

# TERA SOFTWARE LIMITED



**19<sup>th</sup> ANNUAL REPORT  
2012-2013**



# **TERA SOFTWARE LIMITED**

## **Board of Directors**



**Sri.D.Seetharamaiah**  
**Chairman**



**Dr.T.Hanuman Chowdary**  
**Director**



**Sri.R.S. Bakkannavar**  
**Director**



**Dr.T.V. Lakshmi**  
**Director**



**Sri. T. Gopichand**  
**Vice Chairman &  
Managing Director**



**Sri. K. Rama Rao**  
**Wholetime Director**



**Sri. T. Bapaiah Chowdary**  
**Director**



**Smt. T. Pavana Devi**  
**Director**

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## BOARD OF DIRECTORS

|                          |                                     |
|--------------------------|-------------------------------------|
| Sri D. SEETHARAMAIAH     | CHAIRMAN                            |
| Sri T. BAPAI AH CHOWDARY | DIRECTOR                            |
| Sri R. S. BAKKANNAVAR    | DIRECTOR                            |
| Dr. T. HANUMAN CHOWDARY  | DIRECTOR                            |
| Dr. T. V. LAKSHMI        | DIRECTOR                            |
| Smt. T. PAVANA DEVI      | DIRECTOR                            |
| Sri K. RAMA RAO          | WHOLE TIME DIRECTOR                 |
| 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](mailto:info@terasoftware.com)  
Url : [www.terasoftware.com](http://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 : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## NOTICE

Notice is hereby given that the nineteenth Annual General Meeting of the members of Tera Software Limited will be held on Monday, 30<sup>th</sup> September, 2013 at 3.00 p.m. at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500033, to transact the following business:

### AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Dr. T.V.Lakshmi, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Sri T. Bapaiah Chowdary, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Narven Associates, Chartered Accountants (Registration No. 005905S) as statutory auditors of the Company and fix their remuneration.

**By Order of the Board of Directors**

Place: Hyderabad  
Date: 02.08.2013

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

### Notes:

1. A member entitled to attend and vote at the annual general meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy to be valid shall be lodged at the registered office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organisation.
2. Members / proxies are requested to bring their attendance slip along with their copy of annual report to the Meeting.
3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
4. The Register of Members and Share Transfer Books will remain closed from 23<sup>rd</sup> September, 2013 to 28<sup>th</sup> September, 2013 (both days inclusive).
5. Members whose shareholding is in the electronic mode are requested to inform change of address and updates of savings bank account details to their respective depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
6. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, India.
7. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID and Demat numbers for easy identification of attendance at the meeting.

## ANNEXURE TO THE NOTICE

### Details of Directors seeking re-appointment at the forthcoming AGM

(In Pursuance of Clause 49 (IV) (G) (i) of the Listing Agreement)

| Particulars   |  |  |
|---|--|--|
| Name  | Dr.T.V.Lakshmi   | Sri T. Bapaiah Chowdary                                      |
| Date of Birth   | 01.01.1959   | 04.08.1956   |
| Date of Appointment   | 28.09.2007   | 28.09.2007   |
| Qualification   | PhD  | Post Graduate  |
| Nature of Expertise in specific functional areas  | Experienced Scientist with strong R & D back ground especially in GIS/GPS and quality. | Noted business Man in Agri. Industry.                        |
| No. of Shares held in the Company as on 31.03.2013                                      | 2250   | 150000   |
| Member of the Committee of Board of Directors of the Company                            | Shareholder's Grievance Committee and Remuneration Committee                           | Shareholder's Grievance Committee and Remuneration Committee |
| Directorships held in other companies (excluding private limited and foreign companies) | 1  | Nil  |
| Chairman/member in mandatory committees of other companies                              | Nil  | Nil  |

**By Order of the Board of Directors**

Place: Hyderabad  
Date: 02.08.2013

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 19<sup>th</sup> Annual Report and the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2013 together with the Auditors' Report thereon.

### Financial Results:

(Rs. in Lakh)

| Particulars                                   | Year Ended<br>31.03.2013 | Year Ended<br>31.03.2012 |
|---|--------------------------|--------------------------|
| Gross Income                                  | 14,543.58                | 20,163.47                |
| Expenditure                                   | 11,623.06                | 15,646.46                |
| Profit before interest, depreciation & tax    | 2,920.52                 | 4,517.01                 |
| Less: Interest (Financial Cost)               | 1,184.39                 | 938.36                   |
| Profit before depreciation & tax              | 1,736.13                 | 3,578.65                 |
| Less: Depreciation                            | 1,099.31                 | 834.36                   |
| Profit before extraordinary items & tax       | 636.82                   | 2,744.29                 |
| Less: Extraordinary items                     | 20.00                    | --                       |
| Profit before Tax                             | 616.82                   | 2,744.29                 |
| Less: Provision for tax Current year          | 123.41                   | 435.97                   |
| MAT credit - F.Y.2012-13                      | (78.48)                  | (6.91)                   |
| Current Tax Expense relating to earlier years | 169.39                   | --                       |
| Deferred tax                                  | 46.06                    | 458.78                   |
| Profit for the year                           | 356.44                   | 1,856.45                 |

### Dividend:

Your Directors recommended a dividend of Re.1/- per equity share i.e. 10% on each equity share having face value of Rs.10/- each, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be Rs.145.42 Lakh including the tax on distributable profits.

### Performance of the Company:

You will note that your Company posted a turnover of Rs.14,543.58 Lakh for the year ended 31<sup>st</sup> March, 2013 as against Rs.20,163.47 Lakh in 2011-12. Your Company has registered a net profit of Rs.356.44 Lakh, as compared to previous year's net profit of Rs.1,856.45 Lakh. Your company built IT infrastructure to a tune of Rs.5,271.44 Lakh in the Financial year 2011-12 to deliver the services of



enrolment under the national prestigious projects AADHAAR & NPR (National Population Register). These projects have an outlay of Rs.12,000 Crore from Government of India. Due to the huge capital employed for future business, there were increases in financial costs, depreciation and coverage of service tax to the projects resulted in lesser net profit to a tune of 4.24% (previous year 13.61%) against PBIT 12.38%(previous year 18.26%). Further due to change in the processes adopted for enrollment and verification of citizen by the Government, has resulted into low production levels and revenue.

## **Management Discussion and Analysis Report:**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of this Annual Report.

## **Corporate Governance:**

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under the said Clause 49 also forms part of this Annual Report.

## **Secretarial Audit Report**

As a measure of good corporate governance practice, the Company has appointed M/s C.V. Reddy K & Associates, Practising Company Secretaries to conduct Secretarial Audit of the records and documents of the Company. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2013 forms part of this Annual Report.

## **Listing of Shares on Stock Exchanges:**

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited and Bangalore Stock Exchange Limited. The Annual listing fee has been paid up to date.

## **Fixed Deposits:**

In terms of the provisions of Section 58A of the Companies Act, 1956 and the rules made there under, the Company has accepted public fixed deposits during the year 2011-12 and continued to hold the same during the year 2012-13. There are no outstanding deposits as at the end of the financial year 2012-2013.

## **Directors:**

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Dr. T.V.Lakshmi and Sri T. Bapaiah Chowdary, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offered themselves for reappointment. The brief particulars of respective persons are given in the Annexure to the Notice of this Annual General Meeting. The Board recommends their re-appointment as Directors of the Company.



## Auditors:

The Statutory Auditors of the Company M/s. Narven Associates, Chartered Accountants, retire at the conclusion of the 19<sup>th</sup> Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Statutory Auditors, if reappointed. Your Board of Directors have recommended their reappointment, based on the recommendation of the Audit Committee to the members for their approval at the forthcoming Annual General Meeting of the Company, to hold office from the conclusion of the 19<sup>th</sup> Annual General Meeting up to the conclusion of the 20<sup>th</sup> Annual General Meeting.

## Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Particulars with respect to Conservation of energy, Technology observation and Foreign Exchange earnings and outgo as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1988 are given below:

**Conservation of energy:** The operations of the Company are not energy intensive and every effort has been made to ensure the optimal use of energy, avoid waste and conserve energy by using energy efficient computers and equipment with latest technologies.

**Technology absorption:** Your Company is constantly upgrading its technological excellence with emerging technologies.

## Foreign Exchange Earnings and outgo:

Foreign Exchange Earnings during the year: Nil

Foreign Exchange outgo:

### ● Expenditure in Foreign Currency (CIF): (Rs. in lakh)

| Particulars       | Current Year | Previous Year |
|-------------------|--------------|---------------|
| Trading goods     | Nil          | 22.48         |
| Capital Contracts | Nil          | 343.88        |
| Traveling         | 0.63         | 0.74          |
| <b>Total</b>      | <b>0.63</b>  | <b>367.10</b> |

### Value of Imports on CIF Basis in Respect of (Rs. in lakh)

| Particulars   | Current Year | Previous Year |
|---------------|--------------|---------------|
| Traded goods  | Nil          | 22.48         |
| Capital goods | Nil          | 343.88        |
| <b>TOTAL</b>  | <b>Nil</b>   | <b>366.36</b> |

## Particulars of Employees:

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

(Rs. in lakhs)

| Name          | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration Including Commission | Previous Employment                     |
|---------------|-------------|---------------|-------------|-----------------|--------------------|---|---|
| T.Gopichand   | V.C. & M.D. | M. Tech       | 54          | 01.09.1995      | 31                 | 87.96                                   | Electronic Corporation of India Limited |
| C.S.Ravindran | C.E.O.      | BE            | 56          | 01.07.2010      | 32                 | 60.09                                   | Bartronics India Limited                |

## Directors' Responsibility Statement:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- ❖ in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ❖ we have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date;
- ❖ we 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 and;
- ❖ the accounts for the year ended 31<sup>st</sup> March, 2013 have been prepared on a going concern basis.

## Acknowledgment:

Your Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Financial Institutions, Central and State Government Authorities, Electronic Corporation of India Limited and other Government Agencies, clients, consultants, suppliers, and Members of the Company and look forward for the same in greater measure in the coming years.

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

Place: Hyderabad  
Date: 02.08.2013

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

Sd/-  
**(K Rama Rao)**  
Wholetime Director