

TERA SOFTWARE LIMITED
CIN L72200TG1994PLC018391

#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER ENDED/ YEAR TO DATE 31ST MARCH 2018

Rupees in Lakhs

Sl. No.	PARTICULARS	Quarter ended	Preceding Quarter ended	Corresponding 3 Months ended in the previous year	Year to date figures for current year ended	Year to date figures for the previous year ended
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		AUDITED	UNAUDITED	AUDITED	AUDITED	AUDITED
II	Revenue from operations	6,687.45	4,304.92	3,506.08	16,943.88	27,089.80
II	Other Income	70.86	52.57	384.66	241.85	580.92
III	Total Income (I+II)	6,758.31	4,357.49	3,890.74	17,185.73	27,670.72
IV	Expenses					
	Cost of Materials consumed					
	Purchases of Stock-in-Trade	4,255.49	2,162.90	1,525.18	9,470.63	16,498.19
	Changes in inventories	(366.64)	(67.81)	(32.26)	(602.71)	197.15
	Duties & Taxes	1,030.36	787.17	337.89	2,390.70	2,055.91
	Employee benefit expense	621.36	602.04	724.38	2,571.21	2,726.37
	Finance costs	152.42	177.58	203.94	723.57	658.21
	Depreciation & amortisation expense	63.45	63.51	61.46	254.19	236.13
	Other Expenses	820.19	611.63	1,053.94	2,147.83	3,617.95
	Total expenses (IV)	6,576.63	4,337.02	3,874.53	16,955.42	25,989.91
V	Profit/(Loss) before Exceptional Items and Tax (I-IV)	181.68	20.47	16.21	230.31	1,680.81
VI	Exceptional Items	-	-	-	-	-
VII	Profit/(Loss) before Tax (V-VIII)	181.68	20.47	16.21	230.31	1,680.81
VIII	Tax expense					
	1) Current Tax	54.70	23.80	27.41	89.13	637.87
	2) Tax Expenses relating to Earlier years	-	(12.00)	-	(12.00)	(4.87)
	3) Deferred Tax	12.13	(16.32)	4.50	(4.43)	(29.65)
IX	Profit/Loss for the period from continuing operations (VII+VIII)	114.85	24.99	(15.70)	157.61	1,077.46
X	Profit/(Loss) from discontinuing operations	-	-	-	-	-
XI	Tax expense of discontinuing operations	-	-	-	-	-
XII	Profit/(Loss) from discontinuing operations (after tax) (X-XI)	-	-	-	-	-
XIII	Profit/(Loss) for the period (IX-XII)	114.85	24.99	(15.70)	157.61	1,077.46
XIV	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss					
	(ii) Income Tax relating to items that will not be reclassified to profit or loss					
	B (i) Items that will be reclassified to profit or loss					
	(ii) Income Tax relating to items that will be reclassified to profit or loss					
XV	Total Comprehensive Income for the period (XIII+XIV) (comprising Profit (Loss) and Other comprehensive Income for the period	114.85	24.99	(15.70)	157.61	1,077.46
XVI	Earning Per equity share (for continuing operations):					
	(1) Basic	0.92	0.20	(0.13)	1.26	8.61
	(2) Diluted	0.92	0.20	(0.13)	1.26	8.61
XVII	Earning Per equity share (for discontinued operations):					
	(1) Basic					
	(2) Diluted					
XVIII	Earning Per equity share (for discontinued & Continuing operations):					
	(1) Basic	0.92	0.20	(0.13)	1.26	8.61
	(2) Diluted	0.92	0.20	(0.13)	1.26	8.61

For TERA SOFTWARE LIMITED

Ch. Vijay Bhaskar
Chief Financial Officer

For Tera Software Limited
Gland
VC and Managing Director

TERA SOFTWARE LTD.
CIN L72200TG1994PLC018391
#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.
SEGMENT WISE REVENUE AND RESULTS

Rupees in Lakhs

Sl. No.	PARTICULARS	Quarter ended	Preceding Quarter ended	Corresponding 3 Months ended in the previous year	Year to date figures for current year ended	Year to date figures for the previous year ended
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		AUDITED	UNAUDITED	AUDITED	AUDITED	AUDITED
1	Segment Revenue					
	a) Integrated Solutions Division	5,223.76	2,314.76	235.64	9,532.65	464.40
	b) Technical Division	734.74	735.24	875.43	3,088.77	3,293.72
	c) Projects Division	720.33	1,247.29	2,388.35	4,291.85	23,305.59
	Net sales/Income from operations	6,678.83	4,297.29	3,499.42	16,913.27	27,063.71
2	Segment Results [Profit / (Loss) before Tax and Interest from each Segment]					
a.	a) Integrated Solutions Division	433.62	251.65	(41.04)	990.23	(366.19)
	b) Technical Division	58.03	65.76	83.22	279.74	300.85
	c) Projects Division	59.45	(21.65)	258.14	108.71	2,697.43
	Total	551.10	295.76	300.32	1,378.68	2,632.09
	Less: i) Interest Expenses	152.42	177.59	203.94	723.58	658.21
	ii) Un-allocable expenditure (Net)	296.49	157.90	472.19	697.27	900.09
	Add: Interest and Other Income	79.49	60.19	391.32	272.46	607.01
	Total Profit/(Loss) Before Tax	181.68	20.46	15.51	230.29	1,680.80
	Segment Assets					
	Integrated Solutions Division	1,551.94	1,429.95	2,243.44	1,551.94	1,636.03
	Technical Division	765.70	692.82	840.93	765.70	840.93
	Projects Division	10,098.31	9,849.66	12,081.35	10,098.31	12,688.76
	Unallocable	4,739.89	4,597.72	4,906.58	4,739.89	4,906.58
	Total	17,155.84	16,570.15	20,072.30	17,155.84	20,072.30
	Segment Liabilities					
	Integrated Solutions Division	652.28	468.44	102.26	652.28	102.26
	Technical Division	758.69	738.90	1,011.73	758.69	1,011.73
	Projects Division	882.58	1,148.16	3,948.84	882.58	3,948.84
	Unallocable	14,862.29	14,214.65	15,009.47	14,862.29	15,009.47
	Total	17,155.84	16,570.15	20,072.30	17,155.84	20,072.30
	(Segment Assets - Liabilities)					
	Integrated Solutions Division	899.66	961.51	2,141.18	899.66	1,533.77
	Technical Division	7.01	(46.08)	(170.80)	7.01	(170.80)
	Projects Division	9,215.73	8,701.50	8,132.51	9,215.73	8,739.92
	Unallocable	(10,122.40)	(9,616.93)	(10,102.89)	(10,122.40)	(10,102.89)
	Total	-	-	-	-	-

For TERA SOFTWARE LIMITED

Ch. Vijay Bhaskar
Chief Financial Officer

For Tera Software Limited

S. S. S.
VC and Managing Director

TERA SOFTWARE LTD.
CIN L72200TG1994PLC018391
#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.
STATEMENT OF ASSETS & LIABILITIES

Rupees in Lakhs

Particulars	AS AT 31ST MARCH 2018		AS AT 31ST MARCH 2017	
	AUDITED		AUDITED	
I. ASSETS				
1. Non-current assets				
(i) Property, Plant & Equipment	3,414.02		3,635.73	
(ii) Financial Assets				
(a) Other financial assets	223.96		279.95	
(iii) Other non current assets	69.74		247.08	
(iv) Deferred tax Asset (net)	199.95	3,907.67	195.52	4,358.28
2. Current assets				
(i) Inventories	1,214.98		612.27	
(ii) Financial Assets				
(a) Trade receivables	11,638.63		14,094.74	
(b) Cash and Cash Equivalents	968.41		813.56	
(c) Other financial assets	14.24		24.73	
(iii) Other current assets	915.80	14,752.06	1,319.22	16,864.52
Total		18,659.73		21,222.80
II EQUITY AND LIABILITIES				
A Equity				
(a) Equity Share Capital	1,251.19		1,251.19	
(b) Other Equity	8,617.33	9,868.52	8,459.72	9,710.91
B Liabilities				
1. Non-current liabilities				
(i) Financial liabilities				
(a) Long-term borrowings	106.96		67.66	
(ii) Long-term provisions	125.48	232.44	97.06	164.72
2. Current liabilities				
(i) Financial liabilities				
(a) Short-term borrowings	4,308.83		4,524.00	
(b) Trade payables	3,170.43		5,786.78	
(c) Other financial liabilities	138.35		144.20	
(ii) Other current liabilities	699.27		624.23	
(iii) Short-term provisions	241.89	8,558.77	267.96	11,347.17
Total		18,659.73		21,222.80

Notes:

- The above financial results for the quarter ended and year ended 31 March 2018 have been reviewed by the Audit Committee of the Board of Directors and taken on record at the meeting of the Board of Directors held on 28th May 2018. The results for the quarter and year ended 31 March 2018 have been audited by the Statutory Auditors. The Statutory Auditors have expressed an unmodified audit opinion on the results.
- Effective 1 April 2017, the Company has adopted Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Accounting Standards) Rules, 2015 and Securities Exchange Board of India (SEBI) circular no. CIR/CFD/FAC/62/2016 dated 5 July 2016. Accordingly, the aforesaid financial results have been prepared in accordance with Ind AS 101. Consequently, the financial results for the above comparable periods have been restated to comply with Ind AS.
- The figures for the last quarter are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto the 3rd quarter of the relevant financial year.
- The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS given below

Description	Year ended 31.03.2017
Net Profit (Loss) as per GAAP (Indian GAAP)	1104.76
Add/(Less) adjustments under IND AS	
Deferred Tax Impact	-27.31
Profit after tax as per IND AS	1077.45

For TERA SOFTWARE LIMITED

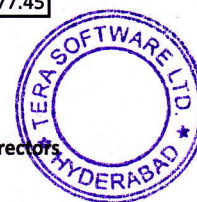
Ch. Vijay Bhaskar

Chief Financial Officer

For and on Behalf of Board of Directors
T. Gopichand

Vice Chairman & Managing Director

DIN : 00107886



Place: Hyderabad

Date : 28th May 2018



MULLAPUDI & CO., CHARTERED ACCOUNTANTS

206, Hanuman Mansion, 8-3-1100/B/206, Sri Nagar Colony, Hyderabad - 500073.

Tel: 040-2374 2536, 94920 63246
E-mail: mullapudivr@rediffmail.com

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, 2018, the statement of profit and loss, the 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

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order



to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2018, its profit 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 the 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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

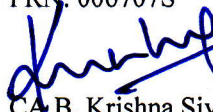


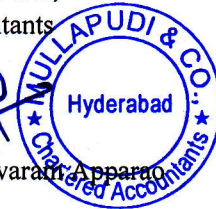
g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has pending tax litigations disclosed as Note no.28 of the Notes to accounts. We are of the opinion that the pending litigations would not impact the financial position of the company.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Date: 28.05.2018
Place: Hyderabad

For Mullapudi & Co.,
Chartered Accountants
FRN: 006707S


CA B. Krishna Sivaram Apparao
Partner
Membership No: 226476



Annexure -A to the Independent Auditor's Report issued to the members of Tera Software Ltd

Statement on the matters specified in paragraphs 3 and 4 of the (Auditor's Report) Order, 2016

- 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, Limited Liability Partnerships 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 of the Act.
- 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, GST and any other material statutory dues as applicable to it except in case of **Service Tax of Rs.2,23,89,795 and VAT of Rs.31,21,454.**

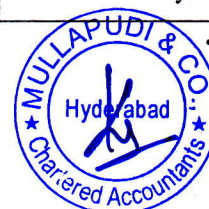


(b) There were no undisputed amounts payable in respect of Employees State Insurance, Provident Fund, Income-tax, Sales-tax, Service-tax, Customs duty, Excise duty, GST and any other material statutory in arrears as at 31/03/2018 for a period more than 6 months from the day they became payable except the following:

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	9,63,360	2015-16
3	Value Added tax	9,63,360	2016-17
4	Value Added tax	2,31,374	2017-18
5	Service Tax	2,20,82,358	2016-17
6	Service Tax	3,07,437	2017-18

(c) 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 (Rs)	Period to which the amount relates	Forum where dispute is pending
1	The Kerala VAT Rules, 2005	Value Added Tax	84,16,222	2005-06	CTO-Kannur
2	The Kerala VAT Rules, 2005	Value Added Tax	61,50,240	2006-07	CTO-Kannur
3	The Kerala VAT Rules, 2005	Value Added Tax	7,42,446	2007-08	CTO-Kannur
4	The Kerala VAT Rules, 2005	Value Added Tax	8,52,280	2008-09	CTO-Kannur
5	The Kerala VAT Rules, 2005	Value Added Tax	4,66,474	2009-10	CTO-Kannur
6	The AP VAT	Value Added Tax	50,70,072	2015-16	Vat Appellate Tribunal , Andhra Pradesh
7	The AP VAT	Value Added Tax	87,81,759	2016-17	Vat Appellate Tribunal , Andhra Pradesh
8	The AP VAT	Penalty on VAT	12,67,518	2015-16	Vat Appellate Tribunal , Andhra Pradesh
9	The AP VAT	Penalty on VAT	21,95,440	2016-17	Vat Appellate Tribunal , Andhra Pradesh
10	The Finance Act 1994	Service Tax	3,99,98,766	2011-12	CESTSAT- Hyderabad
11	The Finance Act 1994	Penalty On Service Tax	4,00,08,766	2011-12	CESTSAT- Hyderabad
12	The Finance Act 1994	Service Tax	15,40,170	2008-09 to 2012-13	CESTSAT- Hyderabad
13	The Finance Act 1994	Penalty On Service Tax	15,50,170	2008-09 to 2012-13	CESTSAT- Hyderabad



- 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 a 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.

Date: 28.05.2018
Place: Hyderabad

For Mullapudi & Co.,
Chartered Accountants
FRN: 006707S

CA B Krishna Sivaram Appara
Partner
Membership No: 226476



Annexure –B to the Independent Auditor’s Report issued to the members of Tera Software Ltd

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 31 March 2018 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31 March 2018, 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.

Date: 28.05.2018

Place: Hyderabad

For Mullapudi & Co.,

Chartered Accountants

FRN: 006707S

CA B Krishna Sivaram Apparao

Partner

Membership No: 226476

