TERA SOFT
Redefining IT Solutions

TERA SOFTWARE LIMITED
8-2-293/82/A/1107,
Plot No.1107, Road No.55,
Jubilee Hills, Hyderabad -
500 033, Telangana, INDIA

Date: 25.09.2017

To,
BSE Limited
P.J Towers
Dalal Street,
Mumbai – 400 001.

Scrip: 533982

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla complex
Bandra(E), Mumbai – 400051

Symbol: TERASOFT

Dear Sir / Madam,

Sub: 23rd Annual General Meeting (AGM) Voting Results

In connection with the 23rd Annual General Meeting of the Company held on 23rd September, 2017, Please find attached the following:

1. Voting Results as required under Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed vide annexure-1

2. Report of the Scrutinizer dated 24th September, 2017, pursuant to section 108 of the Companies Act, 2013 and Rule 20(4)(xii) of the Companies (Management and Administration) Rules, 2014 is annexed vide annexure-2.

3. Annual Report for the Financial Year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the Member/Shareholders of the Company as per the provisions of the Companies Act, 2013.

Please take note that the above referred documents are also being uploaded on the website of the Company. We request you to kindly take the same on records.

Thanking You,

Yours truly,
For **TERA SOFTWARE LIMITED**

TERA SOFTWARE LIMITED HYDERABAD

T. Gopichand
Vice-Chairman & Managing Director
DIN: 00107886

TERA SOFTWARE LIMITED

CIN: L72200TG1994PLC018391

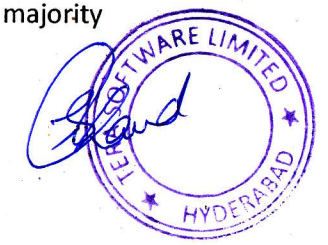
Reg office: No. 8-2-293/82/A/1107, Plot No. 1107,Road No. 55, Jubilee Hills, Hyderabad - 500033

Name of the Company	TERA SOFTWARE LIMITED
Date of the AGM/EGM	23-09-2017
Total number of shareholders on record date	8330
No. of shareholders present in the meeting either in person or through proxy:	
Promoters and Promoter Group:	4
Public:	604
No. of Shareholders attended the meeting through Video Conferencing	
Promoters and Promoter Group:	Not Applicable
Public:	Not Applicable

TERA SOFTWARE LIMITED HYDERABAD

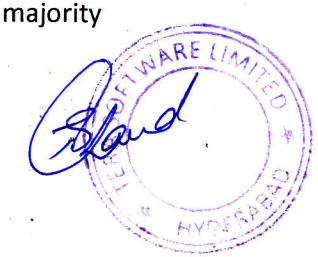
Resolution No.	1							
Resolution required: (Ordinary/ Special)	ORDINARY - To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2017							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	5885028	5885028	100.0000	5885028	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		5885028	100	5885028	0	100	0
Public- Institutions	E-Voting	13146	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0
Public- Non Institutions	E-Voting	6613701	3022	0.0457	2770	252	91.6611	8.3388
	Poll		1454	0.0220	203	1251	13.9614	86.0385
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4476	0.0677	2973	1503	66.4209	33.5791
	Total	12511875	5889504	47.0713	5888001	1503	99.9745	0.0255

Result: on the basis of the above result, the chairman declared that the Ordinary Resolution as set out in Item No.1 passed by Members with the requisite majority



Resolution No.	2							
Resolution required: (Ordinary/ Special)	ORDINARY - Re-appointment of Smt. Tummala Pavana Devi, Director (DIN: 00107698) as Director of the Company							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	5885028	5885028	100.0000	5885028	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		5885028	100	5885028	0	100	0
Public- Institutions	E-Voting	13146	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0
Public- Non Institutions	E-Voting	6613701	3022	0.0457	2520	502	83.3884	16.6115
	Poll		1454	0.0220	1203	251	82.7372	17.2627
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4476	0.0677	3723	753	83.1769	16.8231
	Total	12511875	5889504	47.0713	5888751	753	99.9872	0.0128

Result: on the basis of the above result, the chairman declared that the Ordinary Resolution as set out in Item No.2 passed by Members with the requisite majority



Resolution No.	3							
Resolution required: (Ordinary/ Special)	ORDINARY - Appointment of Statutory Auditors							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	5885028	5885028	100.0000	5885028	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		5885028	100	5885028	0	100	0
Public- Institutions	E-Voting	13146	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0
Public- Non Institutions	E-Voting	6613701	3022	0.0457	2770	252	91.6611	8.3388
	Poll		1454	0.0220	1203	251	82.7372	17.2627
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4476	0.0677	3973	503	88.7623	11.2377
	Total	12511875	5889504	47.0713	5889001	503	99.9915	0.0085

Result: on the basis of the above result, the chairman declared that the Ordinary Resolution as set out in Item No.3 passed by Members with the requisite majority



K CH VENKAT REDDY
BBM, FCS.

C.V. REDDY K & ASSOCIATES
COMPANY SECRETARIES
#402, Kamala Towers,
St.No.14, Himayath Nagar, Hyderabad-029.
Cell: 98492 42304 / 98497 42304
email: csvenkatreddy@gmail.com
cvreddykassociates@gmail.com
www.cvreddyandassociates.com

COMBINED SCRUTINIZER'S REPORT ON EVOTING & POLL

[Pursuant to Section 108 and 109 of the Companies Act, 2013 and Rule 20 and 21 of the Companies (Management and Administration) Rules, 2014 as amended to date]

To
The Chairman of the
23rd Annual General Meeting of
Tera Software Limited
8-2-293/82/A/1107, Plot No. 1107,
Road No: 55,Jubilee Hills, Hyderabad - 500033.

Ref: Report on resolutions passed through e-voting and poll conducted at the 23rd Annual General Meeting (AGM) of the members of M/s. Tera Software Limited held on Saturday the 23rd September, 2017 at 03.00 P.M., at 8-2-293/82/A/1107, Plot No. 1107, Road No. 55, Jubilee Hills, Hyderabad - 500033.

Dear Sir,

I, K Ch Venkat Redy Proprietor of C. V Reddy K & Associates, Company Secretaries, having its office at 402, Kamala Towers, Street No. 15, Himayathnagar, Hyderabad – 500029, Telangana, India, havebeen appointed as a Scrutinizer for M/s. Tera Software Limited ("the Company") for the purpose of scrutinizing the e-voting& poll process in a fair and transparent manner and ascertaining the requisite majority on e-voting carried out as per the provisions of Section 108 &109 of the Companies Act, 2013 read with Rule 20 and 21 of the Companies (Management and Administration) Rules, 2014 on the Resolutions contained in the Notice of the 23rdAnnual General Meeting of the members of the company, on Saturday,23rd September, 2017 at 03.00 P.M., at 8-2-293/82/A/1107, Plot No. 1107, Road No. 55, Jubilee Hills, Hyderabad - 500033.

1. The company has availed e-voting facility from M/s. Karvy Computershare Private Limited ("e-voting facilitator") for enabling the shareholders to cast their votes electronically.E-Votingand the poll at the Annual General Meeting venue is conducted under my supervision. At the time of poll, adequate care is taken such that no member who has cast his vote by remote e-voting prior to the meetingis not allowed to cast his vote again at the Annual General Meeting venue.



2. The e-voting period remained open from 9.00 A.M. on 20th September, 2017 till5.00 P.M. on 22nd September, 2017.

3. The Shareholders holding shares as on the"cut off" date i.e.15th day of September, 2017 were entitled to vote on the proposed resolutions (Item No. 1 to 3 as set out in the Notice of 23rdAnnual General Meeting ofthe Company.

4. After the time fixed for closing of the poll by the Chairmanoneballot box kept for polling wassealed in my presence with due identification marks placed by me.

5. The remote votes were unblocked on 22nddday of September, 2017 around 5.45P.Mand the sealed ballot boxes were opened on 23rddday of September, 2017 around 3.59 P.M. in the presence of two witnesses, Ms. C Bhandhavi and Mr. Ramana Reddy,who are not in the employment of the Company. The poll papers were reconciled with the records maintained by the Registrar and Transfer Agents of the company and the authorizations/ proxies lodged with the company.

6. Thereafter the details containing, inter-alia, the list of equity shareholders, who voted "For" and "Against" were downloaded from the e-voting website of Karvy Computershare Private Limited (KCPL) [https://www.evoting.karvy.com] and the same along with the information on polling of votes during the Annual General Meeting are handed over to the Company Secretary of the Company.

7. The poll papers, which were incomplete and / or which were otherwise found defective have been treated as invalid and kept separately.

8. Based on the data downloaded from the official e-voting website of the e-Voting facilitator and the poll conducted at the Annual General Meeting venue, I now submit combined report (of e-voting & Poll) as under:

Resolution 1 - Adoption of Accounts for the Year ended 31st March, 2017.

(i) Voted in favour of the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
18	5887798	37	203	55	5888001	99.9745

C.V. REDDY K & ASSOCIATES
FCS No.7976
CP No.8998
COMPANY SECRETARIES

(ii) Voted against the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
5	252	4	1251	9	1503	0.0255

(iii) Invalid Votes:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL
0	0	0	0	0	0

Resolution 2–Re - Appointment of Smt. Tummala Pavana Devi, Director liable to retire by rotation

(i) Voted in favour of the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
17	5887548	38	1203	55	5888751	99.9872

(ii) Voted against the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
6	502	3	251	9	753	0.0128

(iii) Invalid Votes:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL
0	0	0	0	0	0

Resolution 3 - Appointment of M/s. Mullapudi& Co., Chartered Accountants as Statutory Auditors of the Company and authorize the Board to fix their remuneration.

(i) Voted in favour of the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
18	5887798	38	1203	56	5889001	99.9915

(ii) Voted against the Resolution:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL	% of total number of valid votes cast
5	252	3	251	8	503	0.0085



(iii) Invalid Votes:

Number of members voted through electronic voting	Number of votes cast by e-voting	Number of members voted through POLL	Number of votes cast by POLL	Total Number of members voted through e-voting and by POLL	Total Number of votes cast by e-voting & by POLL
0	0	0	0	0	0

The Register, Poll Papers, all other papers and relevant records relating to electronic voting and Poll were sealed and the same are handed over to the Company Secretary of the companyimmediately after approval and signing of the minutes for safe keeping.

For C V Reddy K & Associates
Company Secretaries



K Ch Venkat Reddy
Proprietor
FCS:7976
CP NO:8998

Place: Hyderabad
Date: 24.09.2017

Digital Revolution



ANNUAL REPORT 2016-17

TERA SOFT
Redefining IT Solutions

TERA SOFTWARE LIMITED

TERA SOFT
Redefining IT Solutions

Felicitation

Felicitation at Head Office



Felicitation to our Director **Dr. T. Hanuman Chowdary** on achieving **"PADMA SRI"** award, **India's fourth-highest civilian award** after the Bharat Ratna, Padma Vibhushan and Padma Bhushan.



Board of Directors



Sri. Koteswara Rao SSR
Chairman



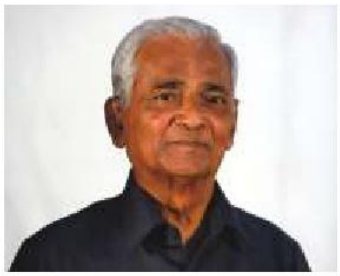
Sri. T. Gopichand
Vice-Chairman &
Managing Director



Sri. K. Rama Rao
Whole-Time Director



Dr. T. Hanuman Chowdary
Director



Sri. T. Bakkannavar
Director



Dr. T.V. Lakshmi
Director



Sri. T. Bapaiah Chowdary
Director



Smt. T. Pavana Devi
Director

BOARD AND COMMITTEES - TERA SOFTWARE LIMITED

Board of Directors

Sri. Koteswara Rao SSR
Chairman and Independent Director

Sri. T. Gopichand
Vice-Chairman & Managing Director

Sri K. Rama Rao
Whole-Time Director

Dr. T. Hanuman Chowdary
Independent Director

Sri. T. Bakkannavar
Independent Director

Dr. T.V. Lakshmi
Independent Director

Sri. T. Bapaiah Chowdary
Non Executive Director

Smt. T. Pavana Devi
Non Executive Director

Executive Officers

CH. Vijaya Bhaskar
Chief Financial Officer

O. Babu Reddy
AGM-F&A, Legal

Board Committees

Audit Committee

Sri. T. Bakkannavar
Chairman

Dr. T. Hanuman Chowdary

Sri. Koteswara Rao SSR

Nomination & Remuneration Committee

Dr. T. Hanuman Chowdary
Chairman

Dr. T.V. Lakshmi

Sri. T. Bapaiah Chowdary

Corporate Social Responsibility Committee

Dr. T. Hanuman Chowdary
Chairman

Sri. T. Bakkannavar

Smt. Pavana Devi

Sri. T. Gopichand

Stakeholders' Relationship Committee

Sri. T. Bapaiah Chowdary
Chairman

Dr. T.V. Lakshmi

Smt. T. Pavana Devi



TERA SOFT
Redefining IT Solutions

CORPORATE INFORMATION

Tera Software Limited

Registered Office

#8-2-293/82/A/1107, Plot No: 1107,
Road No: 55, Jubilee Hills,
Hyderabad-500033, Telangana
Tel: +91-40-23547447/48
Fax: +91-40-2354 7449

Company Secretary & Compliance Officer

B. Sowmya
#8-2-293/82/A/1107, Plot No: 1107,
Road No: 55, Jubilee Hills, Hyderabad-33
Tel: +91-40-23547447
Email: companysecretary@terasoftware.in
Website: www.terasoftware.in

Bankers

Bank of Maharashtra
Basheerbagh Branch,
Hyderguda, Hyderabad-500029

Canara Bank
Prime Corporate Branch
TSR Complex, S P Road,
Secunderabad-500003

Statutory Auditors

Narven Associates.,
Chartered Accountants
Himayat Nagar, Hyderabad 500029

Registrar & Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31 & 32
Financial District, Gachibowli,
Nanakramguda, Hyderabad-500008.
Phone No: 040-6716 1606
Fax No: 040-2300 1133
Toll Free No: 1800 345 4001
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Secretarial Auditors

C.V. Reddy K & Associates
Company Secretaries
Himayat Nagar, Hyderabad-500029



TERA SOFT
Redefining IT Solutions

INDEX

CONTENTS	Page No
Notice	1
Directors' Report	6
Management Discussion & Analysis	11
Corporate Governance Report	13
Secretarial Audit Report	25
Extract of Annual Return	28
Independent Auditors' Report	37
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Significant Accounting Policies	47
Notes on Financial Statements	50
Attendance & Proxy Form	64

TERA SOFTWARE LIMITED
Registered Office: 8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033
CIN: L72200TG1994PLC018391 Tel. No: 040-23547447, 040 - 23547448 Fax: 040 - 23547449
Email: info@terasoftware.in **Website:** www.terasoftware.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third (23rd) Annual General Meeting of the members of Tera Software Limited will be held on Saturday, 23rd September, 2017 at 3:00 PM at the registered office situated at #8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the reports of the Board of Directors & the Auditors thereon.
2. To appoint a Director in place of Smt. Tummala Pavana Devi, Director (DIN: 00107698), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 as amended from time to time and pursuant to the recommendations of the Audit Committee, M/s. Mullapudi & co, Chartered Accountants (Firm Registration No. 006707S), be appointed as the Statutory Auditors of the Company in place of retiring auditors M/s. Narven Associates, Chartered Accountants (Firm Registration No. 005905S), to hold office from the conclusion of this 23rd Annual General Meeting (AGM) until the conclusion of 28th AGM, subject to ratification by members every year, at such remuneration and out of pocket expenses as may be decided by the Board of Directors of the Company."

By Order of the Board of Directors

Sd/-
(T. Gopichand)
Vice Chairman and Managing Director
DIN: 00107886

Date : 22.05.2017
Place: Hyderabad

Notes:

1. The relevant details as required by Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of persons seeking re-appointment as Director under Item No.2 above are annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member. The proxy form (available elsewhere in the annual report) should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM. A person can act as proxy on behalf of shareholders not exceeding fifty (50) in number and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. Shareholders/proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM.
4. The Register of Members and Share Transfer Books will remain closed from 16th September, 2017 to 23rd September, 2017 (both days inclusive).
5. Shareholders holding shares in physical form may write to the Company/company's Registrar & Transfer agents for any change in their address and bank mandates; shareholders holding shares in electronic form may inform the same to their depository participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
6. In terms of Schedule I of the SEBI (LODR) Regulations, 2015, listed companies are required to use electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders.
   Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form may send a request for updating their bank details, to the Company's Registrar and Transfer Agent.
7. Shareholders who wish to claim unclaimed dividends of the past years, are requested to correspond with Mrs. B. Sowmya, Company Secretary, at the company's registered office. Shareholders are requested to note that dividends not encashed or claimed within 7 years from the date of transfer to the company's Unpaid Dividend Account, will as per the provisions of Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
8. Members who hold shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
9. **Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices and Circulars etc. from the Company electronically.**
10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. All documents referred to in the accompanying notice will be available for inspection at the registered office of the Company during business hours on all working days between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
12. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
13. The business set out in the Notice will also be transacted through electronic voting system (e-voting facility) and as required the Company is providing the said e-voting facility to its members. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members, who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by an e-mail.

14. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the agency to provide e-voting facility. The e-voting facility will be available at the link **https://evoting.karvy.com** and instructions and other information relating to e-voting is given in this notice under the heading Electronic Voting.
15. The members are requested to note that apart from aforesaid e-voting facility, ballot or polling paper will also be made available at the meeting to enable them to exercise their voting right at the meeting.

Electronic Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited, in respect of all resolutions set forth in this notice. The facility of casting votes by shareholders using an electronic voting system from a place other than the venue of the AGM is termed as 'Remote Electronic Voting' (e-voting)

Mr. K. CH. Venkat Reddy, Practising Company Secretary (Membership No.FCS 7976) has been appointed as the scrutinizer to scrutinize the voting process in a fair and transparent manner.

i. Under this mode the members may either cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') or at the venue of the meeting (insta poll). The insta poll facility shall be made available at the meeting to enable the members attending the meeting who have not cast their vote by remote e-voting can vote at the meeting through 'Insta Poll.
ii. The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
iii. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member/beneficial owner(in case of electronic shareholding) as on the cut-off date i.e.15th September, 2017.
iv. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 15th September, 2017, is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the **Karvy's toll free number 1-800-34-54-001 or send an email request to e-voting@karvy.com or companysecretary@terasoftware.in**
V. The remote e-voting will open at 9:00 A.M. (IST) on 20th September, 2017 and ends at 5:00 P.M. (IST) 22nd September, 2017. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 15th September, 2017, may cast their votes electronically. The remote e-voting module will be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder will not be allowed to change it subsequently or cast the vote again.
vi. At the AGM, at the end of discussion on the resolutions on which voting is to be held, the Chairman, with the assistance of scrutinizer, will order voting through ballot paper for all those shareholders who are present at the AGM but have not cast their votes electronically using the remote e-voting facility.
vii. Immediately after the conclusion of voting at the AGM, the Scrutinizer will first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company. The Scrutinizer will prepare a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than three days after the conclusion of the AGM. This report shall be made to the Chairman or any other person authorized by the Chairman, who will then declare the result of the voting.
viii. The voting results declared along with the Scrutinizer's Report will be placed on the company's website www.terasoftware.com and on the website of Karvy immediately after the declaration of the result by the Chairman or a person authorized by the Chairman. The results will also be immediately forwarded to the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).
ix. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 23rd September, 2017.

Guidelines for e-voting:

The procedure and instructions for e-voting are as follows:

1) In case a Member receives an email from Karvy Computershare Private Limited [for members whose email ID's are registered with the Depository Participants(s)]:

a. Launch internet browser by typing the URL: https://evoting.karvy.com.

b. Enter the login credentials (i.e. User ID and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

c. After entering these details appropriately, click on "LOGIN".

d. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

e. You need to login again with the new credentials.

f. On successful login, the system will prompt you to select the Event i.e. Tera Software Limited

g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

h. You may then cast your vote by selecting an appropriate option and click on "Submit".

i. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

j. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned (PDF Format) of the relevant Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to companysecretary@terasoftware.in. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "(Corporate Name)_____(EVENT NO.)"

2) In case a Member receives physical copy of the Notice by post [for members whose email IDs are not registered with the Depository Participants(s)]:

i. User ID and initial password - These will be sent separately.

ii. Please follow all steps from Sl. No. (a) to (j) as mentioned in (1) above, to cast your vote.

3. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

4. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting.karvy.com.

Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting [in pursuance of SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015.]

Name of Director	Tummala Pavana Devi
Date of Birth	22/06/1962
Qualification	B.Com
Expertise in specific functional areas	22 years of experience in Management Operations.
Date of Appointment	01/09/1995
No. of Shares held in the Company as on 31.03.2017	11,74,760 shares
Relationship with Directors and Key Managerial Personnel	Wife of Sri. T. Gopichand (Vice-Chairman & Managing Director)
Number of Board Meeting attended during the year	5
List of companies in which Directorship held as on 31.03.2017	Tera Media Cloud Solutions Limited.
Directorships, Membership/Chairmanship of Committees of Board of the Companies in which she is a Director as on 31.03.2017	a. Stakeholders Relationship Committee-Member b. Corporate Social Responsibility Committee- Member

By Order of the Board of Directors

Sd/-
(T. Gopichand)
Vice Chairman and Managing Director
DIN: 00107886

Date : 22.05.2017
Place: Hyderabad

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report on the business and operations of the Company and Financial Results for the year ended 31st March, 2017.

I. Financial Highlights:

During the year under review, performance of your company is as under:

(₹in Lakhs)

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Gross Income	25,614.82	17,515.69
Expenditure	23,114.11	15,372.19
Profit before Finance Cost, depreciation & tax	2,500.71	2,143.50
Less : Finance Cost	583.78	697.81
Depreciation	236.13	269.85
Profit before tax	1680.80	1,175.84
Less : Provision for Current tax	637.87	303.78
Tax Expense relating to earlier years	(4.87)	9.75
Deferred tax	(56.96)	90.58
Profit for the year	**1104.76**	**771.73**

II. OPERATIONS

The Company has achieved a turnover of Rs. 25,614.82 lakhs for the year ended 31st March, 2017 as against Rs. 17,515.69 lakhs in F.Y. 2015-16. Your Company has registered a net profit of 1104.76 lakhs, as compared to previous year's net profit of Rs. 771.73 lakhs.

III. MATERIAL CHANGES & COMMITMENTS:

The Company during the year has become an empanelled vendor with Andhra Pradesh State Fiber Net Limited (APSFL) for delivering the Last Mile Internet Services to the Government Institutions in the state of Andhra Pradesh.

The Company during the year has also become an empanelled vendor with Andhra Pradesh State Fiber Net Limited (APSFL) for supply of Customer Premises Equipment (CPE) for providing Triple Play Services (Internet, Cable & Telephone Services).

IV. DIVIDEND:

Your Directors have not recommended the payment of dividend for the F.Y. 2016-17. The management has taken this decision to conserve resources for the investment in the ongoing and new Projects and also to improve long term shareholder value by retaining earnings for growth & business expansion and also be prepared to invest in new business opportunities/projects.

V. FIXED DEPOSITS:

Your company has not accepted any deposits and as such, no amount of principal or interest is outstanding as on 31st March, 2017.

VI. SHARE CAPITAL:

During the year under review, the Company has not issued any shares either with differential voting rights nor employee stock options or sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

VII. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report as stipulated under Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto as **"Annexure-I"** and forms part of Annual Report.

VIII. CORPORATE GOVERNANCE:

The Company endeavors to maximize the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity. A report on Corporate Governance pursuant to the provisions of Corporate Governance

Code stipulated under SEBI (LODR) Regulations, 2015 is annexed and forms part of the annual report. The Auditors' Certificate regarding compliance of conditions of corporate governance is enclosed as **"Annexure - II".**

IX. BOARD & COMMITTEE MEETING:

The Board of Directors met Five (5) times during the year. The Board has constituted an Audit Committee with all Independent Directors namely Sri R.S.Bakkannavar (Chairman), Dr T. Hanuman Chowdary and Sri Koteswara Rao SSR as Members. There have not been any instances during the year, where recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the limits prescribed under the Act and the SEBI(LODR)Regulations,2015.

X. DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. RETIREMENT BY ROTATION

Pursuant to Section 152 of Companies Act, 2013 and rules framed thereunder, Smt. Pavana Devi (DIN: 00107698), Director will retire at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

B. CHANGES IN KEY MANAGERIAL PERSONNEL

Sri. K. Rama Rao (DIN: 00108659), ceased to be Whole Time-Director with effect from 31st March, 2017. Your directors place on record their appreciation and gratitude to him for his valuable contributions during his tenure as director.

C. DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given declarations stating that they meet the criteria of independence as provided under Section 149(6) of Companies Act, 2013. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the rules made thereunder and are independent of the management.

D. PERFORMANCE EVALUATION

The annual evaluation framework for assessing the performance of Directors comprises of the following key areas:

- Composition of Board & Committees
- Attendance for the meetings, participation and independence during the meetings
- Experience, Competencies, Knowledge & Proficiency
- Role and accountability of the Board.

Separate exercise was carried out to evaluate the performance of individual Directors including the Board & Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and independent judgment etc. The evaluation of the Independent Directors and that of the Chairman was carried out by the entire Board and the evaluation of Non- Independent Directors was carried out by the Independent Directors. A separate meeting of Independent Directors was also held during the year wherein the performance of Chairman, Board and Executive Directors was evaluated. A member of the Committee and the Board does not participate in the discussion of his/her evaluation.

E. NOMINATION & REMUNERATION POLICY

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015

The Nomination and Remuneration Committee has considered the following factors while formulating the Policy:

i The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors required to run the Company successfully;

ii Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

Iii Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company. Details of the Remuneration Policy are given in the Corporate Governance Report.

XI. AUDITORS & AUDITORS REPORT:

i. STATUTORY AUDITORS:

The Statutory Auditors of the Company, M/s. Narven Associates, Chartered Accountants have been appointed as statutory auditors of the company on 30th September, 2014 for a period of three years. Hence, on the completion

of the said term and pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014. It is proposed to appoint M/s. Mullapudi & Co., Chartered Accountants, (Firm Reg no: 006707S) Hyderabad, in the ensuing Annual General Meeting as Statutory Auditors of the Company for one term of five consecutive years i.e. from F.Y. 2017-2018 to F.Y. 2021-2022 subject to ratification of such appointment every year by the members at every Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

The Statutory Auditors' Report by M/s. Narven Associates, Chartered Accountants does not contain any reservation, qualification or adverse remark.

ii. SECRETARIAL AUDITORS:

During the year, the Company has appointed M/s. C.V. Reddy K & Associates, Practising Company Secretaries as Secretarial Auditor. The Secretarial Audit report for the financial year 2016-17 is annexed herewith as **"Annexure-III"** to this Report. The Secretarial Audit Report does not contain any reservation, qualification or adverse remark.

XII. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186:

The Company has not made any loan, given guarantee or provided security or investments pursuant to the provisions of Section 186 of Companies Act, 2013.

XIII. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) 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.

(B) Technology absorption:

The Company is constantly upgrading its technological excellence with emerging technologies. It has not incurred any expenditure on Research and Development.

(C) Foreign exchange earnings and Outgo:

Foreign Exchange Earnings during the year: **Nil**

Foreign Exchange outgo: **Rs. 10,14,94,605**

XIV. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name	Designation	Ratio to Median Remuneration
Mr. T. Gopichand	Vice-Chairman & Managing Director	957
Mr. K. Rama Rao	Whole-Time Director	232

b. The percentage increase in remuneration in each Director, Chief Financial Officer, Company Secretary in the financial year:

Name	Designation	Ratio to Median Remuneration
Mr. Vijaya Bhaskar	Chief Financial Officer	Nil
Mr. Pavan Pise	Company Secretary	Nil

c. The percentage increase in the median remuneration of employees in the financial year: Nil

d. The number of permanent employees on the rolls of the Company as on 31st March, 2017: 1253

e. The relationship between average increase in remuneration and company performance is mainly governed by the marked trend.

f. Comparison on the remuneration of the Key Managerial Personnel against the performance of the Company was in line with Business Results.

g. Variations in the market capitalization of the Company, Price Earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31st March, 2017	31st March, 2016	% Change
Market Capitalization (Rs.crores)	127.25	104.03	23.22
Price Earnings Ratio	11.57	13.30	-1.73

h. Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer:

Particulars	31st March, 2017	IPO price	% Change
Market Price (BSE)	101.70	10	917%
Market Price (NSE)	101.50	10	915%

i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2016-17: Nil

j. The Key parameters for any variable component of remuneration availed by the directors:
The payment of sitting fees to the non-executive directors of the Company is well within the applicable provisions of the Act. The said sitting fees is determined by the board of directors, based on the recommendations made by the Nomination and Remuneration Committee and is paid amongst non-executive directors based on their attendance and contribution at the board and certain committee meetings.

k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None

l. Affirmation that the remuneration is as per the remuneration policy of the Company:
The company affirms that the remuneration is as per its remuneration policy.

XV CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee formed pursuant to section 135 of Companies Act, 2013 has approved a spend of rupees 14,28,787/- towards CSR activities. However, the approved amount could not be spent as the company is in the process of identifying the appropriate areas. The Company's core interest is in rural development projects and is in the process of analyzing the options available for implementation

XVI HUMAN RESOURCES

'Human Resources' are recognized as a key pillar of any successful organization and so is for Tera Software Limited. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company adopts a HR policy and ensures that all the employees are aware of such policies. The needs of the employees are addressed with high importance and efforts are made to provide a healthy environment. Besides all these, the company places high emphasis on professional etiquette and integrity.

XVII. RISK MANAGEMENT

The provisions related to the Risk Management Committee as stated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. However, the Company has a Risk Management Committee and Risk Management Framework to identify, evaluate, mitigate and monitor the risk management in the Company. The Committee is responsible for reviewing risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risk and controls.

XVIII. INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System to commensurate with the size and scale of its operations. The scope of the internal audit is decided by the Audit Committee and the Board. To maintain its objectivity and independence, the Board has appointed an internal auditor, who reports to the Audit Committee and the Board on a periodic basis. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the company, its compliance with operating systems, accounting procedures and policies Audit observations and actions taken thereof are presented to the Audit Committee.

XIV. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. It provides for the directors and employees to report genuine concerns and provides adequate safeguards against victimization of persons who use such mechanism. The Policy on vigil mechanism may be accessed on the Company's website at the link: **http://terasoftware.com/investors/vigil-blower-policy/** . There were no complaints received during the financial year 2016-17.

XX. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

XI. LISTING OF SHARES ON STOCK EXCHANGES:

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited and also on National Stock Exchange Limited with effect from 29th December, 2016. The Annual listing fee of both the stock exchanges has been paid.

XXII. EXTRACT OF ANNUAL RETURN:

The extract of the Annual Return, in form MGT 9 for the financial year 2016-17 is annexed herewith as **"Annexure - IV"**

XXIII. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 is prescribed in form AOC-2 and is appended as **"Annexure V"** to the Board's report.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large

All Related Party Transactions have been placed before the Audit Committee for their approval and to the Board, as and when required. In certain cases prior omnibus approval of the Audit Committee is obtained on a yearly basis. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the audit committee on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

XXIV. SEXUAL HARASSMENT

Your Company always believes and endeavors to provide safe and healthy environment, which is free from discrimination and harassment including sexual harassment. During the year, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder

XXV. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors to the best of their knowledge and ability confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) We have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;

c) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis; and

e) The Company had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

f) We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGMENT:

Your Directors place on record their gratitude to the Central, State Governments and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. The Directors would also like to thank the Shareholders, Customers, Employees, dealers, suppliers and all other stakeholders for their continued support and confidence in its management.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Date : 22.05.2017	**(Koteswara Rao SSR)**	**(T. Gopichand)**
Place: Hyderabad	Chairman	Vice Chairman and
	DIN: 00964290	Managing Director
		DIN: 00107886

MANAGEMENT DISCUSSION AND ANALYSIS

Annexure-I

The Company operates in the areas of IT, ITES and various e-governance projects of Public Sector Undertakings, State Governments and Central Government of India. Your company implements the projects as System Integrator/PPP model (BOOT, BOO, BOMT). Currently, the Company has its operational presence in 15 states of India.

ECONOMIC SCENARIO AND OUTLOOK

Information Technology (IT) industry in India is playing a key role in putting India on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. The journey of e-Governance initiatives in India took a broader dimension, where it has been that a lot more thrust is required to ensure e-Governance in the country to promote inclusive growth that covers electronic services, products, devices and job opportunities.

In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the DIGITAL INDIA programme with the vision to transform India into a digitally empowered society and knowledge economy.

GOVERNMENT INITIATIVES

Some of the major initiatives taken by the government to promote IT and ITe's sector in India are as follows:

- The Government of India has announced and allocated funds for BharatNet project under which it aims to provide high speed broadband to more than 150,000 gram panchayats.
- The Bharat Interface for Money (BHIM) app, an Aadhaar-based mobile payment application that will allow users to make digital payments without having to use a credit or debit card.
- A free Doordarshan DTH channel called DigiShala, which will help people understand the use of unified payments interface (UPI), USSD, aadhaar-enabled payments system, electronic wallets, debit and credit cards, thereby promoting various modes of digital payments..
- The Government of India plans to revamp the United Payment Interface (UPI) and Unstructured Supplementary Service Data (USSD), to make it easier for consumers to transact digitally either with or without an Internet connection with the aim of strengthening and making India a digital economy.

OPPORTUNITIES

With the introduction of the concept of e-governance, both the Central and State Governments are keen in implementing different projects in time.

The Company has a positive outlook for the coming years and plans to target the above opportunities as your company is strong in its domain, where it can successfully implement and execute projects.

RISKS & CONCERNS

IT is one sector that is spreading its wings fast throughout the world and India is becoming a preferred destination for global IT players because of the E-Governance initiatives to the second largest citizen base of world. As a result the competitive pressure is intensifying among the local players and global players. As more than 50% of the business opportunities are on the PPP model the companies with large capital base and cash reserves are greater threats in executing the projects with minimized financial costs. Your Company has to operate in this competitive scenario and capture the market to hold its foot firmly and to upkeep the brand name.

- **Technology Obsolescence**
  These are the days when technology takes no time to become obsolete. Thus, to be on par with the competitors your Company is continually making effort to ensure that it constantly updates and upgrades its technology.
- **Government Policies**
  Government policies are subject to change, and any such change can adversely impact the Company plans for growth. All the projects currently done by Tera Software are all budgeted, tendered with agreements duly signed by the competent authorities.
- **Increasing Competition**
  The entry of large players will result in fierce competition and raising the bar for eligibility. This will impact the business of the Company. The company's management is continuously making efforts to mitigate this risk.
- **Funding Requirements**
  The E-governance programs involve long gestation projects that will require to be funded with secure financing over the project lifespan. The management is aware of this and has taken the necessary initiatives to mitigate the risk.
- **Time and Cost Constraints**
  As all E-governance projects are funded and controlled by the Government, there are possibilities of delay in implementation, which could adversely impact the Company's bottom-line. The Management is aware of this and is continuously making efforts to mitigate the risk.

COMPANY'S OUTLOOK

E-governance in India is progressively evolving from basic digitization of government data and processes to actually facilitating delivery of various citizen services online. 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.

Following are accomplishments of Tera Software :

- Tera Software has become an empanelled vendor with Andhra Pradesh State Fiber Net Limited (APSFL) for delivering the Last Mile Internet Services to the Government Institutions in the state of Andhra Pradesh.
- The Company during the year has also become an empanelled vendor with Andhra Pradesh State Fiber Net Limited (APSFL) for supply of Customer Premises Equipment (CPE) for providing Triple Play Services (Internet, Cable & Telephone Services).
- Tera Software is the only Company in India to execute UIDAI Project in 4 Metro Cities (Delhi, Mumbai, Kolkata, and Chennai).
- Tera Software is the first Company to start Permanent Aadhaar Centres in the Country and the first Company to have started E-Aadhaar roll-outs as well as corrections / modifications of the Aadhaar Enrollments.
- Tera Software is positioned 4th in the country in terms of Enrollment Agency.
- Tera Software is the first Company to integrate NPR with UIDAI and thereby had developed and generated new software called Linker Software to enable the citizens to rollout the National Identity Card in future.
- Tera Software is in the process of developing E-Governance Software exclusively on the Payment Gateway through Rupay and thereby expanding the same for Direct Beneficiary Transfer at a lower cost than Master / Visa.
- As a part of company's contribution in development of North Eastern States, Tera Software has commissioned Nagaland SWAN project and thereby the Nagaland State remote places are now connected through our State Wide Area Network which has enabled them to progress efficiently in all the departments.
- Tera Software has acquired CMMI Level3 Certification, ISO 9001:2008 Certification, ISO/IEC 20000-1:2011 certification, ISO/IEC 27001:2013 certification.

The Company has a positive outlook for the upcoming years and endeavors to achieve a steady business performance. Your Company anticipates new projects that will be undertaken during the coming years

INTERNAL CONTROLS SYSTEMS AND ADEQUACY

Tera Software has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and all the transactions are authorized, recorded and reported correctly; financial and other data are reliable for preparing financial information and other data for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The total revenue for the F.Y. 2016-17 is Rs. 25,614.82 lakhs.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

There are no material developments in the Human Resources area. The Company constantly reviews the man power requirements and has a properly equipped department to take care of the requirements. The total number of people employed by the Company as on 31.03.2017 is 1253.

CORPORATE GOVERNANCE REPORT

Annexure-II

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to maintain high standards of Corporate Governance. To us, Corporate Governance means conduct of business with transparency, compliance, accountability and prosperity with the ultimate objective of realizing long term shareholder's value, whilst taking into account the interest of all other stakeholders.

BOARD OF DIRECTORS:

The Board of Directors, as on 31.03.2017, comprised of *2 Executive Directors, 2 Non-Executive Directors and 4 Non-Executive & Independent Directors. The composition of the Board is in conformity with the provisions of the SEBI(Listing Obligations and Disclosure Requirements) Regualtions,2015.

** Sri. K. Rama Rao ceased to be Director of the Company w.e.f. 31st March, 2017.*

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the governance guidelines for board effectiveness is adopted by the Company. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

The Company has formulated a policy to familiarize the independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. The details of such familiarization programmes are disclosed on the website of the company www.terasoftware.com

The Board of Directors met five (5) times during the financial year i.e. on 28.05.2016, 30.07.2016, 30.09.2016, 05.11.2016 and 11.02.2017 and the maximum time gap between any two meetings was less than one hundred and twenty days, as stipulated under SEBI(LODR) Regualtions,2015.

The meetings of the Board are governed by a structured agenda. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings. Necessary information as required under the act and as per the guidelines on Corporate Governance are placed before the board and reviewed by them from time to time.

None of the directors on the board is a Member of more than 10 committees or Chairman of more than 5 committees, across all companies in which he/she is a director. The necessary disclosures regarding committee positions have been made by the directors. All independent directors have provided an affirmation of their independence as required under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The names and categories of the directors on the Board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other public companies as on 31st March, 2017 are given herein below:

Name of the Director	Category	Board Meetings		**No. of Directorships in public companies	***No. of Committee positions held in public companies	
		Held	Attended		Chairman	Member
Sri. T. Gopichand	Vice Chairman & Managing Director	5	5	1	-	-
*Sri K. Rama Rao	Whole-Time Director	5	4	2	-	-
Sri. Koteswara Rao SSR	Independent Non-Executive	5	5	4	1	2
Sri. T. Hanuman Chowdary	Independent Non-Executive	5	5	3	2	1
Sri R.S.Bakkannavar	Independent Non-Executive	5	5	2	1	-
Dr. T.V. Lakshmi	Independent Non-Executive	5	5	1	-	1
Sri T.Bapaiah Chowdary	Non-Executive	5	5	1	1	-
Smt. T.Pavana Devi	Non-Executive	5	5	2	-	1

* Sri K. Rama Rao resigned as Director w.e.f 31st March, 2017

** In the above table the number of directorships does not include directorships of private limited companies, companies registered under section 8 of Companies Act, 2013/section 25 of Companies Act, 1956.

***Chairmanship/Membership of committees includes only Audit Committee & Stakeholders Relationship Committees of public limited companies including Tera Software Limited.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE;

Name of the Director	Nature of Relationship
T. Pavana Devi (Non-Executive Director)	Spouse of T. Gopichand- (Vice Chairman & Managing Director of the Company)
T. Bapaiah Chowdary (Non-Executive Director)	Brother of T. Gopichand- (Vice Chairman & Managing Director of the Company)

INDEPENDENT DIRECTORS' MEETING

Separate meeting of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 was held during the year and all independent directors as on date were present at the said meeting.

CODE OF CONDUCT

The Board has prescribed the Code of Conduct for its Board Members and Senior Management. The Managing Director has confirmed to the Board that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31st March, 2017. A declaration to this effect signed by Managing Director has been incorporated in the Annual Report.

BOARD AND DIRECTOR EVALUATION AND CRITERIA FOR EVALUATION

Pursuant to the provisions of the Act and the SEBI (LODR) Regulations, 2015 the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees respectively. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A Separate exercise was carried out to evaluate the performance of individual Directors including the Board & Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and independent judgment etc. The evaluation of the Independent Directors and that of the Chairman was carried out by the entire Board and the evaluation of Non- Independent Directors was carried out by the Independent Directors.

LISTING AGREEMENT:

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. The Company entered into Listing Agreement with BSE Limited and listed its shares on National Stock Exchange Limited w.e.f 29th Dec, 2016.

BOARD COMMITTEES:

The Meetings of each of the Committees are convened by the respective Chairman of the Committees and also informed the Board about the summary of discussions held in the committee meetings. The minutes of the committee meetings are sent to all Directors individually and tabled at the respective Board / Committee Meetings.

The Company has five (5) level committees namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee.

The constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein

Audit Committee:

During the financial year ended 31st March, 2017, the audit committee met 4 times on 27.05.2016, 30.07.2016, 05.11.2016 and 11.02.2017.

Name	Category	Position	No of Meetings attended
Sri R.S.Bakkannavar	Non Executive & Independent Director	Chairman	4
Dr. T. Hanuman Chowdary	Non Executive & Independent Director	Member	4
Sri Koteswara Rao SSR	Non Executive & Independent Director	Member	4

BRIEF DESCRIPTION OF TERMS OF REFERENCE IS AS FOLLOWS:

- Oversight of the Company's financial reporting process and disclosure of its financial information
- Review of financial statements before submission to the Board for approval
- Recommend to the Board the appointment, re-appointment, remuneration and terms of appointment of auditors, fixation of audit fees.
- Review of adequacy of internal control systems and internal audit functions;
- Review the performance of the internal and statutory auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee comprises of three Members of which one member is an Independent Director. The Committee is governed by the following terms of reference:

- To approve Transfer/Transmission of shares
- Issue of Duplicate Share Certificates.
- Review of share dematerialization and rematerialization.
- Monitoring the expeditious redressal of Investor Grievances.
- Monitoring the performance of company's Registrar & Transfer Agent.
- All other matters related to the shares.

The Committee met four times during the year i.e. on 30.06.2016, 30.09.2016, 31.12.2016, and 31.03.2017. The details of composition of the Committee is as under:

Name	Category	Position	No of Meetings attended
Sri T. Bapaiah Chowdary	Non Executive Director	Chairman	4
Dr. T.V. Lakshmi	Non Executive & Independent Director	Member	4
Smt. T. Pavana Devi	Non Executive Director	Member	4

During the year, 10 complaints of general nature (non-receipt of annual reports/ dividend warrants.) received from the shareholders were attended promptly and replied/resolved to the satisfaction of the concerned shareholder. There are no pending complaints at the close of the financial year. The Company designated a separate email ID for investor grievances viz: info@terasoftware.in

Compliance Officer Name and Address:

B. Sowmya,
Company Secretary,
Tera Software Limited,
8-2-293/82/A/1107, P. No. 1107, R. No. 55, Jubilee Hills,
Hyderabad – 500033.
E-mail: companysecretary@terasoftware.in

Nomination And Remuneration Committee:

The Nomination and Remuneration Committee comprises of three Members of which 2 members are Independent Directors. The Committee is governed by the following terms of reference:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity.

During the year under review, the Committee met 2 times on 28.05.2016, and 11.02.2017.

Name	Category	Position	No of Meetings attended
Dr. T. Hanuman Chowdary	Non Executive & Independent Director	Member	2
Dr. T.V. Lakshmi	Non Executive & Independent Director	Member	2
Sri T.Bapaiah Chowdary	Non Executive & Director	Member	2

Performance Evaluation Criteria for Independent Directors

The Board has adopted a formal performance evaluation policy for evaluating the performance of the Independent Directors. The exercise was carried out through a structured evaluation process covering various aspects such as attendance at meetings of Board on the commitment of fostering a culture of leadership with trust, competencies, performance of specific duties and obligations. The evaluation of the Independent Directors was carried out by the entire board excluding the director being evaluated.

REMUNERATION OF DIRECTORS:

(a) All pecuniary relationship or transactions of the non-executive directors vis- à-vis the listed entity:

The Non-executive Directors except of one director does not have any pecuniary relationship or transactions vis-à-vis the listed entity except for receiving sitting fees for attending meetings of the Board and Committees. However, the transaction between such director and the company is disclosed in form AOC-2, appended hereto in the annual report.

(b) Criteria of making payments to non-executive directors:

The Non-Executive / Independent Directors receive sitting fees as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors

Any remuneration to the Non- Executive / Independent Directors (excluding sitting fees for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration if the following conditions are satisfied:

i) The Services are rendered by such Director in his capacity as the professional; and

ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(c) Disclosures with respect to remuneration:

(i) All elements of remuneration package of individual directors summarized under major groups:

(₹ in Lakhs)

Sl.No	Name of the Director	Salary	Sitting Fees	Total
1	T. Gopichand	84.22	-	84.22
2	K. Rama Rao	20.40	-	20.40
3	Koteswara Rao SSR	-	0.90	0.90
4	R.S.Bakkannavar	-	0.97	0.97
5	Dr. T. Hanuman Chowdary	-	1.11	1.11
6	Dr. T.V. Lakshmi	-	0.92	0.92
7	T. Bapaiah Chowdary	-	0.92	0.92
8	T. Pavana Devi	-	0.85	0.85

(i) Details of fixed component and performance linked incentives, along with the performance criteria: The Company does not have any performance linked incentives for the Executive Directors. The appointments are made for a fixed period of time on the terms and conditions in the respective resolution passed by the Members in the General Meeting

(ii) Service contracts, notice period, severance fees- Nil

(iii) Stock option details: Nil

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 with the following terms of reference:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Attend to such other matters and functions as may be prescribed from time to time.

The CSR policy of the Company is available on our website, www.terasoftware.com under investors section.

During the year, the committee met 1 time i.e. on 11.02.2017.

The CSR commitee comprises of 5 Directors:

Name	Category	Position	No of Meetings attended
Dr. T. Hanuman Chowdary	Non Executive & Independent Director	Member	1
Sri R.S. Bakkannavar	Non Executive & Independent Director	Member	1
Sri T.Gopichand	Executive Director	Member	1
Smt T. Pavana Devi	Non-Executive Director	Member	1
*Sri K. Rama Rao	Executive Director	Member	1

*Sri K. Rama Rao ceased to be Director of the Company w.e.f 31st March, 2017. Hence, ceases to be a member of the Committee.

RISK MANAGEMENT COMMITTEE:

The Company has voluntarily formed Risk Management Committee though the provisions of SEBI (LODR) Regulations, 2015 are not applicable. The Committee has been delegated the authority by the Board to review and monitor the implementation of the risk management policy of the Company.

No meeting of this Committee was held during the financial year i.e. 2016-17.

The Committee Comprises of:

Name	Category	Chairman/Member
Sri T.Gopichand	Executive Director	Chairman
Sri. Koteswara Rao SSR	Non Executive & Independent Director	Member
*Sri K. Rama Rao	Executive Director	Member

*Sri K. Rama Rao ceased to be Director of the Company w.e.f 31st March, 2017. Hence, ceases to be a member of the Committee

GENERAL BODY MEETINGS:

The Board uses the annual general meeting as a means to communicate with shareholders and encourages their participation. The date, time and venue of the Annual General Meetings held during the preceding three years and the special Resolution (s) passed thereat are as follows:

Annual General Meeting	Venue	Date & Time	Special Resolution passed
22nd AGM	Best Western Jubilee Ridge, Plot No. 38 & 39, Kavuri Hills, Near Hi-tech city, Madhapur, Hyderabad	30th September, 2016 3.00 P.M.	1. Re-appointment of Sri. T. Gopichand as Managing Director of the Company for a period of five(5) years w.e.f 1st September, 2016. 2. Appointment of Sri K. Rama Rao as Whole Time Director of the Company. 3. Alteration of Articles of Association of the Company. 4. Approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section-II, Part-II of Schedule V of Companies Act, 2013 in case of Company having no profit or inadequate profits in any financial year to Sri. T. Gopichand, Vice Chairman & Managing Director of the Company.
21st AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	30th September, 2015 3.00 P.M.	Nil
20th AGM	Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad	30th September, 2014 3.00 P.M.	1. Appointment of Mr. Koteswara Rao SSR as Independent Director. 2. Appointment of Dr. T. Hanuman Chowdary as Independent Director. 3. Appointment of Mr. R.S. Bankkannavar as Independent Director 4. Appointment of Dr. T.V. Lakshmi as Independent Director 5. Approval for doubling limits of remuneration payable to managerial personnel specified in Para-A, Section-II, Part-II of Schedule V of Companies Act, 2013 in case of Company having no profit or inadequate profits in any financial year to Sri. T. Gopichand, Vice Chairman & Managing Director of the Company. 6. To borrow under section 180(1)(c) such sum(s) of money not exceeding Rs. 1000 crores for the purpose of business of the company. 7. To create charge/mortgage assets and undertakings of the Company under Section 180(1)(a) of the Companies Act,2013. To alter Articles of Association of the Company in conformity with the Companies Act, 2013.

All the special resolutions were passed with requisite majority by e-voting & poll.

Means of Communication:

The unaudited quarterly results are announced within forty-five days of the close of the quarter. The aforesaid financial results are sent to BSE & NSE and also uploaded on the Company's website **www.terasoftware.com** immediately after these are approved by the Board. The results are thereafter published in the leading English newspaper namely Financial Express and Telugu newspaper namely Nava Telangana.

The audited financial statements forms part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to BSE & NSE and placing on its website all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members.

General Shareholder Information

I.	AGM - Date, Time and Venue	**Saturday, 23rd September, 2017 at 03:00 PM** at #8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033, Telangana.
II.	Financial Year:	April 1, 2016 to March 31, 2017.
III.	Date of Book Closure:	16th September, 2017 to 23rd September, 2017 (both days inclusive).
IV.	Listing on stock exchanges:	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra-kurla Complex, Bandra (East), Mumbai-400051. (The Company listed its shares on NSE w.e.f 29th December, 2016) The company has paid the annual listing fees to each of the stock exchanges.
V.	Stock code:	BSE : 533982 NSE: TERASOFT
Vi	Company's ISIN:	INE482B01010

Vii. Market price data

The monthly high and low stock quotations during the financial year in BSE & NSE are given below

Month & Year	BSE		SENSEX		NSE (Listed Securities w.e.f 29th December, 2016		NIFTY	
	High	Low	High	Low	High	Low	High	Low
April-16	99.70	82.00	26100.54	24523.20	-	-	-	-
May-16	98.00	82.00	26837.20	25057.93	-	-	-	-
Jun-16	93.50	80.00	27105.41	25911.33	-	-	-	-
Jul-16	93.70	80.00	28240.20	27034.14	-	-	-	-
Aug-16	104.90	75.10	28532.25	27627.97	-	-	-	-
Sept-16	92.00	75.05	29077.28	27716.78	-	-	-	-
Oct-16	98.40	84.20	28477.65	27488.30	-	-	-	-
Nov-16	117.40	73.25	28029.8	25717.93	-	-	-	-
Dec-16	116.75	79.15	26803.76	25753.74	114.38	105.75	8154.05	8067.78
Jan-17	132.60	106.80	27980.39	26447.06	123.45	115.70	8415.46	8351.34
Feb-17	114.00	88.65	29065.31	27590.10	102.69	97.05	8844.13	8772.41
Mar-17	108.50	93.10	29824.62	28716.21	101.84	97.56	9074.76	9020.71

Viii. Registrars and Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda,
Serilingampally Mandal, Hyderabad 500032 **Tel:** 040 6716 1606, **Fax:** 040-2300 1133 **Toll Free No:** 1800-3454-001
E-mail: einward.ris@karvy.com **Website: www.karvycomputershare.com**

ix. Share Transfer System

The Company's shares are in demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.

The Company appointed M/s. Karvy Computershare Private Limited as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

X. Distribution of Shareholding as on 31st March, 2017

Category (Shares)	No. of Cases	% of Cases	No. of Shares	% to equity
1 - 5000	6472	81.05	911214	7.28
5001 - 10000	706	8.84	574876	4.59
10001 - 20000	333	4.17	505615	4.04
20001 - 30000	126	1.58	323660	2.59
30001 - 40000	79	0.99	280509	2.24
40001 - 50000	64	0.80	298541	2.39
50001 - 100000	102	1.28	713582	5.70
100001 and above	103	1.29	8903878	71.17
Total:	**7985**	**100.00**	**12511875**	**100.00**

Shareholding Pattern as on 31st March, 2017:

Sl. No	Category of Shareholder	No. Shareholders	Total Shares%	of Total Shares
A	**Shareholding of Promoter & Promoter Group**			
	Indian			
	Individuals/Hindu Undivided Family	9	5903752	47.19
	Foreign	Nil	Nil	Nil
B.	**Public Shareholding:**			
	Institutions:			
	Financial Institutions/Banks	2	3998	0.03
	Non-Institutions:			
	Bodies Corporate	250	734091	5.87
	Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	7518	3809255	30.45
	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	32	1700704	13.59
	NBFC's registered with RBI	1	50	0.00
	Any others-Clearing Members	57	43110	0.34
	Any others- NRI	87	197979	1.58
	Any others- NRI Non-Repatriation	26	11874	0.09
	Any others -Trusts	3	107062	0.86
	Total:	**7985**	**12511875**	**100.00**

xi. Dematerialization of Shares:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories, viz. National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL).

Details of shares held in physical and dematerialized form as on 31st March, 2017:

Mode of Holding	No. of Shares	% of Total Shares
NSDL	1,03,61,843	82.82
CDSL	20,28,479	16.21
Physical	1,21,553	0.97
Total:	**1,25,11,875**	**100.00**

99.03% of Company's paid-up Equity Share Capital has been dematerialized up to 31st March, 2017. The Company's shares are liquid and actively traded.

xii. Outstanding of unclaimed dividend amounts:

In terms of Section 124 of the Companies Act,2013 (Sections 205A and 205C of the Companies Act, 1956), the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account to the Investor Education and Protection Fund (IEPF). Members are requested to claim their dividend(s) if any, unclaimed from the Company before transfer to the Investor Education and Protection Fund.

In compliance with Sections 124 and other related provisions, if any of the Companies Act,2013, the Company transferred on 17th November, 2016 unclaimed dividend amounting to Rs. 2,48,134/- pertaining to the financial year 2008-2009 to the Investor Education and Protection Fund. Members are further requested to note that on completion of 7 years, no claims shall lie against the said fund or company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claims.

Details of outstanding amount of unclaimed dividend lying in Unpaid Dividend Account as on 31st March, 2017

Financial year ended	Date of declaration of Dividend	Amount remaining Unclaimed as on 31.03.2017 (in Rs.)	Last date for claiming unpaid dividend amount (before)	Last date for transfer to IEPF
31.03.2010	21/09/2010	1,98,087.50	27/10/2017	26/11/2017
31.03.2011	30/08/2011	5,09,574	06/10/2018	05/11/2018
31.03.2012	28/09/2012	3,23,744	03/11/2019	02/12/2019
31.03.2013	30/09/2013	1,31,863	05/11/2020	04/12/2020
31.03.2014	30/09/2014	1,32,049.60	05/11/2021	04/12/2021
31.03.2015	30/09/2015	1,00,511.20	05/11/2022	04/12/2022
31.03.2016	30/09/2016	1,49,307.60	05/11/2023	04/12/2023

Xiii.Address for Correspondence:

Company

M/s. Tera Software Limited

CIN: L72200TG1994PLC018391

#8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033

Tel. Nos. 040-23547447/8 Fax : 040 - 23547449

E-Mail: info@terasoftware.com

Website: www.terasoftware.com

Registrars and Transfer Agent

Karvy Computershare Private Limited

Karvy Selenium Tower B,

Plot 31&32, Gachibowli, Financial District,

Nanakramguda, Serilingampally, Hyderabad-500032

Tel:040 67161606; fax: 040-23001153

Toll Free No: 1800-3454-001

E-mail: einward.ris@karvy.com

Website:www.karvycomputershare.com

Other Disclosures:

i. **Related party transactions:**
There are no materially significant related party transactions during the F.Y. 2016-17 that has potential conflict of interest with the interest of Company at large.

ii. There was no non-compliance by the Company for which penalties or 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.

iii. The Vice Chairman & Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the SEBI(LODR)Regulations,2015 pertaining to CEO/ CFO certification for the Financial Year ended 31st March, 2017.

iv. The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee. The said policy has been uploaded on the website of the Company at **www.terasoftware.com**

v. The Company has complied with corporate governance requirements specified in regulation 17 to 27 (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as were applicable.

vi. **Risk Management**
The provisions of Regulation 21 of LODR Regulations, 2015 are not applicable to the Company. However the detailed framework relating to the Risk Management has been provided under the Section of Directors' Report in the Annual Report.

vii. **Prohibition of Insider Trading:**
The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code provides for periodical disclosures from Directors and designated employees as well as pre-clearances of transactions by such persons.

viii. **The status on the compliance with the non-mandatory recommendation in the SEBI Regulations is as under:**

- The Non-Executive Chairman maintains a separate office, for which the Company is not required to reimburse expenses.
- During the year under review, there is no audit qualification in the company's financial statements.
- The Internal Auditor directly reports to the Audit Committee.

The Chairman of the Board is a Non-Executive & Independent Director and his position is separate from that of the Vice Chairman & Managing Director.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Tera Software Limited,
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Tera Software Limited, Hyderabad, for the year ended on 31st March 2017, as stipulated in Chapter IV of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements)Regulations,2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements)Regulations,2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For NARVEN ASSOCIATES
Chartered Accountants
Firm Reg. no: 005905S

Sd/-
(CA G.V.Ramana)
Partner
Membership No:025995

Place : Hyderabad.
Date : 22.05.2017

DECLARATION BY THE MANAGING DIRECTOR UNDER SEBI (LODR) REGULATIONS, 2015

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board Members and Senior Management Personnel have confirmed with the Code of Conduct for the year ended 31st March, 2017.

For Tera Software Limited

Sd/-
(T.Gopichand)
Vice Chairman and Managing Director
DIN: 00107886

Date : 22.05.2017
Place : Hyderabad

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERITIFCATION

To

The Board of Directors
Tera Software Limited

We, T. Gopichand Vice-Chairman & Managing Director and Ch. Vijaya Bhaskar, Chief Financial Officer of Tera Software Limited, to the best of our knowledge and belief, certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;

ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies.

d) i. There has not been significant changes in internal control over financial reporting during the year under reference;

ii. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements;

iii. There has not been any instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date : 22.05.2017
Place : Hyderabad

Sd/
Ch. Vijaya Bhaskar
Chief Financial Officer

Sd/-
T. Gopichand
Vice Chairman and Managing Director

Annexure-III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

To,
The Members,
Tera Software Limited
Plot No: 1107, Road No: 55,
Jubilee Hills, Hyderabad-500 033.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tera Software Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Tera Software Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Tera Software Limited** ("the Company") for the financial year ended on **31st March, 2017** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not issued any ESOPS or ESPS Scheme during the financial year under review.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued and listed any debt securities during the financial year under review

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the Company has not de-listed any debt securities during the financial year under review

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;Not applicable as the Company has not bought back/proposed to buy back any of its securities during the financial year under review

(vi) The EPF & Misc. Provisions Act, 1952;

(vii) Other Laws applicable specifically to the Company, namely:

- Information Technology Act, 2000;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(Ii) The Listing Agreements entered into by the Company with BSE (Bombay Stock Exchange) & NSE (National Stock Exchange)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company to commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Signature:
Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
Membershio No.: 7976
C P No.: 8998

Place: Hyderabad
Date: 22.05.2017

This report is to be read with our letter of even date which is annexed as' Annexure A' and forms an integral part of this report.

Annexure-A

To,
The Members,
Tera Software Limited
Plot No: 1107, Road No: 55,
Jubilee Hills, Hyderabad-500 033.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
CS K.CH. VENKAT REDDY
For C. V. REDDY K & ASSOCIATES
Company Secretaries
Membershio No.: 7976
C P No.: 8998

Place: Hyderabad
Date : 22.05.2017

Annexure-IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2017 of Tera Software Limited

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L72200TG1994PLC018391
ii.	Registration Date	26.09.1994
iii.	Name of the Company	Tera Software Limited
iv.	Category / Sub-Category of the Company	Company limited by Shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	#8-2-293/82/A/1107, Road No: 55, Plot No: 1107, Jubilee Hills, Hyderabad-500033, Telangana. Tel: 040-23547447, 040 - 23547448 Fax : 040 - 23547449 Email: info@terasoftware.com; Website: www.terasoftware.com
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500032, Telangana Contact Person: Mohammed Shanoor, *Officer-Corporate Registry* Ph: 040-6716 1606, Fax No. 040-23001133 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main Products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	IT & Integrated related services	6201	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
None					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2016)				No. of Shares held at the end of the year(31st March, 2017)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	5911002	--	5911002	47.24	5903752	--	5903752	47.19	-0.05
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1):-	5911002	--	5911002	47.24	5903752	--	5903752	47.19	-0.05
2) Foreign									
a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
B) Other-Individuals	--	--	--	--	--	--	--	--	--
C) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
F) Any Other….	--	--	--	--	--	--	--	--	--
Sub-total(A)(2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	5911002	--	5911002	47.24	5903752	--	5903752	47.19	-0.05
B. Public Shareholding									
1) Institutions									--
a) Mutual Funds/UTI	--	--	--	--	--	--	--	--	
b) Financial Institutions / Banks	--	--	--	--	3998	--	3998	0.03	0.03
c) Central Government/State Governments(s)	--	--	--	--	--	--	--	--	--
D) Venture Capital Funds	--	--	--	--	--	--	--	--	--
E) Insurance Companies	--	--	--	--	--	--	--	--	--
f) Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
g) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total(B)(1)	--	--	--	--	3998	--	3998	0.03	0.03
2. Non Institutions									
a) Bodies Corporate	707412	--	707412	5.65	734091	--	734091	5.87	0.22
b) Individuals									
(i) Individuals holding nominal share capital upto Rs. 1 lakh	2600323	113803	2714126	21.69	3097567	109053	3206620	25.63	3.94
(ii) Individuals holding nominal Share capital in excess of Rs.1 lakh	2662819	12500	2675319	21.38	2290839	12500	2303339	18.41	-2.97
c) Others									
NBFC's registered with RBI	--	--	--	--	50	--	50	0.00	0.00
Clearing Members	98879	--	98879	0.79	43110	--	43110	0.34	-0.45
Non Resident Indians	298075	--	298075	2.38	197979	--	197979	1.58	-0.80
NRI Non-Repatriation	--	--	--	--	11874	--	11874	0.09	0.09
Trusts	107062	--	107062	0.86	107062	--	107062	0.86	--
d) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
Sub-Total B(2):	6474570	126303	6600873	52.76	6482572	121553	6604125	52.78	0.02
Total B=B(1)+ B(2):	6474570	126303	6600873	52.76	6486570	121553	6608123	52.81	0.05
Total (A+B):	12385572	126303	12511875	100.00	12390322	121553	12511875	100	0.00
c) Shares held by custodians for GDR's & ADR's	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C):	12385572	126303	12511875	100.00	12390322	121553	12511875	100	0.00

II SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2016)			Share holding at the end of the year (31st March, 2017)			
		No. of Shares	% of total shares of the company	%of Shares Pledged / Encumbered to total Shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / Encumbered To total shares	% change in Share holding during the year
1.	Tummala Gopichand	3166554	25.30	3.44	2416554	19.31	3.44	-5.99
2.	Tummala Pavana Devi	1972924	15.77	1.02	1174760	9.39	1.02	-6.38
3.	Tummala Tulasi Rani	57250	0.46	--	50000	0.41	--	-0.05
4.	Tummala Bapaiah Choudary	150000	1.20	0.12	150000	1.20	0.12	--
5.	N Sri Durga	226537	1.81	--	226537	1.81	--	--
6.	Madhu Mitra Tummala	91308	0.73	0.07	841308	6.72	0.07	5.99
7.	T Seetharamamma	136875	1.09	--	136875	1.09	--	--
8.	Raja Sekhar Tummala	109554	0.88	--	907718	7.26	--	6.38
	Total	**5911002**	**47.24**	**4.65**	**5903752**	**47.19**	**4.65**	**–**

III) CHANGE IN PROMOTERS' SHAREHOLDING

Sl No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (E.g. Allotment / transfer / bonus/ sweat equity etc).				
1	Tummala GopiChand				
	At the beginning of the year	**3166554**	**25.30**	**3166554**	**25.30**
	Transfer on 21.10.2016	750000	-5.99	2416554	19.31
	At the End of the Year			**2416554**	**19.31**
2	Tummala Pavana Devi				
	At the beginning of the year	**1972924**	**15.77**	**1972924**	**15.77**
	Transfer on 21.10.2016	798164	-6.38	11,74,760	9.39
	At the End of the Year			**1174760**	**9.39**
3	Tummala Tulasi Rani				
	At the beginning of the year	**57250**	**0.46**	**57250**	**0.46**
	Sale on 10.02.2017	7250	-0.05	50,000	0.41
	At the End of the Year			**50,000**	**0.41**
4	Tummala Bapaiah Choudary				
	At the beginning of the year	**150000**	**1.20**	**150000**	**1.20**
	At the End of the Year			**150000**	**1.20**
5	N Sri Durga				
	At the beginning of the year	**226537**	**1.81**	**226537**	**1.81**
	At the End of the Year			**226537**	**1.81**
6	Madhu Mitra Tummala				
	At the beginning of the year	**91308**	**0.73**	**91308**	**0.73**
	Transfer on 21.10.2016	750,000	5.99	841308	6.72
	At the End of the Year			**841308**	**6.72**
7	T Seetharamamma				
	At the beginning of the year	**136875**	**1.09**	**136875**	**1.09**
	At the End of the Year			**136875**	**1.09**
8	Raja Sekhar Tummala				
	At the beginning of the year	**109554**	**0.88**	**109554**	**0.88**
	Transfer on 21.10.2016	798164	6.38	907718	7.26
	At the End of the Year			**907718**	**7.26**

iv Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of shares	% of total shares of the company
1.	Rajesh Dinkar Fowkar	3,42,946	2.74	-	46,824	2,96,122	2.37
2.	Manoj Dua	1,94,462	1.55	-	63,652	1,30,810	1.05
3.	Jasmine Jayant Thakkar	1,34,606	1.08	-	84,606	50,000	0.40
4.	Pradip S Kampani	1,12,186	0.90	-	85,527	26,659	0.21
5.	Pravin Nanji Gala Huf	75,000	0.60	33,000		1,08,000	0.86
6.	Protechsoft Systems P Ltd	1,02,507	0.82	-	-	1,02,507	0.82
7.	Camel Foods Pvt. Ltd	88,913	0.71	-	88,913	-	-
8.	Nipun Mehta	80,000	0.64	-	2,000	78,000	0.62
9.	Anil Gurmukh Bhagwani	79,927	0.64	-	-	79,927	0.64
10.	Nirmala Pravin Gala	78,000	0.62	-	-	78,000	0.62

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
Share Holding of KMP					
1	T. Gopichand Vice Chairman & Managing Director	31,66,554	25.30	24,16,554	19.31
2.	Mr. K. Rama Rao, WTD	-	-	-	-
3.	Mr. Ch.Vijaya Bhaskar, CFO	-	-	-	-
4.	Mr. Pavan Pise, CS	-	-	-	-
Shareholding of Other Directors					
1.	T. Pavana Devi	19,72,924	15.77	11,74,760	9.39
2.	T.Bapaiah Chowdary	1,50,000	1.20	No change during the year	
3.	Dr. T.V. Lakshmi,	2,250	0.020	No change during the year	
4.	Dr. T. Hanuman Chowdary	-	-		-
5.	Mr. R.S. Bakkannavar	-	-		-
6.	Mr. Koteswara Rao SSR	-	-		-

VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43,71,08,537			43,71,08,537
ii) Interest due but not paid	-			
iii) Interest accrued but not due	-			
Total(i+ii+iii)	**43,71,08,537**			**43,71,08,537**
Change in Indebtedness during the financial year				
- Addition	3,77,67,077	36,00,000		4,13,67,077
- Reduction	1,93,38,598			1,93,38,598
Net Change	**1,84,28,479**	**36,00,000**		**2,20,28,479**
Indebtedness at the end of the financial year				
i) Principal Amount	45,55,37,016	36,00,000		45,91,37,016
ii) Interest due but not paid	-	29,203		29,203
iii) Interest accrued but not due	-	-		-
Total(i+ii+iii)	**45,55,37,016**	**36,29,203**		**45,91,66,219**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

(Amount in Rs.)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1	**Gross salary**	**T. Gopichand** Vice Chairman & MD	**K. Rama Rao** WTD	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,21,600	20,40,000	1,04,61,600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	**Stock Option**	-	-	-
3	**Sweat Equity**	-	-	-
4	**Commission**	-	-	-
	- as % of profit - others, specify...	-	-	-
5	**Others, please specify**			
	Total (A)	**84,21,600**	**20,40,000**	**1,04,61,600**
	Ceiling as per the Act	**Within the limits of Para-A, Section II, Part-II of Schedule V of the Companies Act, 2013.**		

B. Remuneration to other directors:

(Amount in Rs.)

Sl. No	Particulars of Remuneration	Sitting Fee for attending the Board/Committee Meeting
1.	**Independent Directors**	
(i)	Dr. T. Hanuman Chowdary	1,11,000
(ii)	R.S.Bakkannavar	97,000
(iii)	Koteswar Rao SSR	90,000
(iv)	Dr. T.V. Lakshmi	92,000
	Total (1)	**3,90,000**
2.	**Other Non-Executive Directors**	
(i)	T. Bapaiah Chowdary	92,000
(ii)	T. Pavana Devi	85,000
	Total (2)	**1,77,000**
	Total = (1+2)	**5,67,000**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of the KMP other than MD/WTD/Manager		Total
		Ch. Vijaya Bhaskar Chief Financial Officer	**Pavan Pise** Company Secretary	
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,54,965	3,62,408	14,17,373
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	–
2	**Stock Option**	--	--	--
3	**Sweat Equity**	--	--	--
4	**Commission**			
	- as % of profit - others, specify...	--	--	--
5	**Others, please specify**	--	--	--
	Total	**10,54,965**	**3,62,408**	**14,17,373**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees Imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			**NONE**		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			**NONE**		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			**NONE**		
Punishment					
Compounding					

Annexure-V

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at Arm's length basis.**
   The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17.
2. **Details of contracts or arrangements or transactions at arm's length basis.**

Sl. No	Particulars	Details
1.	Name(s) of the related party and nature of relationship	Raja Enterprises is owned and controlled by Sri. T. Bapaiah Chowdary, Director of the Company.
2.	Nature of contracts/arrangements/transactions	Purchase of materials
3.	Duration of the contracts/arrangements/transactions	12 Months
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	NA
5.	Date(s) of approval by the Board, if any:	28.05.2016
6.	Amount paid as advances, if any:	Nil

For and on behalf of the Board of Directors

Sd/-
(Koteswara Rao SSR)
Chairman
DIN: 00964290

Sd/-
(T. Gopichand)
Vice-Chairman & Managing Director
DIN: 00107886

Place: Hyderabad
Date: 22.05.2017

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, 2017, statement of profit and loss, 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, 2017, 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 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.25C 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.

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (Refer to Note No-28 to the audited Financial Statements).

For **NARVEN ASSOCIATES**
Chartered Accountants
Firm Regn. No: 005905S

Sd/-
G.V.Ramana
Partner
Membership No: 025995

Date : 22.05.2017
Place: Hyderabad

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, 2017

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 and any other material statutory dues as applicable to it except in case of Service Tax of Rs.1,19,99,545 and VAT of Rs.28,90,080

(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 and any other material statutory in arrears as at 31/03/2017 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	2,40,840	2016-17

(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	Deputy Commissioner (Appeals), Kerala
2	The Kerala VAT Rules, 2005	Value Added Tax	61,50,240	2006-07	Deputy Commissioner (Appeals), Kerala
3	The Kerala VAT Rules, 2005	Value Added Tax	7,42,446	2007-08	Deputy Commissioner (Appeals), Kerala
4	The Kerala VAT Rules, 2005	Value Added Tax	8,52,280	2008-09	Deputy Commissioner (Appeals), Kerala
5	The Kerala VAT Rules, 2005	Value Added Tax	4,66,474	2009-10	Deputy Commissioner (Appeals), Kerala
6	The AP VAT	Value Added Tax	50,70,072	2015-16	Deputy Commissioner (Appeals), Andhra Pradesh
7	The AP VAT	Value Added Tax	87,81,759	2016-17	Deputy Commissioner (Appeals), Andhra Pradesh
8	The AP VAT	Penalty on VAT	12,67,518	2015-16	Deputy Commissioner (Appeals), Andhra Pradesh
9	The AP VAT	Penalty on VAT	21,95,440	2016-17	Deputy Commissioner (Appeals), Andhra Pradesh
10	The Finance Act 1994	Service Tax	3,99,98,766	2011-12	CESTAT-Hyderabad
11	The Finance Act 1994	Penalty On Service Tax	4,00,08,766	2011-12	CESTAT-Hyderabad
12	The Finance Act 1994	Service Tax	15,40,170	2008-09 to 2012-13	CESTAT-Hyderabad
13	The Finance Act 1994	Penalty On Service Tax	15,50,170	2008-09 to 2012-13	CESTAT-Hyderabad

viii In our opinion and according to the information and explanation 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.

For NARVEN ASSOCIATES
Chartered Accountants
FRN: 005905S

Sd/-
G.V.Ramana
(PARTNER)
Membership No.025995

Place : Hyderabad
Date : 22-05-2017

Annexure -A 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 31st March 2017 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 31st March 2017, 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.

For **NARVEN ASSOCIATES**
Chartered Accountants
Firm Regn. No: 005905S

Sd/-
G.V.Ramana
(Partner)
Membership No: 025995

Date : 22.05.2017
Place: Hyderabad

BALANCE SHEET AS AT 31st MARCH, 2017

(₹ in Lakhs)

Particulars	Note No	Figures as at the end of current reporting period 31.03.2017	Figures as at the end of previous reporting period 31.03.2016
1	2	3	4
i. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	1	1,251.19	1,251.19
(b) Reserves and surplus	2	7,566.44	6,461.68
(c) Money Received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	31.35	43.24
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	5	452.13	477.70
(d) Long-term provisions	6	21.41	19.47
(4) Current liabilities			
(a) Short-term borrowings	7	4,548.42	4,284.45
1[(b) Trade payables;-	8	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditor's other than micro enterprises and small enterprises]		5,193.54	7,289.19
(c) Other current liabilities	9	1,097.15	1,117.32
(d) Short-term provisions	10	396.91	488.13
Total Liabilities		**20,558.54**	**21,432.37**
ii. Assets			
Non-current assets			
(1) (a) Fixed assets			
(I) Tangible assets	11	1,249.34	1,182.73
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		99.01	220.09
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax Asset (Net)	4	210.35	153.39
(d) Long-term loans and advances	12	275.28	213.90
(e) Other non-current assets	13	247.08	321.46
(1) Current assets		-	
(a) Current Investments		-	
(b) Inventories	14	612.27	809.42
(c) Trade receivables	15	15,693.14	15,039.14
(d) Cash and cash equivalents	16	813.56	2,906.68
(e) Short-term loans and advances	17	905.55	473.88
(f) Other current assets	18	452.96	111.68
Total Assets		**20,558.54**	**21,432.37**

As per our report of even date
for NARVEN ASSOCIATES
Firm No. 005905S
Chartered Accountants

Sd/-
CA. G.V. RAMANA
Partner
M.No. 025995

Place: Hyderabad
Date : 22.05.2017

Sd/-
(Koteswara Rao SSR)
Chairman
DIN: 00964290

Sd/-
(T. Gopichand)
Vice Chairman & Managing Director
DIN: 00107886

Sd/-
(CA CH. Vijaya Bhaskar)
Chief Financial Officer

Sd/-
(CS B. Sowmya)
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

(₹in Lakhs)

Particulars	Note No	Figures as at the end of current reporting period 31.03.2017	Figures as at the end of previous reporting period 31.03.2016
INCOME			
I Revenue from operations	19	25,372.09	17,235.46
II Other income	20	242.73	280.23
III Total Revenue (I+II)		**25,614.82**	**17,515.69**
IV Expenses:			
Cost of Materials consumed			
Purchases of Stock-in-Trade		16,812.27	10,237.78
Changes in inventories of finished goods	21	197.15	(734.67)
work-in-progress		-	-
and stock-in-trade		-	-
Employee benefits expense	22	2,727.21	2,255.76
Finance costs	23	583.78	697.81
Depreciation & amortization expense	11	236.13	269.85
Other expenses	24	3,377.48	3,613.32
Total Expenses		**23,934.02**	**16,339.85**
V Profit before exceptional and extraordinary items and tax (III-IV)		1,680.80	1,175.84
VI Exceptional items			
VII Profit before extraordinary items and tax (V-VI)		1,680.80	1,175.84
VIII Extraordinary Items		-	-
IX Profit before tax (VII-VIII)		1,680.80	1,175.84
X Tax expense			
(1) Current tax		637.87	303.78
(2) Tax Expenses relating to Earlier Years		(4.87)	9.75
(3) Deferred tax		(56.96)	90.58
XI Profit / (Loss) for the period from continuing Operations (IX-X)		**1,104.76**	**771.73**
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax)		-	-
XV Profit / (Loss) for the period (XI+XIV)		**1,104.76**	**771.73**
XVI Earnings per equity share			
(1) Basic		8.79	6.25
(2) Diluted		8.79	6.25

As per our report of even date
for NARVEN ASSOCIATES
Firm No. 005905S
Chartered Accountants

Sd/-
CA. G.V. RAMANA
Partner
M.No. 025995

Place: Hyderabad
Date : 22.05.2017

Sd/-
(Koteswara Rao SSR)
Chairman
DIN: 00964290

Sd/-
(T. Gopichand)
Vice Chairman & Managing Director
DIN: 00107886

Sd/-
(CA CH. Vijaya Bhaskar)
Chief Financial Officer

Sd/-
(CS B. Sowmya)
Company Secretary

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2016-17

(₹ in Lakhs)

Particulars	2016-2017		2015-2016	
A. Cash flow from operating activities				
Net Profit before tax as per Profit & Loss Statement		1,680.80		1,175.84
Adjustments for:				
Depreciation and amortisation	236.13		269.85	
Liabilities No Longer Required Written Back	(336.32)		(1,139.80)	
Provision For Doubtful, & Bad Debts Written Off	271.61		1,276.95	
Finance costs	583.78		697.81	
Rental Income	(174.91)		(145.75)	
Interest income	(67.82)		(134.48)	
		512.47		**824.58**
Operating profit before working capital changes		**2,193.27**		**2,000.42**
Adjusted for:				
Trade receivables	(914.49)		(3,465.93)	
Movement in Other Current Assets	(35.82)		(5.16)	
Movement in Advances & Deposits	(811.70)		972.51	
Inventories	197.16		(734.65)	
Trade & Other Payables	(1,755.92)		4,935.13	
		(3,320.77)		**1,701.90**
Cash generated from operations		**(1,127.50)**		**3,702.32**
Net income tax (paid) / refunds		(515.37)		(341.78)
Net cash flow from operating activities (A)		**(1,642.87)**		**3,360.54**
B. Cash flow from investing activities				
Purchase Of Fixed Assets		(175.69)		(89.52)
Interest Income Received		83.17		116.43
Rental Income Received		175.17		147.93
Net cash flow from Investing activities (B)		**82.65**		**174.84**
C. Cash flow from financing activities				
Proceeds from Long Term Borrowings		36.00		61.55
Repayment of Long Term Borrowings		(31.09)		(213.34)
Short Term Borrowing (Net)		227.67		202.26
Dividends & Dividend Tax Paid		(181.70)		(121.65)
Interest Paid		(583.78)		(701.59)
Net cash flow from Financing activities (C)		**(532.90)**		**(772.78)**
Net increase in Cash and cash equivalents (A+B+C)		**(2,093.12)**		**2,762.60**
Opening balance of Cash and cash equivalents		**2,906.68**		**144.03**
Closing balance of Cash and cash equivalents		**813.56**		**2,906.68**
Cash and Cash Equivalents as per note no 16				
Cash and cheques on Hand		1.15		0.23
Balances with Banks				
-On Current Accounts		417.69		1,485.52
-On Deposit Accounts		394.72		1,420.93
		813.56		**2,906.68**

As per our report of even date
for NARVEN ASSOCIATES
Firm No. 005905S
Chartered Accountants

Sd/-
CA. G.V. RAMANA
Partner
M.No. 025995

Place: Hyderabad
Date : 22.05.2017

Sd/-
(Koteswara Rao SSR)
Chairman
DIN: 00964290

Sd/-
(CA CH. Vijaya Bhaskar)
Chief Financial Officer

Sd/-
(T. Gopichand)
Vice Chairman & Managing Director
DIN: 00107886

Sd/-
(CS B. Sowmya)
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

I. Following are the significant accounting policies adopted by the Company.

1. Preparation and presentation of financial statements:

1. BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013, as adopted consistently by the company.

2. USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known / materialized.

2. Fixed Assets & Depreciation:

i. Fixed assets are stated at the cost, less accumulated depreciation and impairment losses. Cost comprises purchase price, duties, levies and any other costs relating to the acquisition and installation of the assets. Interest and financing charges on borrowed funds, if any, used to finance the acquisition of fixed assets, which take substantial time until the assets are ready for use, are capitalized and included in the cost of the asset.

ii. Capital work-in-progress towards the acquisition of fixed assets, and the cost of assets not put to use before the year-end, are disclosed under capital work-in-progress.

iii. Fixed Assets acquired under finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments.

iv. Depreciation on Fixed Assets is provided to the extent of depreciable amount on Straight Line Method (SLM) based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in case of assets pertaining to Nagaswan project where assets other than computers are depreciated over a period of 60 months and computers are depreciated over a period of 36 months which is the estimated useful life of the Assets respectively and in respect of assets pertaining to National Population Register (NPR) project is depreciated over a period of 36 months which is the estimated useful life of the assets.

v. Capital Expenditure incurred on Projects Division is written-off over the tenure of the project period for the projects where the company is required to transfer the assets to the customer at the end of the project period and for other capital assets the depreciation is provided as per the clause (iv) above.

vi. Assets acquired under finance lease, where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated as per the clause (iv) above.

3. Revenue Recognition:

The company generally follows mercantile system of accounting and recognizes significant items of income on accrual basis.

a) Revenue from sale of goods is recognized on transfer of significant risks and reward of ownership in the goods to the customers.

b) Revenue from sale of software products is recognized when the sale is completed with the passing of title to the customers and revenue from software development on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of contracts.

c) Revenue from Technical Services is recognized on a pro-rata basis over the period in which such services are rendered.

d) Revenue from EPC contract is being recognized on percentage of completion method as per accounting standard 7 issued by ICAI.

e) Revenue from Maintenance Contracts is recognized on a pro-rata basis over the period in which such services are rendered.

f) Revenue from Agency Commission is recognized as and when it is receivable.

g) Interest Income on term deposits is recognized using the time-proportion method, based on interest rates implicit in the transaction.

h) Revenue from Projects Division is recognized on pro-rate basis as per the terms of the contract over the life of the project.

i) Other items of income are accounted as and when right to receive arises.

j) Unbilled revenues represent cost and earnings in excess of billings as at the balance sheet date.

k) Income on investments and dividends on units is recognized as and when right to receive the same is established.

4. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities. The cost of software purchased for use in software development and services is charged to revenue in the same year. Provisions for deductions towards under performance of service level deliverables on services are estimated by the management, determined on the basis of past experience.

5. Inventories:

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw materials and the finished goods are valued on the basis of First in First out (FIFO) method.

6. Investments:

i. Long-Term Investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.

ii. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

7. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

8. Benefits to employees:

i. All the employee benefits payable within twelve months of rendering of service are classified as short term employee benefits. Such short term employee benefits are recognized at actual amounts due in the period in which the employee renders the related services.

ii. Post employment benefits are recognized as an expense in the profit and loss statement for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable to the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.

Iii. Provision for Gratuity is determined on the Actuarial valuation carried out at the balance sheet date in accordance with the provisions of Accounting Standard 15. Actuarial gains and losses are recognized in the statements of profit and loss.

iv. Provident Fund:

The company makes contribution to Provident Fund administered by the Central Government under The Employees Provident Funds and Miscellaneous Provisions Act, 1952.

9. Foreign Currency transaction:

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.

ii. Monetary items denominated in foreign currencies at the year-end and not covered by forward exchange contracts are translated at the rates of exchange at the balance sheet date and resulting gain or loss is recognized in the profit and loss account.

10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one

that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

11. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

12. Product Warranty Expenses:

Liabilities for warranties are recognized at the time, the claim is passed. The necessary provisions are made with respective to warranties claimed and passed pertaining to the year, as are received up to the end of one month from the close of the year.

13. Claims Receivable:

Claims receivable are accounted for depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

14. Income Tax:

Provision for income tax is made for both current and deferred taxes. Provision for current Income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates was recognized using the tax rates and tax laws that have been enacted or substantively enacted by balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

15. Earnings per share:

1. Basic Earnings per Share: In determining Basic earnings per share, the company considers the net profit after tax ct and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the year.

2. Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

16. Leases:

a) FINANCE LEASE:

1. Assets given under finance lease are recognized as a sale transaction in the Profit and Loss Account and are treated like other outright sales. The Finance Lease amount is shown as the receivables at an amount equal to the net investment in the lease. Finance lease income is recognized over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

2. Assets acquired under leases where the company has substantially transferred all the risk and rewards of ownership are classified as finance lease. Such assets are capitalized at the inception of the lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) OPERATING LEASE:

1. Rentals are expensed with reference to the Lease terms and other considerations.

17. Sales:

Sales are stated at net of returns and exclusive of sales tax.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. SHARE CAPITAL

(₹ in Lakhs)

Particulars	Number of shares as at 31 March, 2017	As at 31 March, 2017	Number of shares as at 31 March, 2016	As at 31 March, 2016
Authorised: 2,50,00,000 Equity Shares of Rs 10/- each.	250.00	2,500.00	250.00	2,500.00
Issued, subscribed and paid up: 1,25,11,875 Equity Shares of Rs 10/- each fully paid up	125.12	1,251.19	125.12	1,251.19
TOTAL	**125.12**	**1,251.19**	**125.12**	**1,251.19**

1.1 Details of shareholders holding more than 5% of total number of shares

Name of the Shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% out of total number of shares of the company	Number of shares held	% out of total number of shares of the company
Tummala Gopichand	24.17	19.31%	31.67	25.31%
Tummala Pavana Devi	11.75	9.39%	19.73	15.77%
TOTAL	**35.92**	**28.70%**	**51.40**	**41.08%**

1.2 Reconciliation of Number of Shares:

(₹ in Lakhs)

Particular	Equity Shares as at 31 March, 2017		Equity Shares as at 31 March, 2016	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	125.12	1,251.19	125.12	1,251.19
Add: Shares Issued during the year	-	-	-	-
	125.12	1,251.19	125.12	1,251.19
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**125.12**	**1,251.19**	**125.12**	**1,251.19**

2. RESERVES AND SURPLUS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Securities Premium Reserve		
Figures as at the end of the previous reporting period	851.00	851.00
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	**851.00**	**851.00**
General Reserve		
Figures as at the end of the previous reporting period	3,834.76	3,834.76
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	**3,834.76**	**3,834.76**
Surplus in Profit and Loss Statement		
Figures as at the end of the previous reporting period	1,775.92	1,184.90
Add : Profit for the year / period	1,104.76	771.73
Less : Proposed dividend	-	(150.14)
: Tax on Proposed dividend	-	(30.57)
: Transfer to General Reserves	-	-
Figures as at the end of current reporting period	**2,880.68**	**1,775.92**
Total of Reserves and Surplus	**7,566.44**	**6,461.68**

3. LONG TERM BORROWINGS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
A. Secured		
i. Term loans from Banks	31.35	43.24
Total	**31.35**	**43.24**

3.1 582420 shares are pledge (Previous year 582420) in favour of canara bank as per terms and conditions of their sanction letters

3.2 In respect of fixed assets acquired on finance lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March, 2017 are as follows:

(₹ in Lakhs)

Period	Total Minimum lease payments outstanding **		Future Interest outstanding	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Payable within 1 year	-	20.67	-	0.88
Payable between 1-5 years	-	-	-	-
TOTAL	**-**	**20.67**	**-**	**0.88**

** Lease term ranges between 3-5 years

** Finance lease obligations are secured against the leased assets

4. DEFERRED TAX ASSET / LIABILITY

(₹in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
i. Relating to Fixed Assets	(25.91)	32.58
ii. Disallowance under the Income Tax Act, 1961	(169.45)	(167.97)
iii Provision for doubtful debts	(14.99)	(18.00)
Total	**(210.35)**	**(153.39)**

5. OTHER LONG TERM LIABILITIES

(₹in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
i. Security Deposits from Vendors	452.13	477.70
Total	**452.13**	**477.70**

6. LONG-TERM PROVISIONS

(₹in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Provision for employee retirement benefits		
: Gratuity	21.41	19.47
Total	**21.41**	**19.47**

7. SHORT-TERM BORROWINGS

(₹in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
A. Secured		
i. Loans repayable on demand from banks	4,512.13	4,284.45
B. Unsecured Loans		
I. Loans from Directors	36.29	-
Total	**4,548.42**	**4,284.45**

7.1 Working Capital Loans given by Bank of Maharashtra are secured by way of hypothecation of Land and Buildings situated at Jubilee Hills Hyderabad and Srinagar Colony, Computers and Peripherals, Stock in trade, Software in process, book debts and personal guarantee given by the Vice Chairman & Managing Director, Whole-Time Director and Director of the Company.

7.2 Working Capital Loan taken from Canara Bank is secured by way of hypothecation on paripassu first charge basis along with Bank of Maharashtra and collateral security of Industrial Land and buildings situated at Annaram Village, Hyderabad by way of Equitable Martgage on exclusive charge basis.

7.3 Loans from Directors are taken during the financial year 2016-17 and carry a interest of 12% p.a. and repayable in 1 year.

8. TRADE PAYABLES

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
DUES TO:		
Micro, Small and Medium Micro Enterprises *	-	-
Others		
I. Creditors for Services	1,746.45	1,900.04
ii. Creditors for Goods	3,447.09	5,389.15
Total	**5,193.54**	**7,289.19**

* Based on the information available with the company, on which auditors relied upon.

9. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
i. Current maturities of long-term debt	11.89	10.71
ii. Current maturities of finance lease obligations	-	20.67
iii. Unpaid dividends	15.45	16.44
iv. Sundry Creditors for Capital Goods	0.28	1.97
v. Expenses Payable	672.58	520.22
vi. Statutory Libilities Payable	396.95	547.31
Total	**1,097.15**	**1,117.32**

10. SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
i. Gratuity	97.05	77.54
ii. Proposed Final Dividend Payable	-	150.14
iii. Tax Payable on Distributed Profit	-	30.57
iv. Provision for Income Tax: (net of advance Tax & TDS)	53.30	-
v. Provision for under performance of service level deliverable	246.56	229.88
Total	**396.91**	**488.13**

11. FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block	
i. TANGIBLE	As at 1-Apr-16	Additions during the year	Upto 31-Mar-17	As at 1-Apr-16	For the Period	Upto 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
Land	112.82	-	112.82	-	-	-	112.82	112.82
Buildings	548.92	9.18	558.10	59.60	9.31	68.91	489.19	489.32
Plant and Equipment	4,444.19	214.35	4,658.54	4,313.66	46.32	4,359.98	298.56	130.53
Furniture and Fixtures	233.90	9.15	243.05	148.79	15.58	164.37	78.68	85.11
Vehicles	100.94	-	100.94	38.73	9.03	47.76	53.18	62.21
Office equipment	21.88	3.18	25.06	20.00	1.87	21.87	3.19	1.88
Electrical & Fixtures:	260.87	11.59	272.46	155.23	19.18	174.41	98.05	105.64
Capital Assets on Projects Division *	862.44	55.28	917.72	667.22	134.84	802.06	115.66	195.22
Sub-total	**6,585.96**	**302.73**	**6,888.69**	**5,403.23**	**236.13**	**5,639.36**	**1,249.33**	**1,182.73**
Previous Year	**6,516.85**	**69.11**	**6,585.96**	**5,133.38**	**269.85**	**5,403.23**	**1,182.73**	**1,383.47**
LEASED ASSETS:								
Plant and Equipment	901.25	-	901.25	901.25	-	901.25	-	-
Sub-total	**901.25**	**-**	**901.25**	**901.25**	**-**	**901.25**	**-**	**-**
Previous Year	**901.25**	**-**	**901.25**	**901.25**		**901.25**	-	-
Total	**7,487.21**	**302.73**	**7,789.94**	**6,304.48**	**236.13**	**6,540.61**	**1,249.33**	**1,182.73**
Previous Year	**7,418.10**	**69.11**	**7,487.21**	**6,034.63**	**269.85**	**6,304.48**	**1,182.73**	**1,383.47**
ii. CAPITAL WORK IN PROGRESS							**99.01**	**220.09**

*Total assets acquired project division are transferable to the respective customers at the end of the tenure of the project

12. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
(a) Secured, Considered Good		
i. Capital Advances	5.42	13.07
ii. Security Deposits	269.86	200.83
	275.28	213.90
Less: Provision for bad and doubtful loans and advances	-	-
Total	**275.28**	**213.90**

13. OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Bank deposits maturity of more than 12 months	247.08	321.46
Total	**247.08**	**321.46**

14. INVENTORY

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Stock-in-trade	612.27	809.42
Total	**612.27**	**809.42**

15. TRADE RECEIVABLES

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Unsecured, Considered Good		
Outstanding for a period exceeding six months	8,472.86	7,520.55
Others	7,263.60	7,573.04
	15,736.46	15,093.59
Less: Provision for bad and doubtful debts	(43.32)	(54.45)
Total	**15,693.14**	**15,039.14**

16. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
a. Cash on hand	1.15	0.23
b. Balances with banks		
i. Current Accounts	402.24	1,469.08
ii. Unpaid Dividend Accounts	15.45	16.44
iii. Deposit Accounts	394.72	1,420.93
Total	**813.56**	**2,906.68**

17. SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Unsecured, Considered Good		
Advance for Expenses	30.58	4.80
Others	874.97	469.08
Total	**905.55**	**473.88**

18. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particular	As at 31 March, 2017	As at 31 March, 2016
Accrued Interest	24.73	40.09
Prepaid Expenses	387.25	66.43
Others - Receivables	40.98	5.16
Total	**452.96**	**111.68**

19. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Sale of products	17,405.50	9,885.33
Sale of services	7,407.25	6,364.67
Other operating revenues	559.34	985.46
Total	**25,372.09**	**17,235.46**

20. OTHER INCOME

(₹ in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest Income	67.82	134.48
Other non-operating income	174.91	145.75
Total	**242.73**	**280.23**

21. CHANGES IN INVENTORY OF STOCK IN TRADE

(₹ in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Opening Stock	809.42	74.75
Less: Closing Stock	(612.27)	(809.42)
Total	**197.15**	**(734.67)**

22. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Salaries and Wages	2,512.51	1,921.88
Contribution to PF and other funds	208.72	330.16
Staff welfare expenses	5.98	3.72
Total	**2,727.21**	**2,255.76**

23. FINANCE COSTS

(₹in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest expense	512.91	613.72
Other borrowing costs	70.87	84.09
Total	**583.78**	**697.81**

24. OTHER EXPENSES

(₹in Lakhs)

Particular	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Power and fuel	25.40	42.91
Rent	70.59	48.33
Consultancy, Professional Charges	19.61	14.14
Work Expenses	2,124.61	1,957.29
Repairs to : Equipment	94.47	123.42
: Others	5.30	4.21
Insurance	27.07	11.73
Rates and taxes, excluding, taxes on income	24.87	28.35
Payments to Auditor: as auditor	12.00	12.00
: for other services	2.50	1.65
Infrastructure & Facility Charges	-	3.66
Advertisement & Sales Promotion	2.15	2.08
Consumables	61.13	71.55
Lease Rentals Nalgonda Schools	-	7.87
Communication Charges	255.58	236.51
Courier & Postage	1.10	2.07
Printing & Stationery	5.04	2.25
Bad Debts written off (Net off provision for doubtful debts written back)	260.48	297.49
Advances Written Off	-	1.61
Provision for Doubtful Debts (1)	-	227.32
Penalty for Service Level Non Deliverables	79.65	232.29
Provision for under performance of Service Level Deliverables (2)	58.68	132.55
Provision for Service Level Deliverables Written Back	-	(1.39)
Sitting fees	5.67	5.36
Travelling & Conveyance	65.35	26.20
Other Expenditure	176.23	121.87
Total	**3,377.48**	**3,613.32**

1. Total provision made for doubtful debts during the financial years is Rs. Nil (previous year Rs. 227.32 lakh)
2. Total provision made for SLA'S during the financial year is Rs. 58.68 lakh (previous year Rs. 132.55 lakh), provision written back of Rs. Nil (Previous years Rs. 1.39 lakh)

25. Commitments and Contingencies:

a. The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) is Rs.NIL as at March 31, 2017 (Previous year Rs. Nil).

b. The company has outstanding guarantees of Rs. 4,154.20 Lakhs and Letter of credit Rs 662.30 Lakhs as at 31st March 2017 (previous year Bank Guarantees Rs. 5,157.64 Lakhs and Letter of credit Rs 2,009.90 Lakhs).

c. Contingent liability for Sales tax and Service tax matters under dispute not provided for are as per the table below:

(₹in Lakhs)

Particulars	Y.E.31.3.2017	Y.E.31.3.2016
Kerala VAT	1,66,27,662	1,66,27,662
The AP VAT	1,73,14,789	Nil
Service Tax	8,30,97,872	Nil
Total	**11,70,40,323**	**1,66,27,662**

26. Employee Benefits:

The company has adopted Accounting Standard (AS) 15 (revised 2005) on Employee Benefits.

a. The company has recognized, in the profit and loss account for the year ended 31st March 2017, below mentioned defined contribution plans.

(₹in Lakhs)

Description	2016-17
Provident Fund	151.11
Employee State Insurance	57.60
Total	**208.71**

b. Following are the details of unfunded post retirement gratuity under defined benefit obligations are as follows:

Description	2016-17 (Rs in lakhs)	2015-16 (Rs in lakhs)
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at the beginning of the year	97.00	80.14
b. Current Service Cost	13.65	11.82
c. Interest Cost	7.76	6.41
d. Actuarial (Gain)/Loss	0.03	-1.36
e. Past services cost	-	-
f. Benefits Paid	-	-
g. Obligation as at the end of the year	118.45	97.01
2. Expense recognized in the period		
a. Current Service Cost	13.65	11.82
b. Interest Cost	7.76	6.41
c. Actuarial(Gain)/Loss	0.03	-1.36
d. Past service cost	-	-
e. Expense recognized during the year	21.45	22.13
3. Assumptions	%	%
a. Discount Rate (per annum) as at the end of the year	8.00	8
b. Salary Rise	4.00	4
c. Attrition Rate	8.60	8.6

27. In the opinion of the board of directors, the Current assets, Loans & Advances are expected to realize approximately the values stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

28. Disclosure on Specified Bank Notes: (SBN's)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G S R.308 (E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8,2016 to December 30,2016; the denomination wise SBN and other notes as per the notification is given below:

(Amount in Rs.)

Particulars	SBN's	Other Denomination notes	Total
Closing cash on hand on 08th Nov.2016	920,000	31,906	951,906
Add: Permitted Receipts		1,024,000	1,024,000
Less: Permitted Payments	(120,000)	(912,838)	(1,032,838)
Amount deposited in banks	(800,000)		(800,000)
Closing cash in hand as on 30th Dec, 2016		143,068	143,068

29. a) Value Of Imports On CIF Basis In Respect Of

Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Traded goods	1,017.99	Nil
Capital goods	Nil	Nil
TOTAL	**1,017.99**	**Nil**

b) Expenditure in Foreign Currency:

Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Trading Goods	Nil	Nil
Capital Contracts	Nil	Nil
Travelling	Nil	Nil
TOTAL	**Nil**	**Nil**

30. Remuneration to Statutory Auditors:

Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Statutory Audit fee	9.00	9.00
Tax Audit fee	3.00	3.00
Certification Fee & Others	2.50	1.65
TOTAL	**14.50**	**13.65**

31. Deferred Tax

Tax charged to Profit and Loss account is after considering deferred tax impact for the timing difference between accounting income and taxable income. The deferred tax (Asset) / Liability as at 31st March, 2017 comprise of the following:

(₹ in Lakhs)

Particulars	As at 31st March-2017		As at 31st March-2016	
A Deferred Tax Liability				
1. Related to fixed assets		(25.91)		32.58
B Deferred Tax Assests				
1. Disallowance Under Income Tax Act'1961	(169.45)		(167.97)	
2. Provision for doubtful debts	(14.99)	(184.44)	(18.00)	(185.97)
C Provision for deferred tax (net)		**(210.35)**		**(153.39)**

32. Segmental Reporting:

The Company's operations predominantly relate to providing Integrated Solutions, Technical Division, Projects Division and Software Development Services to customers globally operating. Accordingly, the primary basis of segmental information set out in these financial statements, and secondary segmental reporting is performed on the basis of the geographical location. Income & Direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainders of the costs are allocated on the bases of available information. Certain expenses, which form a significant component of total expenses, are not specifically allocable to specific segments. The Company believes that it is not practicable to provide segmental disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocable" and directly charged against total income.

a. Business Segments :

Year ended March 31, 2017 and 2016

(₹in Lakhs)

	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	**438.04**	**2,865.24**	**22,068.81**		-	**25,372.09**
	2,197.69	*2,468.88*	*12,568.89*		-	17,235.46
Identified operating expenses	**479.55**	**2,605.73**	**18,709.05**	-	-	**21,794.34**
	2,186.00	*2,190.20*	*9,764.45*	-	-	14,140.65
Allocated Expenses	**14.23**	**6.75**	**671.17**	-	-	**692.15**
	15.99	*7.55*	*480.45*	-	-	503.99
Segmental operating income	**(55.75)**	**252.75**	**2688.59**		-	**2,885.60**
	(4.30)	*271.132*	*323.99*	-		2,590.82
Unallocable expenses					**862.75**	**862.75**
					997.40	*997.40*
Operating income						**2,022.85**
						1,593.42
Other income/ (expenses), net					**174.91**	**174.91**
					145.75	*145.75*
Net profit before Interest						**2,197.76**
						1,739.17
(Less): Interest Expenses					(583.78)	**(583.78)**
					(697.81)	*(697.81)*
Add: Interest Income					66.82	**66.82**
					134.48	*134.48*
Net profit before taxes						**1,680.80**
						1,175.84
Income Taxes						**576.04**
						404.10
Net Profit after taxes						**1,104.76**
						771.74
Other Information						
Segment Assets	**1,032.69**	**1,203.89**	**14,853.82**	-	**2,475.71**	**19,566.10**
	2,727.83	*1,068.54*	*11,736.74*	-	*4,647.51*	*20,180.61*
Segment Liabilities	**218.70**	**1,097.40**	**4,189.23**	-	**861.81**	**6,367.14**
	1,852.22	*820.59*	*4,867.05*	-	*541.48*	*8,081.33*
Capital Expenditure	-	-	**302.73**	-	-	**302.73**
	-	-	*69.11*	-	-	69.11
Depreciation	-	**0.02**	**192.04**	-	**44.07**	**236.13**
	-	*0.02*	*225.51*	-	*44.32*	*269.85*

Note: Figures in italics represent previous year's figures. Previous year's figures have been regrouped to correspond with the current year's figures.

B. Geographical Segments :

The company has no transactions with parties outside India, so this segment isn't applicable for the company.

33. Related Party Transactions:

a) Name of Related Parties & relationship:

Party Name	Relation
Mr. T. Gopichand & Mr. T. Gopichand (HUF)	Key Management Personnel (Vice Chairman & Managing Director), Spouse of Mrs. T. Pavana Devi & Brother of T.Bapaiah Chowdary.
Mrs. T. Pavana Devi	Director & Spouse of Mr.T. Gopichand.
Mr. K. Rama Rao	Key Management Personnel (Whole time Director)
Mr. T. Bapaiah Chowdary	Director & Brother to the Vice-Chairman & Managing Director (Mr.T.Gopichand)
Mr. T. Madhu Mitra	Son of Vice Chairman & Managing Director
Mr. T. Girish	Son of T.Bapaiah Chowdary

b) Transactions with related parties:

Name of the related party	Mr. T. Gopichand & Mr. T. Gopichand (HUF)	Mrs.T. Pavana Devi	Mr.K Rama Rao	Mr. T.Bapaiah Chowdary	
Description of the nature of transactions	a) Remuneration b) Rent paid for Office Premises. C) Unsecured Loan Received d) Interest on unsecured loan	a) Sitting Fees b) Unsecured Loan Received. c) Interest on unsecured loan.	Remuneration	a) Sitting Fee b) Supply of Goods	Salary
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs 84.00 lakhs b) Rent paid for Office Premises Rs29.54 lakh C) Unsecured Loan Received of Rs.19.00lakh received d) Interest on unsecured loan of Rs.0.16 lakh	a) Sitting Fee Paid Rs.0.85lakh. b) Unsecured Loan Received of Rs.17.00 lakh received. c) Interest on unsecured loan of Rs.0.15 lakh	a) Managerial Remuneration of Rs.20.40 lakh	a) Sitting Fee Paid Rs.0.92 lakh. b) Total transaction value is Rs.53.38 Lakh	Salary of Rs 8.32 lakh & Rs 5.16 lakh respectively.
Any other elements of the related party transactions	Managerial Remuneration, Rent for office premises approved by Board of Directors	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	A) Managerial Remuneration Payable Rs 140.83 lakh b) Commission payable Rs 15.14 lakh c) Rent payable Rs 29.85 lakh d) Unsecured Loan Rs.19.00 lakh and interest there of Rs.0.16 lakh	a) Unsecured Loan payable of Rs.17.00lakh and interest there of Rs.0.15lakh	Managerial Remuneration Payable Rs1.26 lakh	NIL	Salary Payable of Rs 0.60 lakh & Rs 0.42 lakh respectively.
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL

34. Sundry debtors, sundry creditors, other liabilities, loans and advances, advances from customers etc. are subject to confirmation and reconciliation. Necessary adjustments, if any will be made when the accounts are reconciled and settled. However the management is fairly confident that the company will not face any undue risk due to this factor.

35. Micro and Small Scale business entities:

There are no micro and small scale enterprises to which the company owes dues, as at 31st March 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

36. Earnings per Share

Particulars		Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
a)	Net Profit as per Profit and Loss Account(Rs)	1109.63	771.73
b)	Add\(Less): Excess Provision for Tax of earlier year (Rs)	(4.87)	9.75
c)	Profit available for equity share holders(Rs)	1104.76	781.48
d)	Weighted average number of Equity Shares outstanding during the year	125.12	125.12
f)	Weighted Average number of equity shares in computing diluted earnings per share	125.12	125.12
g)	Face Value of each Equity Shares(Rs)	10	10
h)	Earnings per share		
	-Basic & Diluted (Rs)	8.79	6.25

37. Figures for the corresponding year ended March 31, 2016, wherever necessary, have been regrouped, recast, rearranged as per the Schedule III of Companies Act, 2013.

As per our report of even date attached
For NARVEN ASSOCIATES
Chartered Accountants
Firm Reg. No. 005905S
Sd/-
(C.A. G.V.Ramana)
Membership No: 025995

For and on behalf of the board of directors

Sd/-
(Koteswara Rao SSR)
Director
DIN: 00964290

Sd/-
(T. Gopichand)
Vice chairman & Managing Director
DIN: 00107886

Sd/-
(CA. Ch. Vijaya Bhaskar)
Chief Financial Officer

Sd/
(CS. B. Sowmya)
Company Secretary

Place: Hyderabad
Date : 22.05.2017


This Page Intentionally Left Blank

TERA SOFTWARE LIMITED

Registered Office: 8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033
CIN: L72200TG1994PLC018391 Tel. No: 040-23540447, 040 - 23547448 Fax: 040 - 23547449
Email: info@terasoftware.in **Website:** www.terasoftware.com

ATTENDANCE SLIP

(To be presented at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company on Saturday, 23rd September, 2017 at 3.00 PM at #8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
LF No.	DP ID	CLIENT ID	
Name & Address of the Member/Joint Members(s) (IN BLOCK CAPITALS):			

SIGNATURE OF THE MEMBER/ JOINT MEMBER(S)/PROXY

TERA SOFTWARE LIMITED

Registered Office: 8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033
CIN: L72200TG1994PLC018391 Tel. No: 040-23540447, 040 - 23547448 Fax: 040 - 23547449
Email: info@terasoftware.in **Website:** www.terasoftware.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s):.....	Email ID: .....
.....	Folio No./ *Client ID:.....
Registered Address:	*DP ID:.....
.....	
.....	

I/We, being the member(s) of _____shares of Tera Software Limited, hereby appoint:

1) Name :.....
Address :.....
E-mail ID :.....
Signature :..... or failing him.....

2) Name :.....

Address : .....

E-mail ID : .....

Signature : ..... or failing him.....

3) Name :.....

Address : .....

E-mail ID : .....

Signature : ..... or failing him.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on Saturday, 23rd September, 2017 at 3.00 P.M. #8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033, or at any adjournment thereof in respect of such resolution as are indicated below:

Sl. No	Resolutions	Vote	
	Ordinary Business	**For**	**Against**
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2017, together with the reports of the Board of Directors & the Auditors thereon.		
2.	To appointed a director in place of Smt. Tummala Pavana Devi, Director (DIN: 00107698), who retires by rotation and, being eligible offers herself for re-appointment		
3.	To appoint Statutory Auditors and to fix their remuneration.		

Signed this.....day.....of 2017

Affix Revenue Stamp

Signature of member.....: Signature of proxy holder:.....

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

2. A Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.


This Page Intentionally Left Blank


This Page Intentionally Left Blank

ROUTE MAP TO AGM VENUE

AGM Date : 23rd September, 2017
Time : 3.00 PM
Location : 8-2-293/82/A/1107, Plot No. 1107, Road No: 55, Jubilee Hills, Hyderabad-500 033





TERA SOFTWARE LIMITED

8-2-293/82/A/1107, Plot No: 1107, Road No: 55, Jubilee Hills, Hyderabad-500033

Tel. No: 040-23547447, 040 - 23547448 Fax: 040 - 23547449

Email: info@terasoftware.in **Website:** www.terasoftware.com