



TERA SOFTWARE LIMITED

**18th
ANNUAL
REPORT
2011-2012**



Independent Directors



Dr. P. S. Anuramalah
Director



Dr. T. Hanuman Chowdary
Director



Sri R.S. Bakkannavar
Director



Dr. T.V. Lakshmi
Director

Executive & Promoter Directors



Sri. T. Gopichand
Vice Chairman &
Managing Director



Sri K. Rama Rao
Director - Projects

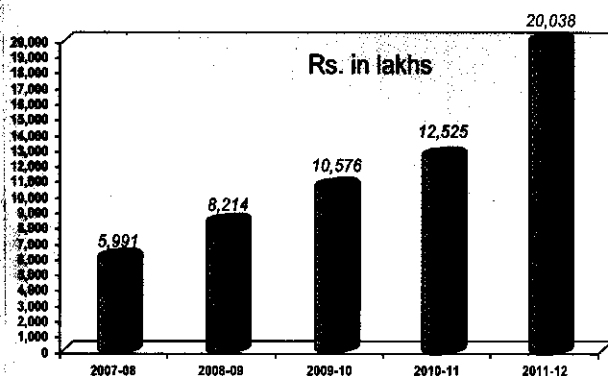


Sri T. Bapaiah Chowdary
Director

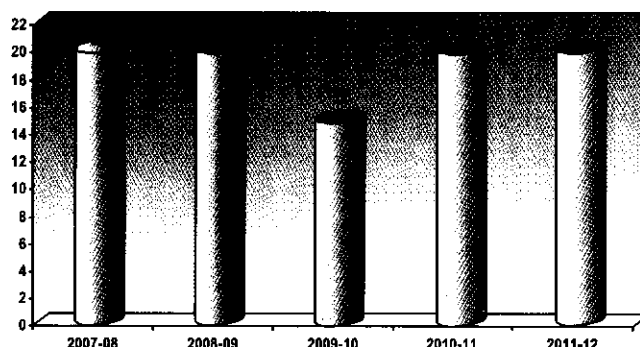


Smt. Pavana Devi
Director

GROSS TURNOVER



DIVIDEND PER SHARE (%)





BOARD OF DIRECTORS :

1.	Sri D. SEETHARAMAIAH	CHAIRMAN
2.	Sri T. BAPAAIAH CHOUDARY	DIRECTOR
3.	Sri R. S. BAKKANNAVAR	DIRECTOR
4.	Dr. T. HANUMAN CHOWDARY	DIRECTOR
5.	Dr. T. V. LAKSHMI	DIRECTOR
6.	Smt. T. PAVANA DEVI	DIRECTOR
7.	Sri K. RAMA RAO	WHOLE TIME DIRECTOR
8.	Sri T. GOPICHAND	VICE CHAIRMAN and MANAGING DIRECTOR

REGISTERED OFFICE:

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

AUDITORS:

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

BANKERS:

BANK OF MAHARASHTRA,
Basheerbagh,
Hyderabad - 500029.

CANARA BANK

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

REGISTRAR AND SHARE TRANSFER AGENTS:

M/s. Karvy Computershare Private Limited
Plot No.17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081, India.
Ph : 040 44655000, Fax : 040 23354042.
E-mail : eninward.ris@karvy.com



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of the Tera Software Limited will be held at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033, on Friday, the 28th day of September, 2012 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 31st March 2012, 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.T. Hanuman Chowdary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri R.S. Bakkannavar, who retires by rotation and being eligible, offers himself 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 up to the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place: Hyderabad
Date: 22.08.2012

Notes:

1. The explanatory statement in respect of item numbers 3 & 4 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 Tuesday, 25th September 2012 to Friday, 28th September 2012 (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 for Item no-3 & 4.

Particulars of Directors proposed to be elected as directors pursuant to Clause 49 of the Listing Agreement:

Serial Number	1	2
Name	Dr. T. Hanuman Chowdary	Sri. R.S. Bakkannavar
Designation	Director	Director
Age & Date of Birth	81 Years (18.10.1931)	71 Years (17.06.1941)
Qualification	B.Tech.	Post Graduate
Date of Appointment	19.09.2009	19.09.2009
Nature of Expertise in specific functional areas	Founder Chairman of VSNL, former IT advisor to Government of Andhra Pradesh and renowned name in the IT field.	Over three decades of rich experience in banking sector. Providing guidance on project financing.
Remuneration	₹1,03,000/- (Sitting Fees)	₹1,22,000/- (Sitting Fees)
No. of outside Directorships held	2	1
Chairman of the Committee of Board of Directors of the Company	NIL	Audit Committee
Member of the Committee of Board of Directors of the Company	(1) Audit Committee (2) Remuneration Committee (3) Management Committee	Management Committee
Chairman/member of the Committees of other Companies	1	NIL

By Order of the Board of Directors

Sd/-

(T. Gopichand)

Vice Chairman and Managing Director

Place: Hyderabad

Date: 22.08.2012



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report and the audited accounts of the company for the year ended 31st March 2012 together with Auditors' report thereon.

a) Financial Results:

(₹ In Lakh)

PARTICULARS	Year Ended 31.03.2012		Year Ended 31.03.2011	
Gross Income		20,163.47		12,637.64
Expenditure		15,646.46		10,650.37
Profit before interest, depreciation & tax		4,517.01		1,987.27
Less: Interest (Financial Cost)		938.36		241.93
Profit before depreciation & tax		3,578.65		1,745.34
Less: Depreciation		834.36		275.44
Profit before tax		2,744.29		1,469.90
Less: Provision for tax Current year	435.97		529.58	
Current Tax Expense relating to Earlier Years	(6.91)		24.50	
Deferred tax	458.78	887.84	(68.17)	485.91
Profit after tax		1,856.45		983.99
Add: Balance brought forward from Previous Year		1,573.54		1,380.38
Profit available for distribution		3,429.99		2,364.37
Less: Transferred to General Reserve	1000.00		500.00	
Proposed Dividend @ 20% (Previous Year 20%)	250.24		250.24	
Tax on distributable profits	40.59	1,290.83	40.59	790.83
Balance Carried to Balance Sheet		2,139.16		1,573.54

b) Dividend:

Your Directors are pleased to recommend a dividend of 20% absorbing a sum of ₹ 290.83 Lakhs including the tax on distributable profits.



c) Performance of the Company:

The Company achieved a turnover of ₹ 20,163.47 lakhs during the year and earned a net profit after tax of ₹ 1,856.47 Lakhs.

During the current year your company has added following three new business segments AADHAAR, NPR (National Population Register) and SWAN (State Wide Area Network). Collectively they account for a healthy order book on hand to be executed over next three years. During the year your company as an T3 F4 empanelled vendor for Unique Identification Authority of India, have enrolled 13.5 Million citizens with Bio-metric and Demographic information. Your company stood in top 3 companies with AADHAAR market share of 6.71%. Your company had established the required infrastructure and skillset to enroll 0.12 million citizens per day with which can enroll to a capacity of 36 million per year in coming years. Your Company is entitled to enroll about 5 crore citizens per year. Central government has planned to cover the entire Indian population of 120 Crores in about 4 years with coverage of 10 lakhs population per day

Your company under National Population Register project under the Registrar General of India has completed the (phase1) digitization of citizen database and is geared up to take up the phase two i.e biometric enrollment in the year FY 2012-13. Your Company is entitled to enroll about 5 crore citizens per year. Central government has planned to cover the entire Indian population of 120 crores in about 4 years with coverage of 10 lakhs population per day.

Your company firmly believes that bringing in of new customers and adding value to the existing relationships with our current customers will only help in getting additional business opportunities for your company. During the year client base of your company increased from 21 to 30.

Your company has acquired the following certifications which bring in the required pre qualifications and delivery of quality services in managing and implementing UIDAI (AADHAAR), NPR and other e-governance projects.

- Information Security Management System – ISO 27001:2005 for Software development, IT Enabled Services and IT Infrastructure Management.
- Information Technology Service Management System: ISO 20000:2005 for Software development, IT enabled Services and IT Infrastructure Management.
- Enhanced the ISO 9001: 2008 quality management system with enrollment, data capturing, De-Duplication and supply & maintenance of Biometric devices.
- Provisional STQC certificate for the supply and delivery of L1 Identity Solutions Inc, USA Biometric devices for UIDAI projects.

Future Opportunities:

E-governance in India is steadily evolving from basic digitization of government data and processes to actually facilitating delivery of various citizen services on-line. A common vision and strategy is being deliberated and firmed up across all levels of government central, state and local bodies. This approach has huge potential in garnering cost savings, increasing transparency, and presenting a seamless view of government to citizens.

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



Your company has pioneered many a prestigious projects in this domain of e-governance for various government agencies at the state and central level. The company today is standing on the threshold of contributing meaningfully to the National e-Governance mission. It has ambitions and plans in further designing creative solutions across a wide spectrum of industries for the dual benefit of citizens and the government, once the basic citizen identification biometric infrastructure is in place. The national e-Governance plan has a five year outlay of ₹ 80,000 crore. Your company is focusing to have a market share of 6%. This turns out to be a potential business of approximately ₹ 5000 Crore in the coming years. Your company continues to invest in the core e-governance solution capabilities to address this potential market in the next 5 years.

Your company is also planning to diversify into B2C services in the segments of Toll collection, Utility bill collection, Financial Inclusion by adopting mobile technologies to integrate into the current Citizen Services bandwidth.

As your Company enters a key strategic period in its evolution, the year ahead will be marked by growth in revenue and profits, whilst further strengthening our focus on customers and delivery.

d) Management Discussion and Analysis Report:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Management's discussion and Analysis Report is enclosed as Annexure – I to the Directors' Report.

e) Corporate Governance:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance along with the certificate issued by the Company's Statutory Auditors M/s. Narven Associates, Chartered Accountants thereupon is given as Annexure – II to the Directors Report.

f) Listing of Shares on Stock Exchanges:

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

g) Fixed Deposits:

The Company has accepted ₹ 36.00 Lakhs as 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 2011-2012.

h) Directors:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Dr. T. Hanuman Chowdary, Director and Sri .R.S.Bakkannavar, Director will be retiring at this annual general meeting and being eligible offer themselves for reappointment. During the financial year, Sri N.V.V Prasad, Executive Director and Sri M.V.S.R. Prasad, Additional Director of the Company resigned on 29.08.2011 and accepted by the Board at their meeting on 30.08.2011 and the same was informed to members of the Company at their Annual General Meeting held on 30.08.2011.

i) 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.

j) 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 (₹ in Lakh)	Previous Employment
Sri. T.Gopichand	V.C. & M.D.	M.Tech	53	01.09.1995	30	143.08	Electronic Corporation of India Limited
Sri. C.S.Ravindran	C.E.O.	BE	55	01.07.2010	31	70.09	Bartronics India Limited

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:

- Conservation of energy:** The Company does trading of various kinds of computer items and provides 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.

- Technology absorption, adaptation & innovation: The Company has not imported any technology.

- Foreign Exchange Earnings and outgo :

i. Earnings in Foreign Currency (FOB) : NIL

ii. Expenditure in Foreign Currency (CIF) : (₹ in Lakh)

Particulars	Current Year	Previous Year
Capital Contracts	343.88	198.06
Trading goods	22.48	31.33
Traveling	0.74	5.11
Total	367.10	234.50

iii. Value Of Imports On CIF Basis In Respect Of (₹ in Lakh)

Particulars	Current Year	Previous Year
Traded goods	22.48	1,150.15
Capital goods	343.88	398.55
TOTAL	366.36	1,548.70

l) Internal Control Systems :

Your Company has a well defined and documented Internal Control Systems which is adequately monitored.

m) 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, 2012 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 31st March, 2012 on a going concern basis.

n) Acknowledgment:

Your directors thank the 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 : 22.08.2012

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

Sd/-
(K. Rama Rao)
Wholetime Director