

**9th
Annual Report
2002-2003**



TERA SOFTWARE LIMITED

TERA SOFTWARE LIMITED

BOARD OF DIRECTORS:

1. Sri. T.GOPI CHAND	MANAGING DIRECTOR
2. Sri. V. V. PRASAD NIMMAGADDA	EXECUTIVE DIRECTOR
3. Smt. T. PAVANA DEVI	WHOLE TIME DIRECTOR
4. Sri. D.SEETHARAMAIAH	DIRECTOR
5. Sri. K. RAMA RAO	DIRECTOR
6. Sri. T. B. CHOUDARY	DIRECTOR
7. Sri. R. S. BAKKANNAVAR	DIRECTOR
8. Dr. T. HANUMAN CHOUDARY	DIRECTOR
9. Dr. (Smt). T. V. LAKSHMI	DIRECTOR

REGISTERED OFFICE :

8-3-1113/2B, Kesava Nagar,
Srinagar Colony,
Hyderabad.-500 073.
Tel.Nos.91-40-23736833/23730553.
Fax:91-40-23743526.
E-Mail : tspi@hd1.vsnl.net.in
Internet: www.terasoftware.com

AUDITORS:

M/S. NARVEN ASSOCIATES
Chartered Accountants
313, Lingapur House,
Himayat Nagar,
Hyderabad - 500 029

BANKERS:

BANK OF MAHARASTRA
Basheerbagh,
Hyderabad.-500029.

SYNDICATE BANK
N.S. Road,
Hyderabad-500 001

TERA SOFTWARE LIMITED

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the members of the company will be held at the Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad-500 033, on Saturday, the 27th day of September, 2003 at 3.30 p.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003, Profit & Loss Account for the year ended on that date together with the Reports of the Directors & Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Shri. T.Gopi Chand, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri. N.V.V.Prasad, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. NARVEN ASSOCIATES, Chartered Accountants, the retiring auditors, as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

1. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:
"Resolved that Shri R.S.Bakkannavar be and is hereby appointed as a director of the Company liable to retire by rotation."
2. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:
"Resolved that Dr. T.Hanuman Choudary be and is hereby appointed as a director of the Company liable to retire by rotation."
3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:
"Resolved that Dr. (Smt) T.V.Lakshmi be and is hereby appointed as a director of the Company liable to retire by rotation."
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of the Managing Director Shri T.Gopichand be and is hereby revised as detailed below:
 - i) Salary: Rs. 40,000/- Per month.
 - ii) Perquisites and Allowances:
 - I. Housing:
 - a) The expenditure incurred by the Company on hiring accommodation for the Managing Director shall be subject to a ceiling of Rs.15,000/- Per month.
 - b) Where the Company does not provide accommodation to the Managing Director, House Rent Allowance may be paid by the Company in accordance with (a) above.
 - II. Other Perquisites:
 - a) Company's contribution towards Provident Fund subject to a ceiling of 12% of salary, as per the rules of the Company.
 - b) Gratuity payable in accordance with an approved scheme and shall not exceed half month's salary for each completed year of service.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of the Executive Director Shri N.V.V.Prasad be and is hereby revised as detailed below:
 - i) Salary: Rs.35,000/- Per month.
 - ii) Perquisites and Allowances:
 - I. Housing:
 - a) The expenditure incurred by the Company on hiring accommodation for the Executive Director shall be subject to a ceiling of Rs.10,000/- Per month.
 - b) Where the Company does not provide accommodation to the Executive Director, House Rent Allowance may be paid by the Company in accordance with (a) above.
 - II. Other Perquisites:
 - a) Company's contribution towards Provident Fund subject to a ceiling of 12% of salary, as per the rules of the Company.
 - b) Gratuity payable in accordance with an approved scheme and shall not exceed half month's salary for each completed year of service.
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration of the Whole Time Director Smt. T.Pavana Devi be and is hereby revised as detailed below:
 - i) Salary: Rs.17,500/- Per month.
 - ii) Perquisites and Allowances:
 - I. Housing:
 - a) The expenditure incurred by the Company on hiring accommodation for the Whole Time Director shall be

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subject to a ceiling of Rs.7,500/- Per month.

- b) Where the Company does not provide accommodation to the Whole Time Director, House Rent Allowance may be paid by the Company in accordance with (a) above.

II. Other Perquisites:

- a) Company's contribution towards Provident Fund subject to a ceiling of 12% of salary, as per the rules of the Company.
- b) Gratuity payable in accordance with an approved scheme and shall not exceed half month's salary for each completed year of service.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution: "Resolved that the consent of the Company be and is hereby accorded to delist the Equity shares of the Company from the Bangalore Stock Exchange Limited."
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution: "Resolved that the consent of the Company be and is hereby accorded pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (herein after referred as 'The Board') to sell and/or transfer the assets of the Company procured under BOOT/BOT projects to the respective parties with whom the Company entered into agreements for such transfers for an aggregate nominal value not exceeding Rs. 50 crores (Rupees Fifty Crores) only."

By Order of the Board of Directors

Sd/-
(T. GOPI CHAND)
Managing Director

Date : 29.08.2003
Place : Hyderabad.

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote at the meeting on his behalf and such proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Members/Proxies should fill the attendance slip for attending the meeting.
3. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
4. The Company has already notified closure of Register of Members and the Share Transfer Books from Tuesday, 23rd September 2003 to Friday, 26th September 2003 (both days inclusive).
5. Shareholders are requested to bring their copy of Annual Report to the meeting.
6. The Postal Ballot paper for item No. 7 is enclosed along with the cover and postage is prepaid. The same should be returned to the Company within 30 days.
7. The self-addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the Company.
8. The members are requested to furnish the particulars of their Bank account to facilitate payment of dividend.

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

1. Items 1, 2 & 3 of the Special Business:

Shri R.S.Bakkannavar, Dr. T.Hanuman Choudary, and Dr. (Smt). T.V.Lakshmi were co-opted as additional directors at the Meeting of the Board of Directors held on 30.9.2002 and as such will be holding office only up to the date of this Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from the shareholders of the Company for appointing Shri R.S.Bakkannavar, Dr. T.Hanuman Choudary, and Dr. (Smt). T.V.Lakshmi as directors of the Company along with the necessary fees as prescribed under the provisions of the Companies Act, 1956.

Shri R.S.Bakkannavar is a former Regional Director of Reserve Bank of India and having four decades of experience in Banking and Finance.

Dr. T.Hanuman Choudary is a well-known personality in Information Technology field and presently is the Adviser to the Government of Andhra Pradesh in the field of Information Technology. He is also a director on the Boards of several companies and having rich and varied experience of five decades.

Dr. (Smt). T.V.Lakshmi, a Doctorate in Physics had been associated with the Information Technology. At present she is running a company. She has rich experience of Content Development and Administration.

The directors commend the resolutions keeping in view the vast experience the individuals have in their respective fields.

None of the directors are interested in the above resolutions.

2. Items 4, 5 & 6 of the Special Business:

The members at their meeting held on 28.1.2000 fixed the Working directors' remuneration and the Remuneration Committee on 27.8.2003 revised the same and the Board of Directors approved on 29.8.2003. To commensurate with the services rendered by them, your directors commend the resolution.

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None of the directors are interested/deemed to be interested in the resolution except Shri T.Gopi Chand, the Managing Director, Shri N.V.V.Prasad, the Executive Director and Smt. T. Pavana Devi, the Whole Time Director.

Shri T.Gopi Chand and Smt. T.Pavana Devi are interested individually and mutually in the resolutions concerning them being relatives as per Section 6 of the Companies Act, 1956.

3. Item 7 of the Special Business:

At present the Equity shares of the Company are listed on the Hyderabad Stock Exchange Limited and the Bangalore Stock Exchange Limited. Your Board of Directors, in order to facilitate easy liquidity for the Shareholders of the Company decided to apply for trading permission on The Stock Exchange, Mumbai.

Since the Shares of the Company are not traded for a long time on the Bangalore Stock Exchange Limited, it was also decided to delist from the Bangalore Stock Exchange Limited.

The Directors recommend the resolution.

None of the directors of the Company are interested in the resolution.

4. Item 8 of the Special Business:

The Company was awarded the BOOT/BOT projects with the State Governments of Andhra Pradesh and Karnataka. The terms of contract specify that the assets procured for these projects are to be transferred to the respective State Governments at the end of the Contract period. It is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, for sale and/or transfer of the assets of the Company.

As per section 192A of the Companies Act, 1956 and the guidelines issued thereunder, this resolution is required to be passed by Postal Ballot. The necessary Ballot paper along with prepaid envelope is enclosed to this notice.

The Directors recommend the resolution for members' approval.

None of the directors of the Company are interested in the resolution.

By Order of the Board of Directors
Sd/-

(T. GOPI CHAND)
Managing Director

Date : 29.08.2003

Place : Hyderabad.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed/reappointed at this Annual General Meeting are given below:

Serial Number	1	2	
Name of the Director	Shri.T.Gopi Chand	Shri.N.V.V.Prasad	
Age	44Years	43Years	
Date of Appointment	01.09.2000	01.12.1999	
No of outside Directorships held	Nil	Nil	
Chairman of the Committee of the Board of Directors of the Company	Nil	Nil	
Member of the Committee of the Board of Directors of the Company	Investment Committee Share Transfer Committee	Investment Committee Share Transfer Committee	
Chairman/member of the Committee of Directors of other Companies	Nil	Nil	
Serial Number	3	4	5
Name of the Director	Shri.R.S.Bakkannavar	Dr. T.Hanuman Choudary	Dr.(Smt).T.V.Lakshmi
Age	62Years	71Years	44Years
Date of Appointment	30.09.2002	30.09.2002	30.09.2002
No of outside Directorships held	3	3	Nil
Chairman of the Committee of the Board of Directors of the Company	Audit Committee	Nil	Nil
Member of the Committee of the Board of Directors of the Company	Nil	Nil	Shareholders' Grievance Committee
Chairman/member of the Committee of Directors of other Companies	Nil	Nil	Nil

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DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Ninth Annual Report on the working of the company and Audited Statements of Accounts for the year ended 31st March 2003.

a) Financial Results:

	(Rs. in Lakhs)	
PARTICULARS	Year Ended 31.03.2003	Year Ended 31.03.2002
Gross Income	1319.20	1015.10
Expenditure	1144.68	958.85
Profit before interest, depreciation & tax	174.52	56.25
Less: Interest (Financial Cost)	2.29	15.22
Profit before depreciation & tax	172.23	41.03
Less: Depreciation	76.19	12.57
Profit before tax	96.04	28.46
Less: Provision for taxation:		
: Current Year	7.77	1.99
: Earlier Years	0.34	3.02
: Deferred tax	28.79	16.76
Profit after tax	59.14	11.70
Surplus brought forward from the previous year	111.55	99.85
Profit available for distribution	170.69	111.55
Less:		
Proposed dividend	38.47	Nil
Tax on distributed profits	4.93	Nil
Balance Carried to Balance Sheet	127.29	111.55

b) Results of operations for the financial year 2002-2003:

The company achieved a turnover of Rs.1319.20 Lakhs during the year and earned a net profit after tax of Rs.59.14 Lakhs. During the year, the Company was successful in getting the BOOT order of State Government of Andhra Pradesh to impart computer education through Consortium. The revenues from the AP Schools project were included in the turnover to an extent of Rs.178 Lakhs.

c) Dividend:

Considering the current year's profitability and the on hand order position, your directors are pleased to recommend for your consideration a dividend of 5% for the year ended 31st March 2003.

d) Listing of Shares on Stock Exchanges:

At present the Equity Shares of your company are listed on The Hyderabad Stock Exchange Limited and Bangalore Stock Exchange Limited. We are in the process of delisting from Bangalore Stock Exchange Limited and have applied for trading permission at The Stock Exchange, Mumbai.

e) e-Governance Projects:

Your Company during the year under review has focused on e-Governance Projects. With the acquired skillset by implementing the BOOT Project (Computerization of Schools) for Andhra Pradesh Schools in the current year, your company has participated in the e-Governance Project Tender in Karnataka State Government along with ECIL. e-Governance projects are becoming essential in all the State & Central Governments. These projects require high capital investments and the project implementation experience. Hence there will be less competition, results in better margins. With this distinct advantage, your company is focusing more on to e-Governance Projects and also into Services Sector. In the services sector, your company has stepped into Bangalore Electricity Supply Company for maintaining their database.

f) Orders / Assignments on Hand:

Your Company in Business association with ECIL, has bagged the e-Governance order from Inspector General of Registration and Controller of Stamps of Karnataka Government. The project period extends over 5 years entailing an investment of over Rs.9 crores. Your company will generate revenue of about Rs.40 crores on this project during the period of next 5 years. With this order, the total on hand order values will shoot upto Rs.60 crores for the next 5 years.

g) Fixed Deposits:

The Company has not accepted any fixed deposits to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

h) Directors:

Shri R.S.Bakkannavar, Dr. T.Hanuman Choudary and Dr. (Smt). T.V.Lakshmi joined the Board as additional directors during the year. At the ensuing Annual General Meeting Shri T.Gopichand and Shri N.V.V.Prasad retire by rotation and being eligible offer themselves for reappointment.

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l) **Auditors:**

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

j) **PARTICULARS OF EMPLOYEES:**

There are no employees in the Company whose particulars are to be given pursuant to Section 217(2A) of the Companies Act, 1956.

k) **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUT GOINGS:**

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

1. **Conservation of energy**

The Company is not an energy intensive unit.

2. **Technology absorption, adaptation and innovation:**

The Company has not imported any technology.

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

Particulars	Current Year (Rs)	Previous Year (Rs)
Software Development / Services	559,149	2,693,004

2. **Expenditure in Foreign Currency (CIF):**

Particulars	Current Year (Rs)	Previous Year (Rs)
Import of Raw Material (CIF)	1,175,268	4,073,618
Travelling	356,106	155,109
Expenditures incurred at Overseas branches	1,272,304	395,176
Total	<u>2,803,678</u>	<u>4,623,903</u>

l) **Directors' Responsibility Statement**

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

- That in the preparation of the accounts for the financial year ended 31st march, 2003 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the directors have selected such accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors have prepared the accounts for the financial year ended 31st march, 2003 on a going concern basis.

m) **Acknowledgment**

Your directors thank the clients, vendors, investors and bankers for their continued support of your company's growth. Your directors place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve rapid growth.

Your directors thank the Government of India, Governments of Andhra Pradesh and Karnataka, Electronics Corporation of India Ltd., Department of Electronics, Department of Space, Department of Information Technology, Software Technology Park and Other Government Agencies for their support during the year and look forward to their continued support.

For and on behalf of the Board of Directors

Sd/-
(T. GOPI CHAND)
Managing Director

Date : 29-08-2003
Place : Hyderabad.

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REPORT ON THE CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

The Company follows the best code of Governance to attain highest levels of professionalism, transparency and accountability in serving its stakeholders.

2. Board of Directors

The Present strength of the Board is 9 Directors.

Composition and category of Directors is as follows:

Category	Name of the Directors
Promoter/Executive Directors	Sri T. Gopi Chand Sri N.V.V. Prasad. Smt.T. Pavana Devi
Promoter Non-Executive Director	Sri T.B.Choudary,
Non-Promoter Executive Director	Nil
Non-Executive and Independent Directors	Sri D.Seetharamiah, Sri R.S.Bakkannavar, Dr. T.Hanuman Choudary, Dr.(Smt).T.V.Lakshmi, & Sri K.Rama Rao.

Number of Board Meetings held and the dates on which held

During the year seven Board meetings were held on 30.04.2002, 31.07.2002, 21.8.2002, 30.9.2002, 18.10.2002, 29.10.2002 & 30.01.2003.

Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairman/Membership of Committee of each Director:

Name of the Director	Attendance Particulars			Committee memberships/ Chairmanships in our Company		Number of other directorships& Committee memberships	
	Board Meetings		Last AGM	Member -ships	Chairman -ships	Director ships	Member ships
	Held	Present					
Sri T. Gopi Chand	7	7	Yes	2	Nil	Nil	Nil
Sri N.V.V.Prasad	7	7	Yes	2	Nil	Nil	Nil
Smt. T. Pavana Devi	7	4	Yes	Nil	Nil	Nil	Nil
Sri T.B.Choudary	7	4	No	2	1	Nil	Nil
Sri K. Rama Rao	7	3	Yes	2	Nil	Nil	Nil
Sri D.Seetharamiah	7	6	Yes	2	1	9	2
Sri R.S.Bakkannavar	7	6	Yes	Nil	1	3	Nil
Dr.T.Hanuman Choudary	7	5	No	Nil	Nil	3	Nil
Dr.(Smt) T.V.Lakshmi	7	4	Yes	1	Nil	Nil	Nil

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

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

3. Audit Committee

The constitution of the audit committee of the Board of directors of the company is as indicated below:

- a. Sri R.S.BAKKANAVAR Chairman
- b. Sri T.B.CHOUDARY Member
- c. Sri D. SEETHARAMAIH Member

Terms of reference to the Audit Committee is as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information.
2. Recommending the appointment and removal of external auditors, recommendation of audit fee and also approval for payment for any other services.

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3. Reviewing with management, the annual financial statements before submission to the board, focusing primarily on:
 - * any changes in accounting policies and practices.
 - * major accounting entries based on exercise of judgment by management.
 - * qualifications in draft audit report.
 - * significant adjustments arising out of audit.
 - * the going concern assumption.
 - * compliance with accounting standards.
 - * any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit functions.
6. Discussion with internal auditors of any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with external auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Reviewing the Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the creditors.

Meetings and Attendance during the year :

During the year, the Committee has met 4 times on 24.7.2002, 21.08.2002, 29.10.2002 & 28.01.2003. All the members were present at all the meetings except Shri T.B.Choudary who had not attended one meeting.

4. Shareholders' Grievance Committee:

The constitution of the shareholders' grievance committee of the Board of directors of the company is as indicated below:

- | | | |
|----|------------------------|----------|
| a. | Sri T.B.CHOUDARY | Chairman |
| b. | Dr. (Smt). T.V.LAKSHMI | Member |
| c. | Sri K.RAMA RAO | Member |

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressing of shareholders' complaints like transfer of shares, non-receipt of balance sheet. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

During the year, the Committee has met 4 times on 29.06.2002, 28.09.2002, 31.12.2002 & 31.03.2003. All the members were present at all the meetings except Sri K. Rama Rao who had not attended one meeting.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 74. Out of this, from physical to demat share transfers were 38, from demat to physical (Remat) share transfers were 4, Physical Share transfers were 18 and General complaints (like non receipt of annual reports, request for change of address and conversion from partly paid to fully paid etc.) were 14. Outstanding complaints as on 31st March 2003 were nil.

5. Remuneration Committee:

The Remuneration Committee was constituted comprising of the following Non-Executive and Independent Directors of the Board:

- | | | |
|----|---------------------|-----------|
| a. | Sri D.SEETHARAMAIAH | -Chairman |
| b. | Sri K. RAMA RAO | -Member |
| c. | Sri T.B.CHOUDARY | -Member |

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing Director/Whole Time Director/Executive Director, based on performance and defined criteria.

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

During the year there was no meeting of the Committee.

6. Investment Committee:

The Investment Committee was constituted comprising of 3 directors of the company as stated below:

- | | | |
|----|---------------------|---------|
| a. | Sri T.GOPI CHAND | -Member |
| b. | Sri N.V.V.PRASAD | -Member |
| c. | Sri D.SEETHARAMAIAH | -Member |

During the year, the Committee met once on 18.10.2002. All the members were present at the meeting.

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7. Share Transfer Committee:

The Share Transfer Committee was constituted comprising of 2 directors and the Compliance Officer of the Company as indicated below:

- a. Sri T.GOPICHAND -Member
- b. Sri N.V.V.PRASAD -Member
- c. Sri O.BABU REDDY -Member

During the year, the Committee met 12 times on 02.08.2002, 16.08.2002, 06.09.2002, 20.09.2002, 07.10.2002, 01.11.2002, 09.01.2003, 30.01.2003, 12.02.2003, 26.02.2003, 12.03.2003 and 31.03.2003. All the members were present at all the meetings.

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

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

Particulars	Current Year (Rs)	Previous Year (Rs)
Managing Director (Sri T.Gopi Chand)	3,60,000	3,60,000
Executive Director (Sri N.V.V.Prasad)	3,00,000	3,00,000
Whole Time Director (Smt. T.Pavana Devi)	2,40,000	2,40,000
Total	9,00,000	9,00,000

The Company has paid the following sitting fee to the Directors of the Company during the year ended with 31st March 2003.

Particulars	Current Year (Rs)	Previous Year (Rs)
Sri D.Seetharamaiah	11000	6500
Sri R.S.Bakkannavar	11000	6500
Sri T.Bapaiah Chowdary	7500	3000
Dr. T. Hanuman Choudary	7500	1500
Dr. (Smt.) T.V.Lakshmi	6000	3000
Sri K.Rama Rao	4500	1500
Total	47500	22000

8. General Body Meetings:

Location and time of General Meetings for the last 3 years were.

YEAR	AGM/EGM	LOCATION	DATE	TIME
1999-00	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	30th September, 2000	11.30 a.m
2000-01	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	29th September, 2001	3.30 p.m
2001-02	EGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	20th March, 2002	10.00 a.m
2001-02	AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad.	30th September, 2002	3.30 p.m

Postal ballots were used/invited for voting at the EGM for the purpose of Section 293(1) (a).

9. Disclosures:

- a. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None.