



**BOARD OF DIRECTORS:**

1. Sri D. SEETHARAMAIAH	CHAIRMAN
2. Sri K. RAMA RAO	DIRECTOR
3. Sri T. BAPAI AH CHAUDARY	DIRECTOR
4. Sri R. S. BAKKANNAVAR	DIRECTOR
5. Dr. T. HANUMAN CHOWDARY	DIRECTOR
6. Dr. T. V. LAKSHMI	DIRECTOR
7. Smt. T. PAVANA DEVI	DIRECTOR
8. Sri N.V. V. PRASAD	EXECUTIVE DIRECTOR
9. Sri T. GOPICHAND	VICE CHAIRMAN and MANAGING DIRECTOR

**REGISTERED OFFICE:**

8-3-1113/2B, Kesava Nagar,  
Srinagar Colony,  
Hyderabad -500073.  
Tel.Nos.91-40-23730553.  
Fax: 91-40-23743526.  
E-Mail: info@terasoftware.com  
Url: www.terasoftware.com

**AUDITORS:**

M/s. NARVEN ASSOCIATES  
Chartered Accountants  
302 & 303, Lingapur House,  
Himayat Nagar,  
Hyderabad - 500 029.

**BANKERS:**

BANK OF MAHARASHTRA,  
Basheer Bagh,  
Hyderabad - 500 029.

**REGISTRAR AND SHARE TRANSFER AGENTS:**

M/s Sathguru Management Consultants Private Limited  
Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034  
Ph. No : 040 - 23356507 & 23350586 Fax : 040 - 4004 0554



## **NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the company will be held at the Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad - 500 033, on Tuesday, the 21<sup>st</sup> day of September, 2010 at 10.00 A.M. to transact the following business:

### **AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010, Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Dr. Smt. T.V.Lakshmi, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Sri T.Bapaiah Chowdary, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Smt. T.Pavana Devi, who retires by rotation and being eligible offers herself for re-appointment.
6. 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 authorise Board of Directors to fix their remuneration.

### **AS SPECIAL BUSINESS:**

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

"Resolved that the Authorized Capital of the Company be increased from 15,00,00,000 (Rupees Fifteen Crores Only) to Rs. 25,00,00,000 (Rupees Twenty Five Crores Only) by creating additional 1,00,00,000 (One Crore Only) equity shares of Rs.10/- (Rupees ten only) each."

"Further resolved that Clause V of the Memorandum of Association be altered to give effect to the above said resolution by substituting the following for the existing Clause V:

The authorized share capital of the company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity shares of Rs. 10/- (Rupees Ten only) each. The Share Capital of the company (whether original, increased or reduced) may be subdivided, consolidated or divided into such classes of shares as may be allowed under the law of the time being relating to companies with such privileges or rights as may be attached and to be held upon such terms as may be prescribed by the regulations of the company."
8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:  

"Resolved that Article 3(a) of the Articles of Association of the Company be substituted with the following Article:

The authorized share capital of the company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity shares of Rs. 10/- (Rupees Ten only) each."
9. 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 Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), either by way of term loan or issue of debentures may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 300,00,00,000 (Rupees Three Hundred Crores Only).
10. To consider and, note 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 (hereinafter referred as "The Board") to mortgage and/or create charge, on all the immovable and movable properties or such assets of the company wherever situate, present and future, in favour for the Financial Institutions/Banks/Debenture Trustees for an aggregate nominal value not exceeding Rs. 300,00,00,000 (Rupees Three Hundred Crores Only). to secure the Term



Loans/issue debentures and further that the Board be and is hereby authorized to finalize and execute the documents and any other deeds, papers and writings for creating the aforesaid mortgages and/or charges and to do all such acts, deeds and things as may be necessary or expedient for implementing this resolution."

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

"Resolved that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the consents, approvals or permissions of the prescribed authorities, the consent of the Company be and is hereby accorded to the Board to issue equity shares of the nominal value of Rs. 10/- (Rupees Ten only) each of an aggregate amount not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores only) as the Board in its sole discretion may at any time or times hereafter decide, to the members, promoters, banks, financial institutions, companies, other entities and persons, individuals, whether through rights issue, private placement or otherwise and in one or more tranches as the Board may in its absolute discretion think fit in consultation with Lead Managers, Underwriters and Advisors."

"Resolved further that such of the shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may decide most beneficial to the Company in its absolute discretion."

"Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to issue offer documents, prescribe forms of applications, appoint Lead Manager, Underwriters and Advisors and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds of issue of the securities and further to do all such acts, deeds, matter and things and to finalize and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

**By Order of the Board of Directors**

Place : Hyderabad  
Date : 09.08.2010

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

### Notes:

1. The explanatory statement in respect of item numbers 7 to 11 of the Notice, pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote at the meeting on his behalf and such proxy need not be a member of the company.
3. The instrument appointing proxy to be valid should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
4. Members/Proxies should fill the attendance slip for attending the meeting.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. The Company has already notified closure of Register of Members and the Share Transfer Books from Saturday, 18<sup>th</sup> September 2010 to Tuesday, 21<sup>st</sup> September 2010 (both days inclusive).
7. Shareholders are requested to bring their copy of Annual Report to the meeting.

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

Item 7 & 8:

The present capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only). To part finance the future operations, the Company requires additional funds as capital. This necessitates altering the Memorandum and Articles of Association of the Company. As per the provisions of the Companies Act, 1956, the resolutions as stated above are required to carry out the necessary changes.

The Directors recommend the resolution for members' approval.  
None of the Directors of the company is interested in the resolution.



### Item 9:

The Directors of the Company propose to approach financial institutions / banks for availing term loans to execute future projects. As the required borrowings exceed the aggregate of paid-up capital and free reserves of the Company, the approval of the Shareholders is required as per the provisions of Section 293(1)(d) of the Companies Act 1956. Keeping in view of the future requirements of the Company to an extent of Rs. 300,00,00,000 (Rupees Three Hundred Crores only), the approval of the shareholders is sought.

The Directors recommend the resolution for members' approval.

None of the Directors of the company is interested in the resolution.

### Item 10:

The financial institutions/banks while granting loans stipulate that the loans have to be secured by way of charge/mortgage on all the immovable and movable properties of the Company,

Since the charge/mortgage by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions may be regarded as disposal of the company's properties/undertakings, it is necessary for the members to pass resolution under Section 293(1)(a) of the Companies Act, 1956, for creating charge/mortgage. This resolution is required to be passed through postal ballot as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The postal ballot papers were sent to the members and the announcement of the result will be made on receipt of the report of the scrutinizer.

None of the Directors of the company is interested in the resolution.

### Item 11:

The consent of the shareholders is sought to authorize the Board of Directors for issuing further shares as stated in the resolution

In view of the increasing business activities of the Company and for general corporate requirement it is proposed to raise funds through the issue of shares up to Rs. 10,00,00,000 (Rupees Ten Crores only). The Board in consultation with the Lead Managers, Underwriters and Advisors will fix the detailed terms of the issue, which will be in line with the requirements of guidelines issued by the SEBI.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares to be issued for subscription on pro-rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges where the Company's share are listed.

The Directors of the company may be deemed to be concerned or interested to the extent of the shares that may be offered to them. Save as aforesaid, none of the Directors is in any way concerned or interested in the resolution.

The enabling resolution confers authority on the Board to cover several contingencies and corporate requirement. The Directors recommend the resolution for approval of shareholders.



**Particulars of Directors eligible for re-election, pursuant to Clause 49 of the Listing Agreement:**

Serial Number	1	2	3
Name	Dr. Smt. T.V.Lakshmi	Sri T. Bapaiah Chowdary	Smt. T. Pavana Devi
Designation	Director	Director	Director
Age & Date of Birth	51 Years (01.01.1959)	54 Years (04.08.1956)	48 Years (22.06.1962)
Qualification	Phd	Post Graduate	B.Com
Date of Appointment	28.09.2007	28.09.2007	29.09.2008
Nature of Expertise in specific functional areas	Experienced Scientist with strong R & D back ground specially in GIS/ GPS and quality.	Noted business Man in Agri Industry.	16 Years of experience in Management function.
Remuneration	Rs.68,000/- (Sitting Fees)	Rs.68,000/- (Sitting Fees)	Rs.48,000/- (Sitting Fees)
No. of outside Directorships held	1	NIL	1
Chairman of the Committee of Board of Directors of the Company	NIL	Shareholder's Grievance Committee	NIL
Member of the Committee of Board of Directors of the Company	Remuneration Committee and Shareholder's Grievance Committee	Remuneration Committee	NIL
Chairman/member of the Committees of other Companies	NIL	NIL	NIL

**By Order of the Board of Directors**

Sd/-

**(T. Gopichand)**

Vice Chairman and Managing Director

Place : Hyderabad  
Date : 09.08.2010

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report and the audited accounts of the company for the year ended 31st March, 2010 together with Auditors' report thereon.

**a) Financial Results:**

(Rs. In Lakhs)

<b>PARTICULARS</b>	<b>Year Ended 31.03.2010</b>		<b>Year Ended 31.03.2009</b>	
Gross Income		10,575.96		8,214.43
Expenditure		8,703.81		6,054.81
Profit before interest, deprecation & tax		1,872.15		2,159.62
Less: Interest (Financial Cost)		156.06		216.21
Profit before depreciation & tax		1,716.09		1,943.41
Less: Depreciation		249.27		266.44
Profit before tax		1,466.82		1,676.97
Less : Provision for tax Current year	517.60		612.87	
Deferred tax	(16.73)		6.89	
Fringe Benefit tax	-	500.87	8.41	628.17
Profit after tax		965.95		1,048.80
Add: Balance brought forward from Previous Year	1124.83		868.78	
Add/(Less): Excess Tax Provision of Earlier years	9.17	1,134.00	00.02	868.80
Profit available for distribution		2,099.95		1,917.60
Less: Transferred to General Reserve	500.00		500.00	
Proposed Dividend @15% (Previous Year 20%)	187.68		250.24	
Tax on distributable profits	31.89	719.57	42.53	792.77
<b>Balance Carried to Balance Sheet</b>		<b>1,380.38</b>		<b>1,124.83</b>

**b) Dividend:**

Your Directors are pleased to recommend a dividend of 15% absorbing a sum of Rs.219.57 Lakhs including the tax on distributable profits.

**c) Performance of the Company:**

The Company achieved a turnover of Rs.10575.96 Lakhs during the year and earned a net profit after tax of Rs.965.95 Lakhs.

**d) Listing of Shares in Stock Exchanges:**

At present the Equity Shares of your Company are traded under permitted Securities on the Bombay Stock Exchange Limited and listed on Bangalore Stock Exchange Limited. The listing fee was paid up to date.

**e) Fixed Deposits:**

The Company has not received any fixed deposits during the year to which the provisions of Section 58A of the Companies Act, 1956 apply. There are no deposits outstanding as at the end of the financial year.

**f) Directors:**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Dr. Smt. T.V.Lakshmi, Director, Sri.T.Bapaiah Chowdary, Director and Smt. T.Pavana Devi, Director, will be retiring at this annual general meeting and being eligible offer themselves for reappointment.

**g) Auditors:**

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

**h) Particulars of Employees:**

Statement of particulars of employees pursuant to the provisions of section 217 (2A) of the Companies Act, 1956.

Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration Including Commission	Previous Employment
T.Gopichand	Vice Chairman and Managing Director	M.Tech	51	01.09.1995	28	8,257,294	Electronic Corporation of India Limited
NVV Prasad	Executive Director	B.Tech	50	01.12.1999	27	4,635,941	Taraka Prabhu Publishers Pvt. Ltd.

**i) Conservation of energy, technology absorption and foreign exchange earnings/out goings:**

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

1. Conservation of energy: The Company does trading of various kinds of computer items and provide IT enabled services and does not use any energy. The electricity power consumption under LT is minimal hence the Company is not an energy intensive unit. However, the Company installed power efficient transformers and UPS systems to save the power cost.
2. Technology absorption, adaptation & innovation: The Company has not imported any technology.

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Software Development/Services	NIL	903000
<b>Total</b>	<b>NIL</b>	<b>903000</b>

**2. Expenditure in Foreign Currency (CIF): Nil (Previous Year Nil).****j) Directors' Responsibility Statement:**

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

- a. That in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;



- b. That the directors have selected such accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010 on a going concern basis.

**k) Acknowledgment:**

Your directors thank the shareholders, clients, vendors, investors and bankers for their continued support. Your directors place on record their appreciation of the contribution made by the employees at all levels. Your directors thank the Government of India, State Governments, Electronic Corporation of India Limited and Other Government Agencies for their support during the year and look forward to their patronized support.

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

Place: Hyderabad  
Date: 09.08.2010

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

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



## REPORT ON THE CORPORATE GOVERNANCE

### 1. Company's philosophy on Code of Governance:

The philosophy of the Company on Code of Governance envisages the attainment of highest levels of transparency, accountability, professionalism, risk management and equity in all facets of its operations in serving its stakeholders.

### 2. Board of Directors:

In furtherance of its corporate governance policy the Company ensures that all statutory, significant material information are placed before the Board/ Committee of directors for their approval to enable them to discharge their responsibilities as trustees.

#### Composition and category of Directors is as follows:

There are nine directors on the Board comprising, an independent non-executive chairman, two promoter whole time directors, two promoter non-executive directors, and four independent non-executive directors.

Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting:

During the year the Board met six times on 27.04.2009, 22.07.2009, 17.08.2009, 19.09.2009, 31.10.2009 and 29.01.2010.

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. Gopichand	6	6	Yes	Nil	Nil	1	Nil
Sri N.V.V. Prasad	6	6	Yes	Nil	Nil	1	Nil
Smt. T.Pavana Devi	6	6	Yes	Nil	Nil	1	Nil
Sri T.Bapaiah Choudary	6	6	Yes	1	1	Nil	Nil
Sri K. Rama Rao	6	6	Yes	3	Nil	1	Nil
Sri D.Seetharamaiah	6	6	Yes	1	1	6	5
Sri R.S.Bakkannavar	6	6	Yes	Nil	1	1	Nil
Dr.T.Hanuman Chowdary	6	6	Yes	Nil	Nil	3	1
Dr.T.V. Lakshmi	6	6	Yes	2	Nil	1	Nil

None of the Director is a member in more than 10 Committees and acts as a Chairman in more than 5 Committees across all companies in which he is a Director.

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

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

### 3. Audit Committee:

- a. There was no change in the constitution of the Audit Committee. The members of the Committee are:

Sri R.S.Bakkannavar	Chairman	Independent Director
Sri D. Seetharamaiah	Member	Independent Director
Sri K. Rama Rao	Member	Independent Director



- b. Brief description of the terms of reference to the Audit Committee:
1. Overseeing the Company's financial reporting process and the disclosure of its financial information.
  2. Recommending the appointment and removal of statutory auditors, their audit fee and also for any other services and the appointment of internal auditors and their remuneration.
  3. Reviewing and recommending the appointment and removal of managerial personnel, fixation of remuneration and also approval for payment for any other services as recommended by the Remuneration Committee.
  4. Reviewing with management of the annual financial statements before submission to the board, focusing primarily on,
    - any changes in accounting policies and practices,
    - major accounting entries based on exercise of judgment by management,
    - qualifications in draft audit report,
    - significant findings arising out of audit, discussion with internal and statutory auditors,
    - the going concern assumption,
    - compliance with accounting standards,
    - any related party transactions i.e transactions of the Company, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
    - Mandatory review of Management discussion and analysis of financial condition, results of operation, internal control etc.
  5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
  6. Reviewing the adequacy of internal audit functions.
  7. Discussion with internal auditors on any significant findings and follow up thereon.
  8. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  9. Discussion with external auditors before the audit commences of nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
  10. Reviewing the Company's financial and risk management policies.
  11. To look into the reasons for substantial defaults in the payment to the creditors.
  12. To consider and review any other matter as may be directed by the Board.

During the year, the Committee met 5 times on 25.04.2009, 22.07.2009, 14.08.2009, 31.10.2009 and 28.01.2010 respectively and all the members were present at all the meetings.

#### 4. Shareholders' Grievance Committee:

The Board constituted the shareholders' grievance committee comprising the following Directors

Sri T. Bapaiah Choudary	Chairman
Dr. T.V. Lakshmi	Member
Sri K. Rama Rao	Member

The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Committee, inter alia, recommends issue of duplicate certificates and reviews all matters connected with the securities transfers, redressing of shareholders' complaints.

During the year, the Committee met 4 times on 30.6.2009, 30.9.2009, 31.12.2009 and 31.3.2010 respectively and all the members were present at all the meetings.

The total number of complaints/requests received and replied to the satisfaction of shareholders during the year under review was 52. Outstanding complaints/requests as on 31st March 2010 were nil.