corporate Risk Management Committee. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to minimise adverse impact on the business objectives and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels. The Corporate Risk Management Committee reports to the Audit Committee and the Board.

INTERNAL CONTROLS SYSTEMS AND ADEQUACY

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain its objectivity and scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain its objectivity and independence, the Board has appointed an Internal Auditor, which reports to the Audit Committee of the Board on a periodic basis. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Audit observations and actions taken thereof are presented to the Audit Committee of the Board.

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

KEY MANAGERIAL PERSONNEL

During the year, the following are the changes in the Key Managerial Personnel of the Company.

Name	Designation	Appointed Date	Resigned Date
B.D.Naidu	CFO	—	30/05/2015
V.Sri Lakshmi	Company Secretary	—	07/09/2015
Ch.Vijaya Bhaskar	CFO	01/06/2015	—
Pavan Pise	Company Secretary	12/11/2015	—

Policy provides for adequate safeguards against victimisation 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.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits during the financial year 2015-2016. There are no outstanding deposits as on 31.03.2016

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in prescribed form AOC-2, is appended as *Annexure III* to the Board's report.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large

All Related Party Transactions have been placed before the Audit Committee for their approval and to the Board, as and when required. In certain cases prior omnibus approval of the Audit Committee is obtained on a yearly basis. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the Audit Committee on a quarterly basis.

The policy on Related Party Transactions 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 T.Bapaiah Chowdary, Director is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

Sri T.Gopichand, has been re-appointed as Managing Director for a period of 5 years with effect from 1 September, 2016 subject to approval of Members in the ensuing Annual General Meeting. Details of the proposal for appointment of Sri T.Gopichand are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 22nd Annual General Meeting.

Sri K.Rama Rao, has been re-appointed as Whole Time Director with effect from 1 September, 2016 subject to approval of Members in the ensuing Annual General Meeting. Details of the proposal for appointment of Sri K. Rama Rao are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 22nd 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 Act. 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.

PERFORMANCE EVALUATION

The annual evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i) Attendance for the meetings, participation and independence during the meetings.
- ii) Interaction with Management.
- iii) Role and accountability of the Board.
- iv) Knowledge and proficiency.

The evaluation involves assessment by the Nomination and Remuneration Committee and Board of Directors. A member of the Nomination and Remuneration Committee and Board does not participate in the discussion of his / her evaluation.

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 Act and SEBI (LODR) Regulations, 2015.

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 SEBI(LODR)Regulation,2015.

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 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 authorise 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 31 March, 2016 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 : Nil

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The information required pursuant to Section 197 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 FY 2016
*Sri T. Gopichand,	Vice Chairman & Managing Director	44.00	NIL
Sri K. Rama Rao	Wholetime Director	21.36	9.92
Sri Vijaya Bhaskar	Chief Financial Officer	NA	NIL
Sri Pavan Pise	Company Secretary	NA	NIL

(iii) the percentage increase in the median remuneration of employees in the financial year- 4%.

(iv) the number of permanent employees on the rolls of company as on 31.03.2016 - 1215.

(v) The relationship between average increase in remuneration and company mainly governed by the market trend.

(vi) Comparison on the remuneration of the Key Managerial Personnel against the performance of the Company was in line with Business Results.

(vii) a) The market capitalization of the Company as at 31st March, 2016 is ₹104.03 crores, as against ₹40.038 crores as at 31st March, 2015, an increase of 259.83% during the year under review.

b) The price earnings ratio of the Company as at 31st March, 2016 is 13.3, as against 11.03 as at 31st March, 2015.

c) Price at the time of initial public offer in the year 2000 was ₹ 10. The market quotation of the Equity Shares of the Company as on 31st March, 2016 was ₹83.1 for shares of face value of ₹ 10/- each, representing an increase of 831% over the period.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2015-16 is 5 to 6 %.

(ix) Comparison of the remuneration of each Key Managerial Personnel (KMP) against the performance of the Company: KMP's are eligible to commission/ incentive as a part of variable remuneration, which is linked to the performance of the Company. Such payment is effected only if the performance of the Company so permits and as recommended by the Nomination & Remuneration Committee and approved by the Board.

(x) The key parameters for any variable component of remuneration availed by the Directors - In case of Non-Executive Directors, Payment of sitting fees for Board / Committee Meetings are on the basis of their attendance. Commission to Directors is determined by the Nomination & Remuneration Committee with reference to a threshold of eligible profits within the statutory limits and performance evaluation.

(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.

CORPORATE GOVERNANCE

The Company endeavours to maximise the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity. A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Regulation 34 (3) read with Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with Management Discussion and Analysis is annexed and forms part of the Annual Report.

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.

ACKNOWLEDGMENT:

The Directors wish to convey their appreciation to all your Company's employees for their enormous personal efforts as well as their collective contribution to your Company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers and all other stakeholders for their continued support and their confidence in its management.

For and on behalf of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

DIN:00107886

Sd/-

(K. Rama Rao)

Wholetime Director

DIN:00108659

Place : Hyderabad

Date : 28.05.2016

Annexure -I

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

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 authorised 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 **31 March, 2016** 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 **31 March, 2016** 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;
- (vii) Other Laws applicable specifically to the Company, namely:
 - Information Technology Act, 2000;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (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.

Place : Hyderabad
Date : 28.05.2016

Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
Membership No.: 7976
C P No.: 8998

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.

Annexure A'

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.

Place : Hyderabad
Date : 28.05.2016

Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
Membership No.: 7976
C P No.: 8998

Annexure: II

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN as on the financial year ended on 31 March, 2016
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					

Category of Shareholders	No. of Shares held at the beginning of the year [As on March 31, 2015]				No. of Shares held at the end of the year [As on March 31, 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	806778	—	806778	6.45	707412	—	707412	5.65	-0.79
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	2230964	120803	2351767	18.80	2600323	113803	2714126	21.69	2.90
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakhs	3130879	12500	3143379	25.12	2662819	12500	2675319	21.38	-3.74
c) Others(Specify)		—				—			
Clearing member	11045	—	11045	0.09	98879	—	98879	0.79	0.70
NRIs	269660	—	269660	2.16	298075	—	298075	2.38	0.23
Trusts	105062	—	105062	0.84	107062	—	107062	0.86	0.02
Sub-total(B)(2)	6554388	133303	6687691	53.45	6474570	126303	6600873	52.76	-0.69
Total Public Shareholding (B)= (B)(1)+ (B)(2)	6554388	133303	6687691	53.45	6474570	126303	6600873	52.76	-0.69
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total(A+B+C)	12378572	133303	12511875	100	12385572	126303	12511875	100	—

ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1.	Tummala Gopichand	3089736	24.69	3.17	31,66,554	25.30	3.44	0.61
2.	Tummala Pavana Devi	1962924	15.69	1.02	1972924	15.77	1.02	0.08
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	5911002	47.24	4.65	—

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	5824184	46.55	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease				
1	Purchased on 21.08.2015	29200	0.23	5853384	46.78
2	Purchased on 04.09.2015	33909	0.27	5887293	47.05
3	Purchased on 25.09.2015	2565	0.02	5889858	47.07
4	Purchased on 09.09.2015	4821	0.04	5894679	47.11
5	Purchased on 16.10.2015	6323	0.05	5901002	47.16
6	Purchased on 11.03.2016	10000	0.08	5911002	47.24
	At the End of the year			5911002	47.24

(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 the company	% of total shares	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	Rajesh Dinkar Fowkar	443907	3.55	-	100961	342946	2.74
2.	Pradip S Kampani	223024	1.78	-	110838	112186	0.90
3.	Manoj Dua	0	0	194462	-	194462	1.55
4.	Vivek Mundra	158500	1.27	-	158500	0	0
5.	Jasmine Jayant Thakkar	150000	1.20	-	14394	135606	1.08
6.	Camel Foods Pvt Limited	127040	1.02	-	38127	88913	0.71
7.	Protechsoft Systems Pvt Limited	102507	0.82	-	-	102507	0.82
8.	Nagabhushanam Cherukuri	33213	0.27	47999	-	81212	0.65
9.	Nipun Mehta	80000	0.64	-	-	80000	0.64
10.	Anil Gurmukh Bhagwani	79927	0.64	-	-	79927	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	3166554	25.30
2.	Sri K. Rama Rao, WTD	-	-	-	-
3.	Sri Ch.Vijaya Bhaskar, CFO	-	-	-	-
4.	Sri Pavan Pise, CS	-	-	-	-
Shareholding of Other Directors					
1.	T. Pavana Devi	1962924	15.69	1972924	15.77
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.	Sri R.S. Bakkannavar	-	-	-	
6.	Sri 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	43,08,60,389	-	-	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
Change in Indebtedness during the financial year				
- Addition	61,55,000	-	-	61,55,000
- Reduction	93,148	93,148		
Net Change	62,48,148	-	-	62,48,148
Indebtedness at the end of the financial year				
i) Principal Amount	43,71,08,537	-	-	43,71,08,537
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total(i+ii+iii)	43,71,08,537	-	-	43,71,08,537

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

(Amount in ₹)

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	19,95,000	1,03,95,000
	(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	19,95,000	1,03,95,000
	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:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. T. Hanuman Chowdary	R. S. Bakkannavar	Koteswar Rao SSR	Dr. T.V. Lakshmi	
	Independent Directors					
1	Fee for attending Board/ Committee Meetings	1,04,000	90,000	90,000	82,000	3,66,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total (B1)					3,66,000
	Other Non-Executive/ Promoter Directors					
			T. Bapaiah Chowdary	T. Pavana Devi		
1	Fee for attending Board/ Committee Meetings		92,000	78,000		1,70,000
2	Commission		-	-		-
3	Others, please specify		-	-		-
	Total (B2)					1,70,000
	Total B= (B1)+(B2)					5,36,000

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

(Amount in ₹)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO*	Company Secretary**	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,00,000	1,36,232	9,36,232
	(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	8,00,000	1,36,232	9,36,232

* Mr. Ch.Vijaya Bhaskar joined as CFO with effect from 01 June, 2015.

** Mr.Pavan Pise joined as Company Secretary with effect from 12 November, 2015.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no Penalties, Punishment or Compounding of Offences during the F.Y. ended 31 March, 2016.

Annexure-III

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31 March, 2016.

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Raja Enterprises. - Sri T. Bapaiah Chowdary, Director of the Company is a Proprietor of Raja Enterprises.
b)	Nature of contracts/arrangements/transaction	Purchase of materials
c)	Duration of the contracts/arrangements/transaction	9 Months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Date of approval by the Board	09.11.2015
f)	Amount paid as advances, if any	NA

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to maintain high standards of Corporate Governance. To us, Corporate Governance means conduct of business with transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders as well.

BOARD OF DIRECTORS:

The Board of Directors, as on 31.03.2016, comprised 2 Executive Directors, 2 Non-Executive Directors and 4 Non-Executive & Independent Directors. The composition of the Board is in conformity with the provisions of the SEBI(LODR)Regualtions,2015.

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 programmes are disclosed on the website of the company www.terasoftware.com.

The Board of Directors met five (5) times during the financial year on 30.05.2015, 08.08.2015, 30.09.2015, 09.11.2015 and 06.02.2016 and the maximum gap between any two meetings was less than four months, as stipulated under SEBI(LODR)Regualtions,2015.

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 & Position	No. of meetings attended	No. of other Directorships#	Committees Positions##	
			Member	Chairman
Non-Executive Directors				
Sri T. Bapaiah Chowdary	5	-	2	1
Smt T. Pavana Devi	5	1	1	-
Independent & Non-Executive Directors				
Sri Koteswara Rao SSR	5	5	1	-
Sri R. S. Bakkannavar	5	1	3	1
Dr.T. Hanuman Chowdary	5	2	8	3
Dr. T.V. Lakshmi	4	1	2	-
Executive Directors				
Sri K. Rama Rao	5	1	-	-
Sri T.Gopichand	5	1	-	-

Excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.

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

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

Separate meeting of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 was held during the year and all independent directors as on date were present at the said meeting.

Code of Conduct

The Board has prescribed the Code of Conduct for all its Board Members and Senior Management. The Managing Director has confirmed to the Board that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31 March, 2016. A declaration to this effect signed by Managing Director has been incorporated in the Annual Report.

Board and Director Evaluation and criteria for evaluation

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees respectively. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors. The Chairman of the Board of Directors and the Chairman of Nomination & Remuneration Committee met all the Directors individually to get an overview of the functioning of the Board and its constituents inter alia on the following broad criteria i.e. attendance and level of participation, independence of judgement exercised by Independent Directors, interpersonal relationship etc.

Based on the valuable inputs received from the Directors, an action plan has been drawn up to encourage greater engagement of the Independent Directors with the Company.

BOARD COMMITTEES:

The Meetings of each of the Committees are convened by the respective Chairman of the Committees, who also inform the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the respective Board / Committee Meetings.

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.

The constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein

Audit Committee:

The audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and clause 18 of SEBI(LODR)regulations,2015. 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.
- Scrutinise 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.

During the year under review, the Committee met 4 times on 29.05.2015, 08.08.2015, 09.11.2015 and 06.02.2016 respectively.

Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2015-16 are given below:

Name of the Committee member	Status	Category	No of Meetings Attended during the year 2015-16
Sri R. S. Bakkannavar	Chairman	Non Executive & Independent Director	4
Dr.T. Hanuman Chowdary	Member	Non Executive & Independent Director	4
Sri Koteswara Rao SSR	Member	Non Executive & Independent Director	4

The Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries. The company secretary acts as the secretary to the committee.

Stakeholders Relationship Committee:

The Stakeholders' Relationship Committee comprises three Members of which one Member is an Independent Director. The Committee is governed by a Charter.

The terms of reference of the Committee are:

- to approve Transfer/Transmission of shares
- issue of Duplicate Share Certificates.
- Review of Share dematerialisation and rematerialisation.
- 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 30.06.2015, 30.09.2015, 31.12.2015, and 31.03.2016.

The details of composition of the Committee are as under:

Name	Status	Category	No of Meetings Attended during the year 2015-16
Sri T. Bapaiah Chowdary	Chairman	Non Executive Director	4
Dr. T.V. Lakshmi	Member	Non Executive & Independent Director	4
Smt T. Pavana Devi	Member	Non Executive Director	4

During the year under review, 24 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:

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

Nomination and Remuneration Committee:

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 2 times on 29.05.2015, and 06.02.2016 respectively.

Name	Status	Category	No of Meetings Attended during the year 2015-16
Dr. T. Hanuman Chowdary	Chairman	Non Executive & Independent Director	2
Dr. T.V. Lakshmi	Member	Non Executive & Independent Director	2
Sri T. Bapaiah Chowdary	Member	Non Executive Director	2

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:

- 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.
- 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.
- 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:

(₹ in lakhs)

Particulars	Current Year	Previous Year
Vice Chairman & Managing Director (Sri T. Gopichand)	84.00	84.00
Whole Time Director (Sri K. Rama Rao)	19.95	18.15
Total	103.95	102.15

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

(₹ in lakhs)

Particulars	Current Year	Previous Year
Sri Koteswara Rao SSR	0.90	0.50
Sri R. S. Bakkannavar	0.90	0.97
Dr. T. Hanuman Chowdary	1.04	1.18
Dr. T.V. Lakshmi	0.82	0.99
Sri T. Bapaiah Chowdary	0.92	0.99
Smt T. Pavana Devi	0.78	0.71
Total	5.36	5.34

Corporate social responsibility committee:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. 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.

During the year no meeting was held under the CSR committee.

The constitution of CSR committee comprises 5 Directors, Viz:

Dr. T. Hanuman Chowdary	Chairman
Sri R.S. Bakkannavar	Member
Sri T.Gopichand	Member
Sri K. Rama Rao	Member
Smt T. Pavana Devi	Member

Risk Management Committee

The Committee comprises of :

Sri Koteswara Rao SSR	Member
Sri T.Gopichand	Member
Sri K. Rama Rao	Member

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. 2015-16.

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
2012-13	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	30 September,2013	3.00 PM	Nil
2013-14	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	30 September,2014	3.00 P.M	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. i. To alter Articles of Association of the Company in conformity with the Companies Act, 2013.
2014-15	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	30 September,2015	3.00 P.M	Nil

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

MEANS OF COMMUNICATION:

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the LODR Regulations, 2015. The aforesaid financial results are sent to BSE Limited where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter published in the leading English newspaper namely Financial Express and Telgu newspaper namely Andhra Prabha. The audited financial statements form part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to BSE Limited and placing on its website all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members. The Annual Report of the Company,

the quarterly / half yearly and the annual results of the Company, statement of unclaimed dividend, shareholding pattern, Corporate Governance Report etc. are also placed on the Company's website: www.terasoftware.com

GENERAL SHAREHOLDER INFORMATION:

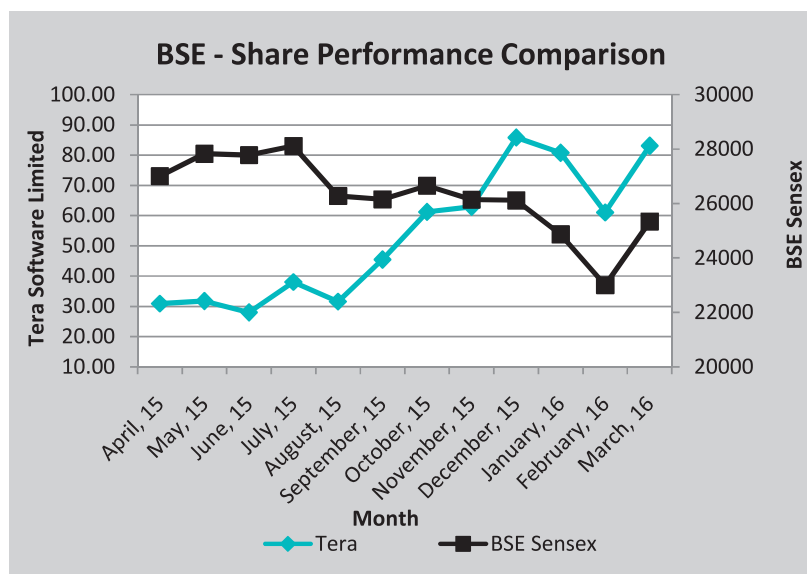
i.	Annual General Meeting (Day, Date, Time and Venue):	30 th September,2016 at 3.00 PM at Best Western Jubilee Ridge, Plot No.38 & 39, Kavuri Hills, Near Hi-tech City, Madhapur, Hyderabad – 500 032
ii.	Financial Year:	1 April to 31 March. The results of every quarter beginning from April are declared within the time specified under the provisions of Sebi (LODR)Regulations,2015.
iii.	Date of Book Closure:	24 th September 2016 to 30 th September 2016 (both days inclusive).
iv.	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange) Annual listing fee for the year 2016-17 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:

Month	Bombay Stock Exchange Limited	
	Month's High Price	Month's Low Price
April 2015	35.75	28.05
May 2015	34.00	27.25
June 2015	33.75	26.00
July 2015	44.85	28.00
August 2015	45.50	28.75
September 2015	45.45	29.30
October 2015	61.30	44.00
November 2015	67.00	54.60
December 2015	104.95	62.05
January 2016	98.50	65.50
February 2016	85.00	58.00
March 2016	99.90	59.30

viii. Stock Performance in comparison to BSE Sensex:



ix. 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

x. Share transfer system

The Company's shares are in demat mode. 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.

xi. Distribution of Shareholding as on 31 March, 2016

Category (Shares)	No. of Cases	% of Cases	No. of Shares	% to equity
1 - 5000	4910	79.10	721635	5.77
5001 - 10000	586	9.44	470948	3.76
10001 - 20000	299	4.82	454882	3.64
20001 - 30000	89	1.43	225754	1.80
30001 - 40000	69	1.11	242130	1.94
40001 - 50000	49	0.79	233639	1.87
50001 - 100000	84	1.35	621896	4.97
100001 and above	121	1.95	9540991	76.26
Total:	6207	100.00	12511875	100.00

Shareholding Pattern as on 31 March, 2016:

Sl. No.		No. of Shareholders	Total Shares	% to Total
A.	Shareholding of Promoter & Promoter Group:			
	Indian			
	Individuals/HUF	11	5911002	47.24
	Foreign	Nil	Nil	Nil
B.	Public Shareholding:			
	Institutions			
	Foreign Institutional Investors	Nil	Nil	Nil
	Non-Institutions:			
	Bodies Corporate	159	707412	5.65
	Individuals			
	Individual Shareholders holding nominal share capital up to ₹1 lakhs.	5843	27,14,126	21.69
	Individual Shareholders holding nominal share capital in excess of ₹1 lakhs.	88	26,75,319	21.38
	Any Other (Specify) NRI/OCB	82	2,98,075	2.38
	Any Others – Clearing Members	21	98,879	0.79
	Any Others – Trust	3	1,07,062	0.86
C.	Shares held by Custodians etc.	Nil	Nil	Nil
	Total	6207	1,25,11,875	100.00

xii. Dematerialisation of Shares:

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

Details of shares held in physical and dematerialised form as on 31 March, 2016:

Mode of Holding	No. of Shares	% age
NSDL	10473404	83.71
CDSL	1912168	15.28
Physical	126303	1.01
Total:	12511875	100.00

98.94% of Company's paid-up Equity Share Capital has been dematerialised up to 31 March, 2016. The Company's shares are liquid and actively traded.

xiii. Outstanding of unclaimed dividend amounts:

In terms of Sections 205A and 205C of the Companies Act, 1956(Section 124 of the Companies Act,2013), 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 02-12-2015 the unclaimed dividend amounting to ₹ 2,48,240 pertaining to the year 2007-2008 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 31.03.2016

Financial year ended	Date of declaration of Dividend	Amount remaining Unclaimed as on 31.03.2016 (in ₹)	Last date for claiming unpaid dividend amount(before)	Last date for transfer to IEPF
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	5,09,574	06/10/2018	05/11/2018
31.03.2012	28/09/2012	3,23,744	03/11/2019	02/12/2019
31.03.2013	30/09/2013	1,31,863	05/11/2020	04/12/2020
31.03.2014	30/09/2014	1,32,049.60	05/11/2021	04/12/2021
31.03.2015	30/09/2015	1,00,511.20	05/11/2022	04/12/2022

xiv. 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

xv. Address for Correspondence:

Company	Registrars and Transfer Agent
M/s.Tera Software Limited #8-2-293/82/A/1107Plot 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	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

OTHER DISCLOSURES:

i. Related party transactions:

There are no materially significant related party transactions during the year 2015-16 that has potential conflict of interest with the interest of Company at large

ii. There was no non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets, during the last three years.

iii. The Vice Chairman & Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the SEBI(LODR)Regulations,2015 pertaining to CEO/ CFO certification for the Financial Year ended 31 March, 2016.

iv. The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee. The said policy has been uploaded on the website of the Company at www.terasoftware.com

v. The Company has complied with all mandatory requirements as specified in LODR Regulations, 2015.

vi. RISK MANAGEMENT

The provisions of Regulation 21 of LODR Regulations, 2015 are not applicable to the Company, however the detailed framework relating to the Risk Management has been provided under the Section of Directors' Report in the Annual Report.

vii. Prohibition of Insider Trading:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code provides for periodical disclosures from Directors and designated employees as well as pre-clearances of transactions by such persons.

viii. The status on the compliance with the non-mandatory recommendation in the SEBI Regulations is as under:

- 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.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Tera Software Limited,

We have examined the compliance of conditions of Corporate Governance by Tera Software Limited ("the Company"), for the year ended on 31 March 2016, as stipulated in Chapter IV of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements)Regulations,2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

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. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements)Regulations,2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

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

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

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

Place : Hyderabad.
Date : 28.05.2016

Declaration by the Managing Director Under SEBI(LODR)Regulations,2015

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and senior management personnel have confirmed compliance with the Code of Conduct for the year ended 31 March, 2016.

For Tera Software Limited

Date : 28 May, 2016
Place : Hyderabad

Sd/-
T.Gopichand
VC & Managing Director
DIN : 00107886

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER(CFO) CERTIFICATION


We, T.Gopichand, Managing Director and Ch.Vijaya Bhaskar, chief financial officer of Tera Software Limited, to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2016 and to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct,
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have been or proposed to take to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) There has not been any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Date : 28th May, 2016
Place : Hyderabad

Sd/-
Ch.Vijaya Bhaskar
Chief Financial Officer

Sd/-
T.Gopichand
VC & Managing Director



47-69
**Financial
Section**

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, 2016, statement of profit and loss, statement of Cash Flow for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 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, 2016, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 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 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 Balance Sheet, the statement of Profit and loss and Cash Flow Statement 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 written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) 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.
 - 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. The Company does not have any derivative contracts and
 - 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: 0059055

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

Date : 28th May, 2016
Place : Hyderabad

ANNEXURE -A TO THE AUDIT REPORT

The annexure referred to in Independent Auditor's Report to the members of the company on the financial statements for the year ended March 31, 2016, we report that:

- 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
- ii. The inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification between the physical stocks and the book stocks.
- 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. Consequently clauses (iii) (a), (iii) (b) and (iii) (c) of the companies (Auditor's Report) order, 2016 are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, no loans, investment and guarantees have been provided to the parties covered under section 185 and 186. The company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Consequently 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. Accordingly, clause (v) of the Order is not applicable.
- 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 accounts, 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, Customs duty, Excise duty and any other material statutory dues as applicable to it except in case of Vat of ₹13, 64,760 is outstanding.

S. no	Nature of Dues	Amount ₹	Period to which the amount relates
1	Value Added Tax	9,63,360	2014-15
2	Value Added Tax	4,01,400	2015-16

- (b) According to the information and explanations given to us, there are no material dues payable in respect of income tax, service tax, customs duty, excise duty 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 (₹)	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

- viii. In our opinion and according to the information and explanation and given to us, the company has not defaulted in repayment of loans or borrowings availed from financial institution, banks and government. During the year the company has not issued debentures.
- ix. The company did not raise the money by way of any initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of sections 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the company is not in Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii. According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Date : 28th May, 2016
Place : Hyderabad

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Tera Software Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **NARVEN ASSOCIATES**
Chartered Accountants
Firm Regn. No: 0059055

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

Date : 28th May, 2016
Place : Hyderabad

BALANCE SHEET

AS AT 31 March, 2016

(₹ In lakh)

Particulars	Note No	As at 31 March, 2016		As at 31 March, 2015	
EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	1	1,251.19		1,251.19	
(b) Reserves and surplus	2	6,461.68		5,870.66	
			7,712.87		7,121.85
(2) Non-current liabilities					
(a) Long-term borrowings	3	43.24		20.67	
(b) Other Long term liabilities	5	477.70		752.82	
(c) Long-term provisions	6	19.47		10.26	
			540.41		783.75
(3) Current liabilities					
(a) Short-term borrowings	7	4,284.45		4,082.19	
(b) Trade payables	8	7,289.19		2,944.77	
(c) Other current liabilities	9	1,117.32		981.49	
(d) Short-term provisions	10	488.13		288.72	
			13,179.09		8,297.17
Total Liabilities			21,432.37		16,202.77
ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	11	1,182.73		1,383.47	
(ii) Capital work-in-progress		220.09		211.71	
			1,402.82		1,595.18
(b) Long-term loans and advances	12	213.90		618.23	
(c) Other non-current assets	13	321.46		136.30	
			1,938.18		2,349.71
(d) Deferred tax Asset (Net)	4		153.39		243.97
(2) Current assets					
(a) Inventories	14	809.42		74.75	
(b) Trade receivables	15	15,039.14		12,253.59	
(c) Cash and cash equivalents	16	2,906.68		580.77	
(d) Short-term loans and advances	17	473.88		618.38	
(e) Other current assets	18	111.68		81.60	
			19,340.80		13,609.09
Total Assets			21,432.37		16,202.77
Significant Accounting Policies & Notes on Financial Statement	1 to 37				

As per our report of even date

 for **NARVEN ASSOCIATES**

Firm No. 005905S

Chartered Accountants

(CA. G.V. RAMANA)

Partner

M.No. 025995

Place : Hyderabad

Date : 28.05.2016

For and on behalf of Board of Directors

Sd/-

(T. GOPICHAND)

Vice Chairman & Managing Director

Sd/-

(K. RAMA RAO)

Wholetime Director

Sd/-

(CA. CH. VIJAY BHASKAR)

Chief Financial Officer

Sd/-

(CS. PAVAN PISE)

Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2016

(₹ In lakh)

Particulars	Note No	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
INCOME			
Revenue from operations	19	17,235.46	9,126.99
Other income	20	280.23	199.00
Total Revenue		17,515.69	9,325.99
EXPENSES			
(1) Purchases		10,237.78	2,850.97
(2) Changes in inventories of Stock-in-Trade	21	(734.67)	529.96
(3) Employee benefits expense	22	2,255.76	1,516.67
(4) Finance costs	23	697.81	719.69
(5) Depreciation & amortization expense	11	269.85	630.74
(6) Other expenses	24	3,613.32	2,537.06
Total Expenses		16,339.85	8,785.09
Profit before tax		1,175.84	540.90
Less: Tax expense			
(1) Current tax / MAT		303.78	127.96
Less: MAT Credit		-	-
(2) Tax Expenses relating to Earlier Years		9.75	0.51
(3) Deferred tax		90.58	49.99
Profit / (Loss) (after tax) for the year		771.73	362.44
Earnings per equity share			
(1) Basic		6.25	2.90
(2) Diluted		6.25	2.90
Significant Accounting Policies and notes on Financial Statement	1 to 37		

As per our report of even date

for **NARVEN ASSOCIATES**

Firm No. 005905S

Chartered Accountants

(CA. G.V. RAMANA)

Partner

M.No. 025995

Place : Hyderabad

Date : 28.05.2016

For and on behalf of Board of Directors

Sd/-

(T. GOPICHAND)

Vice Chairman & Managing Director

Sd/-

(CA. CH. VIJAY BHASKAR)

Chief Financial Officer

Sd/-

(K. RAMA RAO)

Wholetime Director

Sd/-

(CS. PAVAN PISE)

Company Secretary

CASH FLOW STATEMENT

for the year 2015-16

(₹ In lakh)

Particulars	2015-16		2014-15	
A. Cash flow from operating activities				
Net Profit before tax as per Profit & Loss Statement		1,175.84		540.90
<i>Adjustments for:</i>				
Depreciation and amortisation	269.85		630.74	
Impairment Loss on CWIP	-		11.00	
Liabilities No Longer Required Written Back	(1,139.80)		(134.13)	
Provision For Doubtful, & Bad Debts Written Off	1,276.95		183.36	
Finance costs	697.81		719.69	
Rental Income	(145.75)		(147.33)	
Interest income	(134.48)		(43.31)	
		824.58		1,220.02
Operating profit before working capital changes		2,000.42		1,760.92
<i>Adjusted for:</i>				
Trade receivables	(3,465.93)		(900.06)	
Movement in Other Current Assets	(5.16)		-	
Movement in Advances & Deposits	68.44		(263.17)	
Inventories	(734.67)		529.96	
Trade & Other Payables	4,935.17		(445.49)	
		797.85		(1,078.76)
Cash generated from operations		2,798.27		682.16
Net income tax (paid) / refunds		(341.78)		(90.24)
Net cash flow from operating activities (A)		2,456.49		591.92
B. Cash flow from investing activities				
Purchase Of Fixed Assets		(89.52)		(106.07)
Interest Income Received		116.43		37.52
Rental Income Received		147.93		141.81
Net cash flow from Investing activities (B)		174.84		73.26
C. Cash flow from financing activities				
Proceeds from Long Term Borrowings		61.55		-
Repayment of Long Term Borrowings		(213.34)		(674.42)
Short Term Borrowings(Net)		202.26		550.99
Dividends & Dividend Tax Paid		(121.65)		(120.24)
Interest Paid		(701.59)		(723.21)
Net cash flow from Financing activities (C)		(772.77)		(966.88)
Net increase in Cash and cash equivalents (A+B+C)		1,858.56		(301.70)
Opening balance of Cash and cash equivalents		144.03		445.73
Closing balance of Cash and cash equivalents		2,002.59		144.03
Components of Cash and Cash Equivalents				
Cash and cheques on Hand		0.23		4.12
Balances with Banks				
- On Current Accounts		1,485.52		120.91
- On Deposit Accounts		1,420.93		455.74
Cash and cash Equivalent as per Note 16		2,906.68		580.77
Less: Fixed Deposits not considered as cash equivalents		98.00		140.16
Less: Margin Money Deposits		725.96		274.34
Less: Retention Money held in Fixed Deposits with Bank		80.13		22.24
		2,002.59		144.03

As per our report of even date
 for **NARVEN ASSOCIATES**
 Firm No. 005905S
 Chartered Accountants

(**CA. G.V. RAMANA**)
 Partner
 M.No. 025995

Place : Hyderabad
 Date : 28.05.2016

For and on behalf of Board of Directors

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

Sd/-
(CA. CH. VIJAY BHASKAR)
 Chief Financial Officer

Sd/-
(K. RAMA RAO)
 Wholetime Director

Sd/-
(CS. PAVAN PISE)
 Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

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

1. Preparation and presentation of financial statements:

1. BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountant of India and the provisions of the Companies Act, 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 recognised in the period in which the results are known / materialised.

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 capitalised 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 capitalised 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 recognises significant items of income on accrual basis.

- a) Revenue from sale of goods is recognised on transfer of significant risks and reward of ownership in the goods to the customers.
- b) Revenue from sale of software products is recognised 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 recognised based on software developed and billed to clients as per the terms of contracts.
- c) Revenue from Technical Services is recognised on a pro-rata basis over the period in which such services are rendered.
- d) Revenue from EPC contract is being recognised on percentage of completion method as per accounting standard 7 issued by ICAI.
- e) Revenue from Maintenance Contracts is recognised on a pro-rata basis over the period in which such services are rendered.
- f) Revenue from Agency Commission is recognised as and when it is receivable.
- g) Interest Income on term deposits is recognised using the time-proportion method, based on interest rates implicit in the transaction.
- h) Revenue from Projects Division is recognised on pro-rate basis as per the terms of the contract over the life of the project.
- i) Other items of income are accounted as and when right to receive arises.
- j) Unbilled revenues represent cost and earnings in excess of billings as at the balance sheet date.
- k) Income on investments and dividends on units is recognised 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 realisable 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 recognise 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 recognised 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 recognised 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 recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised 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 recognised 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 recognised in the profit and loss account.

10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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 recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statement.

12. Product Warranty Expenses:

Liabilities for warranties are recognised at the time, the claim is passed. The necessary provisions are made with respective

to warranties claimed and passed pertaining to the year, as are received up to the end of one month from the close of the year.

13. Claims Receivable:

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

14. Income Tax:

Provision for income tax is made for both current and deferred taxes. Provision for current Income tax is made at current tax rates based on assessable income. Deferred income taxes are recognised 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 recognised using the tax rates and tax laws that have been enacted or substantively enacted by balance sheet date. Deferred tax assets are recognised 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 realised.

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.

16. Leases:

a) FINANCE LEASE:

1. Assets given under finance lease are recognised 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 recognised 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 capitalised 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.

1 SHARE CAPITAL

(₹ In lakh)

Particulars	Number of shares as at 31 March, 2016	As at 31 March, 2016	Number of shares as at 31 March, 2015	As at 31 March, 2015
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

Name of the Shareholder	As at 31 March, 2016		As at 31 March, 2015	
	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	31.67	25.31%	30.90	24.69%
Tummala Pavana Devi	19.73	15.77%	19.63	15.69%
TOTAL	51.40	41.08%	50.53	40.38%

1.2 Reconciliation of Number of Shares:

Particulars	Equity Shares as at 31 March, 2016		Equity Shares as at 31 March, 2015	
	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

Particulars	(₹ In lakh)	
	As at 31 March, 2016	As at 31 March, 2015
Securities Premium Reserve		
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
General Reserve		
Figures as at the end of the previous reporting period	3,834.76	3,834.76
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	3,834.76	3,834.76
Surplus in Profit and Loss Account		
Figures as at the end of the previous reporting period	1,184.90	2,375.40
Add : Profit for the year / period	771.73	362.44
: Depreciation (Sch II Impact)	-	(2,117.08)
: Deferred Tax (Sch II Impact)	-	684.25
Less : Proposed dividend	(150.14)	(100.10)
: Tax on Proposed dividend	(30.57)	(20.01)
: Transfer to General Reserves	-	-
Figures as at the end of current reporting period	1,775.92	1,184.90
Total of Reserves and Surplus	6,461.68	5,870.66

3 LONG TERM BORROWINGS

Particulars	(₹ In lakh)	
	As at 31 March, 2016	As at 31 March, 2015
A. Secured		
i. Term loans		
- from banks	43.24	-
ii. Long term maturities of finance lease obligations	-	20.67
Total	43.24	20.67

Of the above

3.2 582420 shares are pledged (Previous Year 548700) in favour of Canara Bank as per terms and Conditions of their Sanction Letter

3.3 In respect of Fixed Assets acquired on Finance Lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March 2016 are as follows:

Period	Total Minimum lease payments outstanding **		Future Interest outstanding	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Payable within 1 year	20.67	205.74	0.88	17.31
Payable between 1-5 years	-	20.67	-	0.88
TOTAL	20.67	226.41	0.88	18.19

** Lease term ranges between 3-5 years

** Finance lease obligations are secured against the leased assets

4. DEFERRED TAX Asset / LIABILITY

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
i. Relating to Fixed Assets	32.58	20.55
ii. Disallowance under the Income Tax Act, 1961	(167.97)	(77.10)
iii. Provision for doubtful debts	(18.00)	(187.42)
Total	(153.39)	(243.97)

5. OTHER LONG TERM LIABILITIES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
i. Advance from Customers	-	224.25
ii. Security Deposits from Vendors	477.70	528.57
Total	477.70	752.82

6. LONG-TERM PROVISIONS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Provision for employee retirement benefits		
: Gratuity	19.47	10.26
Total	19.47	10.26

7. SHORT-TERM BORROWINGS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
A. Secured		
i. Loans repayable on demand from banks	4,284.45	4,082.19
Total	4,284.45	4,082.19

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

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

8. TRADE PAYABLES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
DUES TO:		
Micro, Small and Medium Micro Enterprises *	-	-
Others		
i. Creditors for Services	1,900.04	1,919.75
ii. Creditors for Goods	5,389.15	1,025.02
Total	7,289.19	2,944.77

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

9 OTHER CURRENT LIABILITIES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
i. Current maturities of long-term debt	10.71	-
ii. Current maturities of finance lease obligations	20.67	205.74
iii. Interest accrued but not due on borrowings	-	3.78
iv. Income received in advance	-	0.63
v. Unpaid dividends	16.44	17.98
vi. Sundry Creditors for Capital Goods	1.97	15.04
vii. Expenses Payable	520.22	489.51
viii. Statutory Expenses Payable	547.31	248.81
Total	1,117.32	981.49

10 SHORT-TERM PROVISIONS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
i. Gratuity	77.54	69.88
ii. Provision for Leave Travel Allowance	-	-
iii. Proposed Final Dividend Payable	150.14	100.10
iv. Tax Payable on Distributed Profit	30.57	20.01
v. Provision for Income Tax: (net of advance Tax & TDS)	-	-
vi. Provision for under performance of service level deliverable	229.88	98.73
Total	488.13	288.72

11. FIXED ASSETS

(₹ In lakh)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1-Apr-15	Additions during the year	Adjustment during the year	As at 31-Mar-16	As at 1-Apr-15	For the Year	on Adjustment	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
i. TANGIBLE										
Land	112.82	-	-	112.82	-	-	-	-	112.82	112.82
Buildings	548.92	-	-	548.92	50.29	9.31	-	59.60	489.32	498.63
Plant and Equipment	4,444.19	-	-	4,444.19	4,290.25	106.97	-	4,397.22	46.97	153.94
Furniture and Fixtures	233.90	-	-	233.90	113.30	35.49	-	148.79	85.11	120.60
Vehicles	31.83	69.11	-	100.94	31.03	7.70	-	38.73	62.21	0.80
Office equipment	21.88	-	-	21.88	19.71	0.29	-	20.00	1.88	2.17
Electrical & Fixtures:	260.87	-	-	260.87	138.07	17.16	-	155.23	105.64	122.80
Capital expenditure on Projects Div *	862.44	-	-	862.44	490.72	92.93	-	583.66	278.78	371.72
Sub-total	6,516.85	69.11	-	6,585.96	5,133.38	269.85	-	5,403.23	1,182.73	1,383.47
Previous Year	5,921.59	595.26	-	6,516.85	2,874.21	620.57	1,638.59	5,133.37	1,383.47	3,047.38
LEASED ASSETS:										
Plant and Equipment	901.25	-	-	901.25	901.25	-	-	901.25	-	-
Sub-total	901.25	-	-	901.25	901.25	-	-	901.25	-	-
Previous Year	901.25	-	-	901.25	412.59	10.17	478.49	901.25	-	488.66
Total	7,418.10	69.11	-	7,487.21	6,034.63	269.85	-	6,304.48	1,182.73	1,383.47
Previous Year	6,822.84	595.26	-	7,418.10	3,286.80	630.74	2,117.08	6,034.62	1,383.48	3,536.04
ii. CAPITAL WORK IN PROGRESS									220.09	211.71

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

12 LONG-TERM LOANS AND ADVANCES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Secured, Considered Good		
i. Capital Advances	13.07	14.11
ii. Security Deposits	200.83	604.12
	213.90	618.23
Less: Provision for bad and doubtful loans and advances	-	-
Total	213.90	618.23

13 OTHER NON CURRENT ASSETS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Bank deposits maturity of more than 12 months	53.15	1.00
Margin Money Deposits maturity of more than 12 months	268.31	80.30
Retention Money held in Fixed Deposits with Bank More than 12 months	-	55.00
Total	321.46	136.30

14 INVENTORY

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Stock-in-trade	809.42	74.75
Total	809.42	74.75

15 TRADE RECEIVABLES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Unsecured, Considered Good		
Outstanding for a period exceeding six months	7,520.55	8,133.97
Others	7,573.04	4,541.71
	15,093.59	12,675.68
Less: Provision for bad and doubtful debts	(54.45)	(422.09)
Total	15,039.14	12,253.59

16 CASH AND CASH EQUIVALENTS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
a. Cash on hand	0.23	4.12
b. Balances with banks		
i. Current Accounts	1,469.08	102.93
ii. Unpaid Dividend Accounts	16.44	17.98
iii. Margin Money Deposit Accounts	516.84	19.00
Total (A)	2,002.59	144.03
c. Other Bank Balances		
i. Deposit Accounts	98.00	140.16
ii. Margin Money Deposits	725.96	274.34
iii. Retention Money held in Fixed Deposits with Bank	80.13	22.24
Total (B)	904.09	436.74
Total (A) + (B)	2,906.68	580.77

17 SHORT-TERM LOANS AND ADVANCES

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Unsecured, Considered Good		
Advance for Expenses	4.80	10.22
Others	469.08	608.16
Total	473.88	618.38

18 OTHER CURRENT ASSETS

(₹ In lakh)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Accrued Interest	40.09	22.04
Prepaid Expenses	66.43	58.04
Others - Receivables	5.16	1.52
Unbilled Revenue / Receivable	-	155.57
Less: Provision for Unbilled	-	(155.57)
Total	111.68	81.60

19 REVENUE FROM OPERATIONS

(₹ In lakh)

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Sale of products	9,885.33	3,690.29
Sale of services	6,364.67	5,109.10
Other operating revenues	985.46	327.60
Total	17,235.46	9,126.99

20 OTHER INCOME

(₹ In lakh)

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Interest Income	134.48	43.31
Other non-operating income	145.75	155.69
Total	280.23	199.00

21 CHANGES IN INVENTORY OF STOCK IN TRADE

(₹ In lakh)

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Opening Stock	74.75	604.71
Less: Closing Stock	(809.42)	(74.75)
Total	(734.67)	529.96

22 EMPLOYEE BENEFITS EXPENSE

(₹ In lakh)

Particulars	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Salaries and Wages	1,921.88	1,412.47
Contribution to PF and other funds	330.16	100.47
Staff welfare expenses	3.72	3.73
Total	2,255.76	1,516.67

23 FINANCE COSTS

Particulars	(₹ In lakh)	
	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Interest expense	613.72	656.31
Other borrowing costs	84.09	63.38
Total	697.81	719.69

24 OTHER EXPENSES

Particulars	(₹ In lakh)	
	For the Year ended 31 March, 2016	For the Year ended 31 March, 2015
Power and fuel	42.91	49.01
Rent	48.33	46.85
Repairs to: Equipment	123.42	122.94
: Others	4.21	6.53
Insurance	11.73	14.51
Rates and taxes, excluding, taxes on income	28.35	17.84
Payments to Auditor as : auditor	12.00	12.00
: for other services	1.65	1.00
Consultancy, Professional Charges	14.14	37.77
Subcontracting Charges	1,957.29	1,458.33
Infrastructure & Facility Charges	3.66	1.03
Advertisement & Sales Promotion	2.08	2.09
Consumables	71.55	19.75
Lease Rentals Nalgonda Schools	7.87	24.00
Communication Charges	236.51	272.04
Courier & Postage	2.07	1.68
Printing & Stationery	2.25	1.68
Bad Debts written off (Net off provision for doubtful debts written back)	297.49	88.75
Advances Written Off	1.61	4.22
Provision for Doubtful Debts (1)	227.32	76.72
Penalty for Service Level Non Deliverables	232.29	403.19
Provision for under performance of Service Level Deliverables (2)	132.55	41.38
Provision for Service Level Deliverables Written Back	(1.39)	(320.63)
Sitting fees	5.36	6.02
Travelling & Conveyance	26.20	36.47
Impairment Loss	-	11.00
Other Expenditure (3)	121.87	100.89
Total	3,613.32	2,537.06

- 1 Total provision made for Doubtful Debts during the Financial Year is ₹ 227.32 lakh (Previous year ₹ 76.72 lakh).
- 2 Total provision made for SLAs during the Financial Year is ₹ 132.55 lakh (Previous year ₹ 41.38 lakh), Provision written back of ₹ 1.39 Lakh (previous year ₹ 320.63 lakh).
- 3 Include Foreign Exchange Loss of ₹ NIL lakh (previous year ₹ 0.10 lakh).

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:

Particulars	(₹ In lakh)	
	March 31, 2016	March 31, 2015
Payable within 1 Year	0.00	4.96
Payable between 1-5 Years	0.00	0.00
Total	0.00	4.96

26. Commitments and Contingencies:

- The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is ₹NIL as at March 31, 2016 (Previous year ₹ Nil).
- The company has outstanding guarantees of ₹ 5,157.64 Lakhs and Letter of credit ₹ 2009.90 Lakhs as at March 31, 2016 (previous year Bank Guarantees ₹ 1,990.30 Lakh and Letter of credit ₹ 546.79 Lakh).
- Sales tax matters under dispute as per table below:

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

27. Employee Benefits:

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

- The company has recognised, in the profit and loss account for the year ended March 31, 2016, below mentioned defined contribution plans.

Description	2015-16 (₹ in lakh)
Provident Fund	104.51
Employee State Insurance	40.32
Total	144.84

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

Description	2015-16 (₹ in lakh)	2014-15 (₹ in lakh)
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at the beginning of the year	80.14	71.37
b. Current Service Cost	11.82	8.93
c. Interest Cost	6.41	5.71
d. Actuarial (Gain)/Loss	(1.36)	(5.87)
e. Past services cost	-	-
f. Benefits Paid	-	-
g. Obligation as at the end of the year	97.01	80.14
2. Expense recognised in the period		
a. Current Service Cost	11.82	8.93
b. Interest Cost	6.41	5.71
c. Actuarial(Gain)/Loss	(1.36)	(5.87)
d. Past service cost	-	-
e. Expense recognised during the year	22.13	11.16
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 realise 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 (₹ in lakh)	Previous Year (₹ in lakh)
Traded goods	Nil	15.76
Capital goods	Nil	3.56
TOTAL	Nil	19.32

- b) Expenditure in Foreign Currency:

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

30. Remuneration to Statutory Auditors:

Particulars	Current Year (₹ in lakh)	Previous Year (₹ in lakh)
Statutory Audit fee	9.00	9.00
Tax Audit fee	3.00	3.00
Certification Fee & Others	1.65	1.00
Total	13.65	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 March 31, 2016 comprise of the following:

(₹ In lakh)

Particulars	As at 31 March, 2016		As at 31 March, 2015	
A Deferred Tax Liability				
1 Related to fixed assets		32.58		20.55
B Deferred Tax Assets				
1 Disallowance under the Income Tax Act'1961	(167.97)		(77.10)	
2 Provision for doubtful debts	(18.00)	(185.97)	(187.42)	(264.52)
C Provision for deferred tax (net)		(153.39)		(243.97)

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 set out 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 categorised 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, 2016 and 2015

(₹ in Lakh)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	2,197.69 <i>3,690.29</i>	2,468.88 <i>1,672.83</i>	12,568.89 <i>3,763.87</i>	- -	- -	17,235.46 9,126.99
Identified operating expenses	2,186.00 <i>3,398.18</i>	2,190.20 <i>1,513.03</i>	9,764.45 <i>1,776.60</i>	- -	- -	14,140.65 6,687.81
Allocated Expenses	15.99 <i>8.56</i>	7.55 <i>7.39</i>	480.45 <i>788.34</i>	- -	- -	503.99 804.29
Segmental operating income	(4.30) <i>283.55</i>	271.13 <i>152.41</i>	2,323.99 <i>1,198.94</i>	- -	- -	2,590.82 1,634.89
Unallocable expenses	- -	- -	- -	- -	997.40 <i>573.30</i>	997.40 573.30
Operating income	- -	- -	- -	- -	- -	1,593.42 1,061.59
Other income/(expenses), net	- -	- -	- -	- -	145.75 <i>155.69</i>	145.75 155.69
Net profit before Interest	- -	- -	- -	- -	- -	1,739.17 1,217.28
(Less): Interest Expenses	- -	- -	- -	- -	(697.81) <i>(719.69)</i>	(697.81) 719.69
Add: Interest Income	- -	- -	- -	- -	134.48 <i>43.31</i>	134.48 43.31
Net profit before taxes	- -	- -	- -	- -	- -	1,175.84 540.90
Income Taxes	- -	- -	- -	- -	- -	404.11 178.46
Net Profit after taxes	- -	- -	- -	- -	- -	771.73 362.44
Other Information	-	-	-	-	-	-
Segment Assets	2,727.83 <i>2,301.14</i>	1,068.54 <i>1,709.24</i>	11,736.75 <i>9,235.09</i>	- -	4,647.50 <i>2,238.18</i>	20,180.62 15,483.65
Segment Liabilities	1,852.22 <i>1,018.57</i>	820.57 <i>689.03</i>	4,867.07 <i>2,321.79</i>	- -	541.47 <i>32.39</i>	8,081.33 4,061.78
Capital Expenditure	- -	- -	69.11 <i>595.26</i>	- -	- -	69.11 595.26
Depreciation	- -	0.02 <i>3.29</i>	225.51 <i>581.15</i>	- -	44.32 <i>46.30</i>	269.85 630.74

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. Gopichand.
Mr. K. Rama Rao	Key Management Personnel (Whole time 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 Fees	Remuneration	a) Sitting Fee b) Supply of Goods	Receiving of Services
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 84.00 lakh b) Rent paid for Office Premises ₹ 28.89 lakh	Sitting Fee Paid ₹0.78 lakh	Managerial Remuneration of ₹19.95 lakh	a) Sitting Fee Paid ₹0.92 lakh. b) Total transaction value is ₹56.90 Lakh	Salary of ₹ 8.25 lakh & ₹ 4.09 lakh respectively.
Any other elements of the party related 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 ₹ 88.82 lakh b) Commission payable ₹ 15.14 lakh c) Rent payable ₹ 17.88 lakh	NIL	Managerial Remuneration Payable ₹1.21 lakh	NIL	Salary Payable of ₹ 0.60 lakh & ₹ 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 March 31, 2016. 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	(₹ In lakh)	
	Current Year	Previous Year
a) Net Profit as per Profit and Loss Account(Rs)	771.73	362.44
b) Add\(\Less): Excess Provision for Tax of earlier year (Rs)	9.75	0.51
c) Profit available for equity share holders(Rs)	781.48	362.95
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)	6.25	2.90

37. Figures for the corresponding year ended March 31, 2015, wherever necessary, have been regrouped, recast, rearranged as per the Schedule III of Companies Act, 2013.

As per our report of even date
for **NARVEN ASSOCIATES**
Firm No. 005905S
Chartered Accountants

(CA. G.V. RAMANA)
Partner
M.No. 025995

Place : Hyderabad
Date : 28.05.2016

For and on behalf of Board of Directors

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

Sd/-
(CA. CH. VIJAY BHASKAR)
Chief Financial Officer

Sd/-
(K. RAMA RAO)
Wholetime Director

Sd/-
(CS. PAVAN PISE)
Company Secretary



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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

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 22nd Annual General Meeting of the Company at Best Western Jubilee Ridge, Plot No. 38 & 39, Kavuri Hills, Near Hi-tech city, Madhapur, Hyderabad- 500032 on Friday, 30th September, 2016 at 3.00 PM.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
LF No.	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/1107, Plot 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
 1) _____ of _____ having e-mail id _____ or failing him
 1) _____ 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 22nd Annual general meeting of the company, to be held on the Friday, 30th September, 2016 at 3.00 P.M. at Best Western Jubilee Ridge, Plot No. 38 & 39, Kavuri Hills, Near Hi-tech city, Madhapur, Hyderabad- 500032 and at any adjournment thereof in respect of such resolution as are indicated below:

	Resolutions	Vote	
		For	Against
1.	To adopt the audited Balance sheet and statement of profit and loss account.		
2.	Declaration of Dividend on Equity Shares.		
3.	Re-appointment of Sri T.Bapaiah Chowdary (DIN: 00107795) as a Director of the Company.		
4.	To ratify the continuation of the Statutory Auditors.		
5.	Re-appointment of Sri T.Gopichand as Managing Director		
6.	Re-appointment of Sri K.Rama Rao as Whole Time Director		
7.	Doubling the limits of remuneration payable to managerial personnel		
8.	Alter the Articles of Association of the Company		

Signed _____ this day _____ of 2016

Signature of member _____ : Signature of proxy holder: _____

Affix
Re.1/-
Revenue
Stamp

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

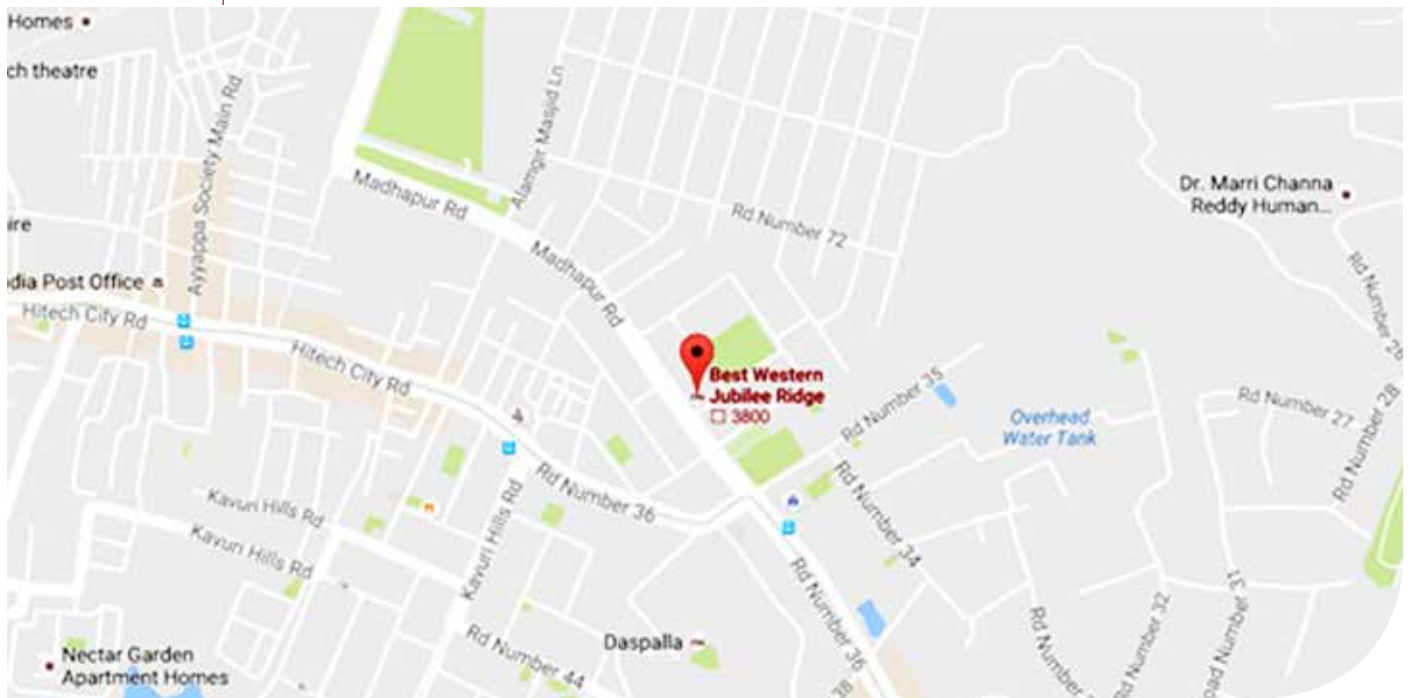
2. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.

AGM Date: 30th September, 2016

Time: 3:00 PM

Location: Best Western Jubilee Ridge, Plot No. 38 & 39, Kavuri Hills, Near Hi-tech city, Madhapur, Hyderabad- 500032





TERA SOFT
Redefining IT Solutions

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