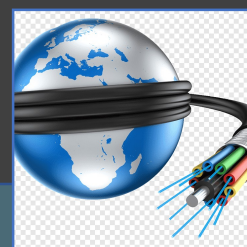
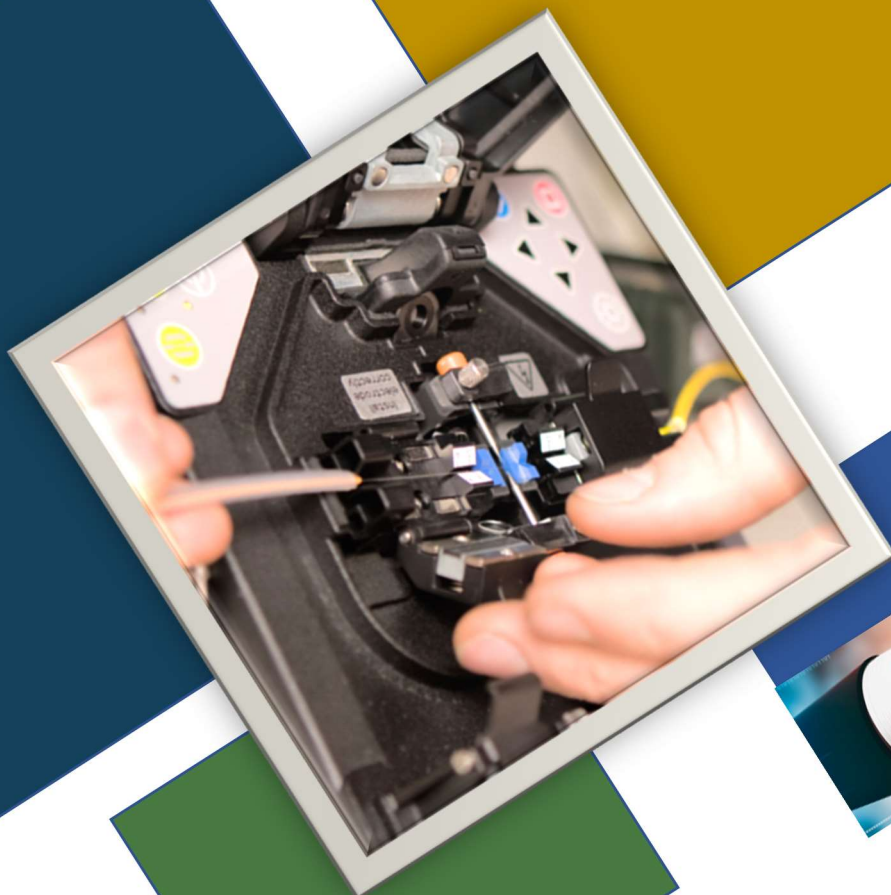


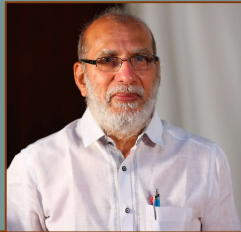
# TERA SOFTWARE LIMITED



## ANNUAL REPORT 2019-20

# Board of Directors

Mr. Koteswara Rao SSR  
Chairman

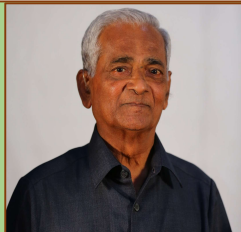


Padma Shree  
Dr. T. Hanuman Chowdary  
Independent Director



Late Mr. R.S. Bakkannavar  
Independent Director  
(30.09.2002 to 16.02.2020)

(Mr. Bakkannavar left for his heavenly abode on  
16<sup>th</sup> February, 2020)



Dr. T. V. Lakshmi  
Independent Director



Mr. Gopichand Tummala  
Vice Chairman &  
Managing Director



Mr. T. Bapaiah Chowdary  
Director



Mrs. T. Pavana Devi  
Director





## BOARD AND COMMITTEES

### Board of Directors

Mr. Koteswara Rao SSR  
Chairman and Independent Director

Mr. T. Gopichand  
Vice-Chairman and Managing Director

Dr. T. Hanuman Chowdary  
Independent Director

Late Mr. R.S. Bakkannavar  
(From 30.09.2002 to 16.02.2020)  
Independent Director

Dr. T.V. Lakshmi  
Independent Director

T. Bapaiah Chowdary  
Non-Executive Director

T. Pavana Devi  
Non-Executive Director

### Executive Officers

O. Babu Reddy  
Chief Financial Officer

Shabnam Siddiqui  
Company Secretary

### Audit Committee

Late Mr. R.S. Bakkannavar, Chairman  
(From 30.09.2014 to 16.02.2020)  
Dr. T. Hanuman Chowdary  
Mr. Koteswara Rao SSR

### Nomination & Remuneration Committee

Dr. T. Hanuman Chowdary, Chairman  
Dr T.V. Lakshmi  
Mr. T. Bapaiah Chowdary

### Stakeholders Relationship Committee

Mr. T. Bapaiah Chowdary, Chairman  
Dr. T.V. Lakshmi  
Mrs. T. Pavana Devi

### Corporate Social Responsibility Committee

Dr. T. Hanuman Chowdary, Chairman  
Late Mr. R.S. Bakkannavar  
(From 30.09.2014 to 16.02.2020)  
Mrs. Pavana Devi  
Mr. T. Gopichand



## CORPORATE INFORMATION

### Registered Office

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

### Statutory Auditors

**Mullapudi & Co.,**  
Chartered Accountants  
Sri Nagar Colony,  
Hyderabad – 500073

### Secretarial Auditors

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

### Bankers

**Bank of Maharashtra, Basheerbagh**  
(moved to Sultan Bazar)  
Hyderabad-500029

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

### Registrar & Transfer Agents

**Kfin Technologies Private Limited**  
Karvy Selenium Tower-B, Plot No. 31 & 32,  
Financial District, Gachibowli,  
Nanakramguda, Hyderabad-500008  
Phone No.: +91-040-67161500  
Toll Free No: 18003454001  
Email: [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

### Company Secretary & Compliance Officer

**Shabnam Siddiqui**  
#8-2-293/82/A/1107, Plot No: 1107,  
Road No: 55, Jubilee Hills, Hyderabad-500033  
Tel: +91-40-23547447  
Email: [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in)  
Website: [www.terasoftware.com](http://www.terasoftware.com)



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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth (26<sup>th</sup>) Annual General Meeting of the members of Tera Software Limited will be held on Saturday, 31<sup>st</sup> October, 2020 at 11:00 AM through Video conferencing at the registered office of the Company located at MCH No-8-2-293/82/a/1107, Road No-55 Plot No-1107, Jubilee Hills, Hyderabad-500033 (Deemed Venue), to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Balance Sheet as at March 31, 2020, Statement of Profit and Loss for the financial year ended on March 31, 2020, Cash Flow Statement for the financial year ended March 31, 2020 and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bapaiah Chowdary Tummala, Director (DIN: 00107795), who retires by rotation and being eligible, offers himself for re-appointment.

**"RESOLVED THAT** Mr. Bapaiah Chowdary Tummala, Director (DIN: 00107795) who retires by rotation at this Annual General Meeting be and is hereby re-appointed as a Director of the Company and that his period of office be liable to retire by rotation."

By Order of the Board of Directors

Place: Hyderabad  
Date: 07.09.2020

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

### Notes:

1. In view of the continuing COVID-19 pandemic, for maintaining social distancing norms and pursuant to General Circular Nos 14/2020, 17/2020 and 20/2020 dated 8 April 2020, 13 April 2020 and 5 May 2020, respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by the Securities and Exchange Board of India (collectively referred to as 'the Circulars') permitted to conduct the AGM through Video Conference (VC) without the physical presence of the members at a common venue. Accordingly, the 26<sup>th</sup> AGM of the company will be convened through VC in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder and Listing Regulations read with the aforesaid Circulars. The deemed venue for the 26<sup>th</sup> AGM shall be the registered office of the company i.e. MCH No-8-2-293/82/A/1107, Road No-55 Plot No-1107, Jubilee Hills, Hyderabad-500033.
2. In accordance with the aforesaid Circulars, the notice of the AGM along with the Annual Report for the financial year 2019-20 will be sent only through electronic mode to the members who have registered their e-mail addresses with the company/depository participants. Members may note that the notice of AGM and Annual Report are also available on the company's website: [www.terasoftware.com](http://www.terasoftware.com). The notice of AGM and Annual Report will also be available on website of Stock Exchanges ([www.bseindia.com](http://www.bseindia.com)) and ([www.nseindia.com](http://www.nseindia.com)).
3. In view of the aforesaid, physical copy of the notice of the AGM and the annual report for the financial year 2019-20 will not be sent to members who have not registered their e-mail addresses with the company/depository participants. Further, Members who have not registered their e-mail address with the Company are requested to register the same by sending an email to RTA - M/s. Kfin Technologies Private Limited, Hyderabad-500032.
4. 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 through CDSL. 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 registered their e-mail IDs with the Company / their respective Depository Participants along with softcopy of the Notice.

5. The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
6. The Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The facility for appointment of proxies by members is not available as the AGM will be held through VC and physical attendance of the members is dispensed with pursuant to the aforesaid Circulars.
8. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM free of cost. Members seeking to inspect such documents can send an email to [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in).
10. The relevant details as required by Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment are also annexed.
11. 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.
12. The Register of Members and Share Transfer Books will remain closed from Saturday, 24<sup>th</sup> October, 2020 to Friday, 30<sup>th</sup> October, 2020 (both days inclusive).
13. Members holding shares in electronic form are requested to intimate any change in their address and / or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts immediately. The Members holding shares in physical form are requested to advise any change of address and/or bank mandate immediately to M/s. KFin Technologies Private Limited, Hyderabad-500032
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit a certified copy of their PAN Card to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit certified copy of their PAN to M/s. Kfin Technologies Private Limited, Hyderabad-500032.
15. The Securities and Exchange Board of India (SEBI) vide their Circular No. SEBI/HO/ MIRSD/ DOP1/ CIR/P/2018/73 dated 20.04.2018 has mandated that the following details of Shareholders must be updated with the Registrar and Share Transfer Agent (RTA) i.e. Folio No., DPID/Client ID, Name of the first security/es holder, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number and instructed the RTA's, Banks and Companies not to issue physical dividend warrants without bank details. Members are requested to avail the Electronic Clearing Service (ECS) facility for receiving dividend. Shareholders are requested to update the same with RTA and avoid withhold of dividends or transfer of dividends to Unpaid/ IEPF account.
16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
17. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

18. Members wishing to claim dividends, which remain unclaimed from the financial year 2012-13, are requested to correspond with Mrs. Shabnam Siddiqui, 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.

### ELECTRONIC VOTING

- (i) The voting period begins on 28.10.2020 at 9.00 AM and ends on 30.10.2020 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> October, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form		
PAN		Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ✓ Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details		Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)		✓ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Tera Software Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company at [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in)/RTA email id at [evoting@Karvy.com](mailto:evoting@Karvy.com).
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id mentioned above.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Note for Non – Individual Shareholders and Custodians**

1. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
3. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
4. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
6. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz. [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
7. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
8. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT IN PURSUANCE OF REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

Particulars	Item No. 2
Name of the Director	Mr. Bapaiah Chowdary Tummala
Date of Birth	20-11-1957
Nationality	Indian
Date of Re-appointment on the Board	30-09-2000
Qualification	M. Com
Nature of Expertise in specific Functional Areas	28 Years of extensive experience in management.
List of Directorship in other companies	Nil
Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity	One
Shareholding of TERA	150000

## DIRECTORS' REPORT

**Dear Shareholders,**

The Directors present the 26<sup>th</sup> Annual Report on the business and operations of the Company and audited Financial Results for the year ended 31<sup>st</sup> March, 2020.

**Financial Highlights:**

(Rs. in Lakhs)

PARTICULARS	Year Ended 31.03.2020	Year Ended 31.03.2019
<b>Gross Income</b>	27198.94	17894.71
<b>Expenditure</b>	25204.45	16334.47
<b>Profit before Finance Cost, Depreciation &amp; Tax</b>	1994.49	1560.24
<b>Less: Finance Cost</b>	927.38	709.30
<b>Depreciation</b>	80.60	254.69
<b>Profit Before Tax (PBT)</b>	986.51	596.25
<b>Less: Provision for Current tax</b>	352.91	269.15
<b>Tax Expense relating to earlier years</b>	-	-
<b>Deferred tax</b>	(18.88)	(40.54)
<b>Profit for the year (PAT)</b>	652.48	367.64

### 1. COMPANY'S PERFORMANCE

The Company has achieved a turnover of Rs. 27198.94 lakhs for the year ended 31<sup>st</sup> March, 2020 as against Rs. 17894.71 lakhs in F.Y. 2018-19. The company has registered a net profit of Rs. 652.48 lakhs as compares to previous year's net profit of Rs. 367.64 lakhs.

### 2. MATERIAL CHANGES & COMMITMENTS:

#### Impact of COVID-19 pandemic on the Company

In wake of COVID-19, The national lockdown was imposed in India from 24<sup>th</sup> March, 2020 due to which the business was completely inactive till the end of May, 2020. All the workforce migrated due to the pandemic and even after the lockdown, the onsite workforce shortage created a pause into the business. However, the spread of COVID-19 is posing a slow execution of orders, we are hopeful that the business performance will gain momentum with the ease of lockdown, transportation and the availability of the manpower resources.

#### Ability to maintain operations including the factories/units/office spaces functioning and closed down

After the ease of lockdown since 18<sup>th</sup> May, 2020, the head office of the company resumed its functions. However, the field operations are still facing problems due to unavailability of resources in full force. All safety guidelines issued by the Ministry of Health affairs and respective state governments have been followed strictly. The staff have been provided facility to work from home, minimizing the working hours to reduce the head count to the extent possible. The Company has potential and enough resources to resume the progress of the company.

#### Steps taken to ensure smooth functioning of operations

The management has been prompt and attentive towards the difficulties faced by the business and several steps have been taken to keep the operations up and running. The following steps were taken in this regard:

- Employees engaged in critical fields were given opportunity to work from home during lockdown, to provide uninterrupted support to our customers.
- HR team was constantly in touch with all the employees to create an awareness amongst employees on COVID-19 and need for safety practices such as sanitization, social distancing and personal hygiene.
- Flexibility in time and work location were provided to both internal and external staff to keep the operations in line with the stipulated timeframe.
- Sanitization protocol, thermal screening, social distancing, wearing of masks, Arogya Setu App, adequate supply of materials, consumables, power, fuel, transportation etc. were ensured after the ease of lockdown during workplaces.
- Adequate Internal control and prompt solutions to the problems were provided to speed up the work.

#### **Impact of COVID-19 on Capital, Financial Resources and liquidity**

The Company has no plan to increase its capital. Although we are in process of enhancing our working capital limits to meet the current liabilities. Due to COVID-19, the liquid position of the company was affected. The discussion with the banks to pump new funds were not encouraging. We expect that the company will recover soon with the restart of its operations and generation of revenue in the forthcoming quarter.

#### **Impact on Operations and Profitability**

Operations were halted due to COVID-19, which will come to a normal pace in the near future. The profitability is definitely affected, clear picture of which can be seen only after the audit.

#### **Ability to service debts and other financial arrangements**

The Company is trying its best to upkeep its financial arrangements to serve its debts. Although there has been a delay and deferment, the company is confident that it will improve its position in the near future.

#### **Assets**

The Company has adequate Fixed and Current Assets and there has been no impact on the Assets due to pandemic. The Company considers its dedicated employees as the real asset, which we believe to retain and nurture.

#### **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

There is no significant impact on the existing contracts and agreements.

### **3. DIVIDEND:**

Your Directors have not recommended the payment of dividend for the F.Y. 2019-20. 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 and business expansion.

### **4. TRANSFER TO RESERVES:**

During the current financial year, there are no funds that are required to be transferred to Reserves.

### **5. FIXED DEPOSITS:**

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public.

### **6. SHARE CAPITAL:**

There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. 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.

## **7. 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 – A**" and forms part of Annual Report.

## **8. CORPORATE GOVERNANCE:**

As in the past, your Company continues to follow best of Corporate Governance policies. A report on Corporate Governance pursuant to the provisions of Corporate Governance Code stipulated under SEBI (LODR) Regulations, 2015 is annexed as "**Annexure – B**" and forms part of the annual report. The Auditors' Certificate regarding compliance of conditions of corporate governance is enclosed. A Certificate from the Practicing Company Secretary confirming compliance with the conditions of the Corporate Governance is also enclosed with this report.

## **9. BOARD & COMMITTEE MEETING:**

The Board of Directors met Five (5) times during the year. The Audit Committee is constituted by all Independent Directors viz. Mr. R. S. Bakkannavar (Chairman), Dr. T. Hanuman Chowdary and Mr. Koteswara Rao SSR as Members. After the sad demise of Mr. R.S. Bakkannavar, Mr. Bapaiah Chowdary was appointed as a member to the Audit Committee. During the year there were no instances of rejecting the recommendations of the Audit Committee 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **10. DIRECTORS & KEY MANAGERIAL PERSONNEL:**

### **A. RETIREMENT BY ROTATION**

Pursuant to Section 152 of Companies Act, 2013, Mr. Bapaiah Chowdary Tummala (DIN: 00107795), Director will retire at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends his re-appointment.

### **B. CHANGES IN KEY MANAGERIAL PERSONNEL**

During the year under review, there was no change happened in the Key Managerial Personnel.

### **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 and under Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015. 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**

Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. Nomination & Remuneration Policy of the company envisages criteria for evaluation of performance of independent directors and the board of directors. Accordingly, 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, experience, competencies 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 Director was evaluated.

## **E. NOMINATION & REMUNERATION POLICY**

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

Following are the major functions of Nomination & Remuneration Committee under the policy:

- I. the criteria for determining qualifications, positive attributes and independence of a director, the remuneration of the directors, key managerial personnel and other employees;
- II. criteria for evaluation of performance of independent directors and the board of directors;
- III. devising a policy on diversity of board of directors;
- IV. recommend to the board, all remuneration, in whatever form, payable to senior management etc.

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.

### **11. AUDITORS & AUDITORS REPORT:**

#### **i. STATUTORY AUDITORS:**

M/s. Mullapudi & Co., Chartered Accountants, (Firm Reg no: 006707S) Hyderabad, had been appointed as Statutory Auditors of the Company on 23<sup>rd</sup> September, 2017 for a period of five years i.e. to hold office until the conclusion of 28<sup>th</sup> Annual General Meeting to be held in the year 2022.

#### **ii. SECRETARIAL AUDITORS:**

The Company has appointed M/s. C.V. Reddy K & Associates, Practicing Company Secretaries as Secretarial Auditor. The Secretarial Audit report for the financial year 2019-20 in Form No MR-3 is annexed herewith as “Annexure C” to this Report. The Secretarial Audit Report does not contain any reservation, qualification or adverse remark.

### **12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186:**

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

### **13. 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. 63,16,218 /-**

#### 14. 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	53.84

- b. The percentage increase in remuneration in each Director, Chief Financial Officer, Company Secretary in the financial year: Nil
- c. The percentage increase in the median remuneration of employees in the financial year: 52.34%
- d. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020: 1687
- e. **Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year:** Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2019-20 was 2.40%. Justification: Increase in remuneration is decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The remuneration of Non-Executive Directors consists of sitting fees only.
- f. **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.
15. The Corporate Social Responsibility Committee formed pursuant to section 135 of Companies Act, 2013 approved a budget of Rs. 16.72 Lacs/- (Rupees Sixteen Lakh Seventy two thousand only) during the Financial Year 2019-20. The management decided to carry forward the CSR Fund and to be spent in the next financial year.

S.No	CSR project or activity identified	Sector in which the project is covered	Projects or (1) Local area or other (2) specify the State and district where the project or programme was undertaken	Amount outlay (budget) project or program wise (Rs.)	Amount spent on the project or program Subheads: (1) Direct Expenditure on projects (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent directly or through implementation agency
1	Healthcare and social development project	—	Hyderabad	16,72,000	--	—	—

## **16. HUMAN RESOURCES**

Your company recognizes human capital as the most important element to drive its progress. Hence, your Company has devised initiatives that enable training and development of employees across levels and enables their professional and personal growth.

Your Company's human resources management framework is aligned to the business goals and drives key decisions on business processes and introduction of new technology. The HR interventions of the Company focuses on skilling the existing workforce and empowering them to step beyond their defined roles.

## **17. 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 voluntarily constituted a Risk Management Committee and Risk Management Framework to identify, evaluate, mitigate and monitor the risk management in the Company. The Audit Committee has additional oversight in the area of financial risk and controls.

## **18. INTERNAL FINANCIAL CONTROLS**

The Company has an Internal Financial 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 for various functions of the Company, Audit observations and actions taken thereof are presented to the Audit Committee.

## **19. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Board of Directors has adopted the Whistle Blower Policy that aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. A mechanism has been established for employees to report their concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Managing Director in exceptional cases. 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 year 2019-20.

## **20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

## **21. LISTING OF SHARES ON STOCK EXCHANGES**

The Equity Shares of your Company are listed on the BSE Limited and National Stock Exchange of India Ltd. The Annual listing fees of both the stock exchanges have been paid.

## **22. EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return, in form MGT 9 for the financial year 2019-20 is enclosed with this Report as "Annexure – D"

## **23. 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 – E" 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 all 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.

#### **24. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company always believes and endeavors to provide safe and healthy environment, which is free from discrimination and harassment including sexual harassment. The Company has an Internal Complaints Committee which operate under a defined redressal system. 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.

#### **25. 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; if any
- 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 such 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 the Company's management.

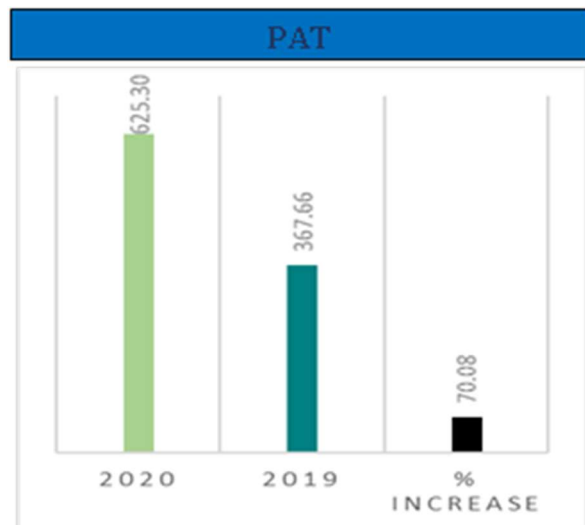
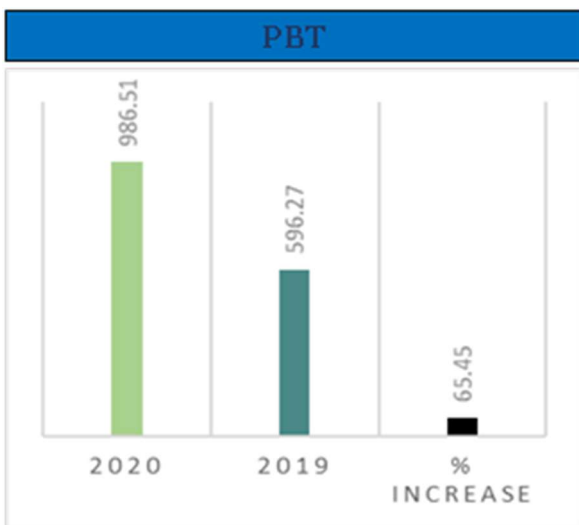
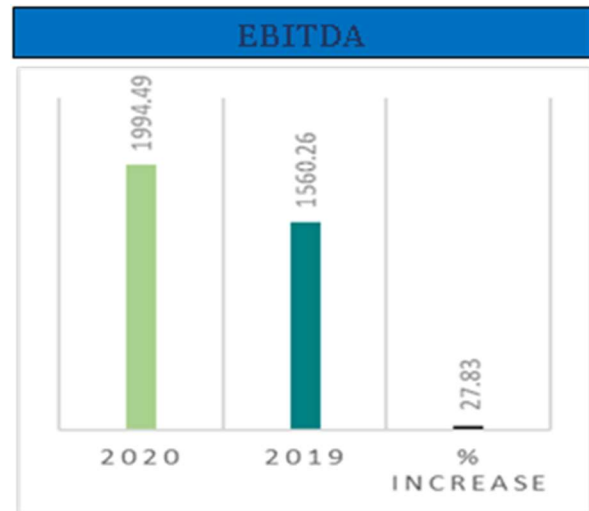
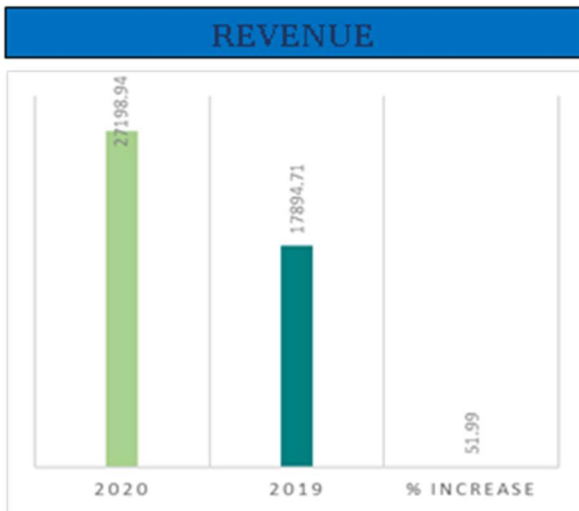
**For and on behalf of the Board of Directors**

Place: Hyderabad  
Date: 07.09.2020

(Koteswara Rao SSR)  
**Chairman**  
**DIN: 00964290**

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

## PERFORMANCE HIGHLIGHTS



## MANAGEMENT DISCUSSION AND ANALYSIS

### Annexure A

The Industry had a very productive year, engaging with customers, expanding and deepening our relationships with vendors, deploying impactful solutions. Although the world has changed profoundly, when we look back, it feels like a different era altogether. Your company implements the Digital Projects as E-governance, System Integration, and building IT and non-IT infrastructure for Optical Fibre Cable and Broad band services. The operations require physical presence of manpower resources on site for delivery of services and integration of the equipment and upkeep of the same. The national lockdown in wake of COVID-19 was imposed in India from 24th March, 2020 due to which the business was completely inactive till the end of May, 2020. All the workforce migrated due to the pandemic and even after the lockdown, the onsite workforce shortage created a pause into the business. However, the spread of COVID-19 is posing a slow execution of orders, we are hopeful that the business performance will gain momentum with the ease of lockdown, transportation and the availability of the manpower resources.

### **ECONOMIC SCENARIO AND OUTLOOK**

The IT-ITES sector in India stood at US\$177 billion in 2019-20 witnessing a growth of 6.1 per cent year-on-year and is estimated that the size of the industry will grow to US\$ 350 billion by 2025. Indian IT's core competencies and strengths have attracted significant investment from major countries. The journey of e-Governance initiatives in India took a broader dimension, where it has been noted 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.

India is emerging as the hub for “Digital Skills”. India is transforming into a digital economy with over 450 mn plus internet subscribers; only second to China. The National Optical Fibre Network (NOFN) aims to connect all 250,000 Gram Panchayats (village council) in the country with high-speed broadband.

### **GOVERNMENT INITIATIVES**

To enable India’s transition into a digital economy, Ministries have fully leveraged the Common platform, laid down the standards and policy guidelines and Support ICT Infrastructure established by GoI. The initiative includes plans to connect rural areas with high-speed internet networks. Digital India consists of three core components: the development of secure and stable digital infrastructure, delivering government services digitally, and universal digital literacy. The Cabinet has approved the implementation of National Optical Fiber Network (NOFN) for providing broadband connectivity to 2,50,000 Gram Panchayats with a financial outlay of Rs. 20,100 Crore.

### **OPPORTUNITIES**

With the introduction of the DIGITAL INDIA PROGRAM, both the Central and State Governments are opening the door for non-government companies to work on Public Private Partnership for execution of their projects. Over the past decade, the Indian IT-ITeS sector has grown rapidly and achieved significant milestones in terms of revenue, employment generation and value creation. Seeing the past performance of our company, we are confident that we will get more extensive projects in near future.

### **RISKS & CONCERNS**

In the given scenario, the omnipresent threat grew even faster than anticipated. New risks emerged as the severity; volatility and pace of change fostered opportunities and incentives for security. If you need to develop something large, it has to have massive demand scale, and that can be very difficult to bootstrap as a business. Thus, the industry is facing a lifecycle that requires small things that minimal features and mass market popularity, with low prices, with a vague and fickle future possibility of adding more capabilities.

Software industry may be in for the same economic problems that the traditional news and media industries face now: high costs, diminished traditional revenue streams, and reliance on things other than the product itself to make money. These are different challenges than the software itself as a set of technical and project management problems:

- **Low budgeted value of projects:**  
Government projects are sometimes very low budgeted. It becomes difficult to get award of contracts due to high impact cost of project. The company has its dedicated team to analyse, budget and quote reasonable value to meet the levels of bidding.
- **Delayed revenue:**  
Receipt of revenue is slightly slower than expected, as government payments are subject to various clearances by government officials. The company is making adequate provisions to cater the requirement of new projects.
- **Less finance available:**  
Some projects may be easier to finance than others (if there is proven technology involved and/ or the extent of the private sectors obligations and liability is clearly identifiable). Seeing the slow realisation of profits, Banks and Financial institutions are reluctant to fund the projects. The management is aware of this and has taken the necessary initiatives to mitigate the risk.
- **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.
- **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.

#### **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 is working as System Integrator for implementation of PAN City ICT project in Davanagere City, State of Karnataka from Davanagere Smart City Limited, Government of Karnataka to implement and integrate City Surveillance System, Smart Health Management, Solid Waste Management System, Water supply system, Underground Drainage, Intelligent Traffic Management System, Smart Parking, Intelligent Transport System, City Wi-Fi, Environment Sensors, e-Learning Centres, Smart energy/Roof Top Solar System, Smart Street Lighting and Quality Monitoring System.
- Tera Software is executing the implementation of Bharat Net Project in the state of Andhra Pradesh. Bharat net is a Central Government of India Initiative to enrich the Rural India with the Broad Band Services , targeted to extend 2,50,000 Gram panchayats across India.
- Tera Software will be delivering the Maintenance services for Bharat net projects for next 6 Years to upkeep the network for delivery of services.
- Tera Software is more focused in the Broad Band services which is very essential post corona Pandemic to deliver on line services. Tera soft is currently establishing the connectivity to 16,000 Gram panchayats under the Bharat Net project. And focused to bid for the same services in other parts of the Country under Bharat Net project.
- Tera Software will strive in technology in future days to extend the Fiber to Home services across rural India as it had the expertise and delivered the technology to 10 lakh Households in the state of Andhra Pradesh.
- The Odisha Power Transmission Corporation Limited (OPTCL) project is going on for survey, planning, design, engineering, manufacturing, insurance, supply (including spares supply items) and installation, delivery at site, end to end integration, testing & commissioning of OFC (Aerial) GPON Network and Technical Specification evaluation work in the state of Odisha.
- We are ISO 20000-1:2011, ISO 27001:2013 and ISO 9001:2015 certified Company offering innovative, flexible and affordable software solutions to customers across the globe.

We strive to create niche and set standards for technology. Tera Software has targeted to achieve an annual turnover of 2000 Cr INR in next 5 years. Some of our future focus are:

- Digital Marketing.
- FTTH Solutions.
- Mobile Applications.

#### **INTERNAL CONTROLS SYSTEMS AND ADEQUACY**

Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. Processes for formulating and reviewing annual and long-term business plans have been laid down.

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

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 31.03.2020 is 1687.

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

As provided under SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) Regulations, 2015 the board members and senior management personnel have confirmed the Code of Conduct for the year ended 31<sup>st</sup> March, 2020.

For Tera Software Limited

Sd/-

Date: 07.09.2020

(Gopichand Tummala)

Place: Hyderabad

Vice Chairman & Managing Director

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### CHIEF EXECUTIVE OFFICER (CEO) & CHIEF EXECUTIVE DIRECTOR (CFO) CERTIFICATION

We, Gopichand Tummala, Vice Chairman & Managing Director and Babu Reddy Oduru, Chief Financial Officer of the company; to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2020 and 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 statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020 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 we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change 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; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Date: 07.09.2020

Place : Hyderabad

Sd/-

Babu Reddy Oduru  
Chief Financial Officer

Sd/-

Gopichand Tummala  
Vice Chairman & Managing Director

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Tera Software Limited

1. On account of COVID -19 Pandemic, We have not been able to carry out physical visit to the registered office of the Company and based on our examination of records of the company shared to us via Email pertaining to the compliance of conditions of Corporate Governance by Tera Software Ltd ("the Company") for the year ended March 31, 2020, as stipulated in Regulation 15(2) to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2019 to 31st March, 2020.

### **Managements' Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### **Auditors' Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

### **Opinion**

4. In our opinion and to the best of our information and according to the explanation given to us by the directors, officers and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing regulations during the year ended 31<sup>st</sup> March, 2020.
5. 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 Mullapudi & Co.,**  
Chartered Accountants  
Firm Reg. No: 006707S

**CA B. Krishna Sivaram Apparao**  
**Partner**  
**Membership No: 226476**  
**UDIN: 20226476AAAABS8974**

Place: Hyderabad  
Date: 14.09.2020

## CORPORATE GOVERNANCE REPORT

### Annexure “B”

#### COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes that timely disclosures, transparent accounting policies coupled with a strong and independent board are the pillars of a good corporate governance structure. We endeavor to embrace and imbibe good governance practices. Corporate Governance is an integral means for the existence of the Company. It ensures adherence to the moral and ethical values, legal and regulatory framework and the adoption of good practices. We have a defined policy framework for ethical conduct of businesses. The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as applicable, with regard to corporate governance. A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below.

#### GOVERNANCE STRUCTURE

##### BOARD OF DIRECTORS:

The Board has an optimum combination of Executive and Non – Executive Directors to maintain its independence in conformity with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors as on 31st March, 2020 comprised of 6 directors out of which 3 are Non-Executive and Independent Directors constituting 50% of the Board strength. The composition of the Board and category of Directors are as follows:

Promoter Executive Director	: Mr. Gopichand Tummala (DIN: 00107886)
Promoter Non-Executive Director	: Tummala Bapaiah Chowdary (DIN: : Pavana Devi Tummala (DIN:
Independent Directors	: Mr. Koteswara Rao SSR (DIN: 00964290) : Dr. T. Hanuman Chowdary (DIN: 00107006) : Mr. R.S. Bakkannavar** (DIN: 00108720) : Dr. T.V. Lakshmi (DIN: 00003020)

**\*\*Note: Mr. R. S. Bakkannavar passed away on 16.02.2020.**

During the F.Y. 2019-20, the members of the Company approved the re-appointment of Mr. Koteswara SSR, Dr. T. Hanuman Chowdary, Mr. R.S. Bakkannavar, Dr. T.V. Lakshmi u/s 149(10) of the Companies Act, 2013, by passing a special resolution in the AGM for another term of 5 years.

##### MEETINGS OF BOARD

The meetings of the Board of Directors are generally held at the registered office of the Company located at Hyderabad. The Board of Directors met Five (5) times during the financial year i.e. on 24.05.2019, 03.07.2019, 14.08.2019, 14.11.2019, 13.02.2020 and the maximum time gap between any two meetings was less than one hundred and twenty days, as stipulated under SEBI(LODR) Regulations, 2015 as well as Companies Act, 2013.

The meetings of the Board were governed by a structured agenda. Directors were given an opportunity to include any other matters in the agenda. The agenda, together with Board papers, were sent in full to the directors not less than seven business days before the intended date of the Board Meeting or a shorter period with the consent of Independent directors. 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.



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 31<sup>st</sup> March, 2020 are given herein below:

Name of the Director	Category	Number of board meetings attended during the year 2019-20	Whether attended last AGM held on 26-09-2019	**No. of Directorships in public companies	***No. of Committee positions held in public companies		No. of share held	%to the paid-up share capital
					Chairman	Member		
Mr. T. Gopichand	Vice Chairman & Managing Director	5	Yes	1	0	0	18,92,836	15.13%
Mr. Koteswara Rao SSR	Independent Non-Executive	5	Yes	3	0	3	0	0
Mr. T. Hanuman Chowdary	Independent Non-Executive	5	Yes	4	2	1	0	0
Mr. R.S. Bakkannavar**	Independent Non-Executive	4	Yes	2	1	0	0	0
Dr. T.V. Lakshmi	Independent Non-Executive	5	Yes	1	0	1	0	0
Dr. T. Bapaiah Chowdary	Non-Executive	5	Yes	1	1	0	1,50,000	1.20%
Mrs. T. Pavana Devi	Non-Executive	5	Yes	2	0	1	11,74,760	9.39%

\*\* 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.

#### DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE;

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

#### INDEPENDENT DIRECTORS

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 Independent Directors have submitted declarations that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

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](http://www.terasoftware.com).

Separate meeting of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 was held on 13-02-2020 without the attendance of non – Independent Directors. At such meetings, the Independent Directors, inter alia, reviewed the performance of (i) Chairman, Non-Independent Directors and the Board as a whole, (ii) Chairman of the Company taking into account views of Executive/Non-Executive Directors and (iii) assessing the quality, quantity and timeliness of flow of information between the Company’s management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **DETAILS OF SKILLS / EXPERTISE / COMPETENCE OF THE BOARD OF DIRECTORS:**

The Company has identified the following skills/expertise/competence and those which are already available with in the Board:

S. No.	Name of the Directors	Existing Skills / Expertise / Competence
1	Gopichand Tummala	Technology Innovation, Strategic Development & Leadership
2	SSR Koteswara Rao	Accounts, Audit and Governance
3	T. Hanuman Chowdary	IT and Management Advisory
4	T.V. Lakshmi	Research & Innovations
5	T. Bapaiah Chowdary	Management
6	Pavana Devi Tummala	Strategy & Leadership

#### **CODE OF CONDUCT**

The Company has adopted a code of conduct for all board members and designated senior management. The duties of Independent Directors as laid down in the Companies Act, 2013, are incorporated in the Code of Conduct. The Code of Conduct is available on the website of the Company i.e. <http://terasoftware.com/investors/code-of-conduct/>. 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 31<sup>st</sup> March, 2020. A declaration to this effect signed by Managing Director has been incorporated in the Annual Report.

#### **BOARD AND DIRECTOR EVALUATION AND CRITERIA FOR EVALUATION**

The Company follows a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairman based on the criteria approved by the Board.

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, core competencies, performance of specific duties and obligations, leadership initiatives, adherence to code of conduct and compliance with the policies. 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:** Except Mr. Gopichand Tummala (VC & MD) & Mr. Bapaiah Chowdary the Non-executive Directors 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.
- (b) **Criteria of making payments to non-executive directors:** The Non-Executive & Independent Directors receive sitting fees. The amount of sitting fees is 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 and on the recommendations by the Nomination and Remuneration Committee and approved by the Board of Directors.
- (c) **Disclosures with respect to remuneration:**
- (i) All elements of remuneration package of individual directors summarized under major groups:

*For the year ending on 31<sup>st</sup> March, 2020 (Rs. in lakhs)*

Sl.No	Name of the Director	Salary	Sitting Fees	Total
1	Mr. T. Gopichand	84.00	-	84.00
2	Dr. T. Hanuman Chowdary	-	1.04	1.04
3	Mr. Koteswara Rao SSR	-	0.80	0.80
4	Mr. R.S.Bakkannavar	-	0.70	0.70
5	Dr. T.V. Lakshmi	-	0.64	0.64
6	Mr. T. Bapaiah Chowdary	-	0.64	0.64
7	Mr. T. Pavana Devi	-	0.64	0.64

- (ii) **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.
- (iii) **Service contracts, notice period, severance fees-** Nil
- (iv) **Stock option details:** Nil

## 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, Nomination and Remuneration Committee, Stakeholders Relationship 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:

The Audit Committee is responsible for the company's internal controls and the financial reporting process. The Committee met four times during the year i.e. on 23.05.2019, 14.08.2019, 14.11.2019 and 13.02.2020. The Chairman attended the last Annual General Meeting to answer shareholders' queries. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the Financial Year 2019-20 are detailed below.

Name	Category	Position	No of Meetings held	No of Meetings attended
Mr. R. S. Bakkannavar**	Non Executive & Independent Director	Chairman	3	3
Dr. T. Hanuman Chowdary	Non Executive & Independent Director	Member	4	4
Mr. Koteswara Rao SSR	Non Executive & Independent Director	Member	4	4

**\*\*Note: Mr. R. S. Bakkannavar passed away on 16.02.2020 and Mr. Bapaiah Chowdary was appointed as a member.**

**Brief Description of Terms of reference is as follows:**

- Overseeing 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 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 (SRC) comprises of three Members of which one member is an Independent Director. The Committee is governed by the following terms of reference:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The composition of the SRC Committee along with the details of the meetings held and attended during the financial year 2019-20 are detailed below:

Name	Category	Position	No of Meetings held	No of Meetings attended
Mr. T. Bapaiah Chowdary	Non-Executive Director	Chairman	1	1
Dr. T.V. Lakshmi	Non-Executive & Independent Director	Member	1	1
Mrs. T. Pavana Devi	Non-Executive Director	Member	1	1

During the year, 8 Complaints/Queries of general nature (non-receipt of Annual Reports, IEPF Claim of shares) 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](mailto:info@terasoftware.in)

**Compliance Officer Name and Address:**

Shabnam Siddiqui  
Company Secretary,  
Tera Software Limited, # 8-2-293/82/A/1107,  
Plot No. 1107, Road No. 55, Jubilee Hills, Hyderabad – 500033.  
E-mail: [companysecretary@terasoftware.in](mailto: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.

The composition of the NRC Committee along with the details of the meetings held and attended during the financial year 2019-20 are detailed below:

Name	Category	Position	No of Meetings held	No of Meetings attended
<b>Dr. T. Hanuman Chowdary</b>	Non-Executive & Independent Director	Chairman	1	1
<b>Dr. T.V. Lakshmi</b>	Non-Executive & Independent Director	Member	1	1
<b>Mr. T. Bapaiah Chowdary</b>	Non-Executive Director	Member	1	1

**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 incurred on the CSR activities.
- Monitor implementation and adherence to the CSR Policy of the company periodically.
- Such other matters and functions as may be determined from time to time.

The CSR policy of the Company is available on our website, [www.terasoftware.com](http://www.terasoftware.com) under investors section. The composition of the CSR Committee along with the details of the meetings held and attended during the financial year 2019-20 are detailed below:

Name	Category	Position	No of Meetings held	No of Meetings attended
<b>Dr. T. Hanuman Chowdary</b>	Non-Executive & Independent Director	Chairman	1	1
<b>Mr. R.S. Bakkannavar **</b>	Non-Executive & Independent Director	Member	0	0
<b>Mr. T.Gopichand</b>	Executive Director	Member	1	1
<b>Mrs. T. Pavana Devi</b>	Non-Executive Director	Member	1	1

**\*\*Note: Mr. R. S. Bakkannavar passed away on 16.02.2020.**

#### RISK MANAGEMENT COMMITTEE:

The Company has voluntarily formed Risk Management Committee. 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. 2019-20. Constitution of the committee is as follows:

Name	Category	Chairman/Member
<b>Sri T. Gopichand</b>	Executive Director	Chairman
<b>Sri. Koteswara Rao SSR</b>	Non-Executive & Independent Director	Member
<b>Sri T. Vellat Lakshmi</b>	Non-Executive & Independent Director	Member

#### GENERAL BODY MEETINGS:

The date, time and venue of the General Meetings & Postal Ballots held during the preceding three years and the Resolution (s) passed thereat are as follows:

Annual General Meeting	Venue	Time, Day & Date	Special Resolution passed
25 <sup>th</sup> AGM	Jubilee Hills International Center, Road No. 14, Jubilee Hills, Hyderabad, Telangana 500033	26 <sup>th</sup> September, 2019 Thursday 11:00 AM	1. To re-appoint Dr. Hanuman Chowdary Tripuraneni (DIN: 00107006 AGE: 87) as an Independent Director 2. To re-appoint Mr. Ramalingappa Shivabasappa Bakkannavar ((DIN: 00108720 AGE:77 years) as an Independent Director 3. To re-appoint Mr. Surapaneni Sree Rama Koteswara Rao (DIN: 00964290 AGE: 76) as an Independent Director 4. To re-appoint Mrs. Thozuvanoor Vellat Lakshmi (DIN: 00003020 AGE: 60) as an Independent Director
24 <sup>th</sup> AGM	Jubilee Hills International Center, Road No. 14, Jubilee Hills, Hyderabad, Telangana 500033	17 <sup>th</sup> September, 2018 Monday 11:00 AM	Nil
23 <sup>rd</sup> AGM	Registered office of the Company 8-2-293/82/A/1107, Plot No: 1107, Road No. 55, Jubilee Hills, Hyderabad.	23 <sup>rd</sup> September, 2017 Saturday, 03:00 P.M.	Nil

**All the special resolutions were passed with requisite majority by e-voting & poll. No resolution was passed through Postal Ballot during the year.**

**Means of Communication:**

The quarterly unaudited results are announced within the time limit specified under listing agreement. The aforesaid financial results are sent to BSE & NSE and also uploaded on the Company's website [www.terasoftware.com](http://www.terasoftware.com) immediately after being approved by the Board. The results are thereafter published in the leading National newspaper namely Financial Express in English and regional newspaper namely Nava Telangana in telugu language.

The audited financial statements form 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:**

a)	<b>AGM - Date, Time and Venue</b>	Saturday, 31 <sup>st</sup> October, 2020 at 11.00 AM at the registered office of the Company through Video Conferencing.
b)	<b>Financial Year:</b>	April 1, 2019 to March 31, 2020
c)	<b>Date of Book Closure:</b>	24 <sup>th</sup> October, 2020 to 30 <sup>th</sup> October, 2020
d)	<b>Listing on stock exchanges:</b>	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.
e)	<b>Stock code:</b>	BSE : 533982 NSE: TERASOFT
f)	<b>Company's ISIN:</b>	INE482B01010

**g) Market Price Data**

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

Month & Year	BSE		SENSEX		NSE		NIFTY	
	High	Low	High	Low	High	Low	High	Low
<b>Apr-19</b>	59.70	39.15	39487.45	38460.25	52.38	48.41	11722.13	11616.12
<b>May-19</b>	49.45	38.65	40124.96	36956.10	44.54	41.58	11676.86	11523.38
<b>Jun-19</b>	42.35	34.40	40312.07	38870.96	39.22	36.74	11904.47	11774.86
<b>Jul-19</b>	35.70	21.00	40032.41	37128.26	31.97	29.69	11597.67	11479.08
<b>Aug-19</b>	46.90	20.40	37807.55	36102.35	32.45	29.14	11050.64	10885.28
<b>Sep-19</b>	29.95	24.60	39441.12	35987.80	28.03	26.52	11197.15	11038.37
<b>Oct-19</b>	26.75	22.10	40392.22	37415.83	24.46	23.29	11559.37	11416.27
<b>Nov-19</b>	30.75	24.45	41163.79	40014.23	27.49	25.97	12013.58	11915.50
<b>Dec-19</b>	26.10	23.05	41809.96	40135.37	25.46	24.04	12145.86	12052.73
<b>Jan-20</b>	27.55	23.55	42273.87	40476.55	26.85	25.20	12247.01	12139.99
<b>Feb-20</b>	30.60	21.50	41709.30	38219.97	26.39	24.27	12017.57	11880.57
<b>Mar-20</b>	22.90	12.55	39083.17	25638.90	17.79	15.33	9679.07	9179.63

#### h) Registrars and Transfer Agents

##### **KFin Technologies Private Limited**

Karvy Selenium Tower B,  
Plot 31 & 32, Financial District, Gachibowli  
Nanakramguda, Serilingampally Mandal,  
Hyderabad – 500032  
Tel: 040 6716 1606  
Toll Free No: 1800-3454-001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: <https://www.kfintech.com/>

#### i) 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. KFin Technologies 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.

#### j) Distribution of Shareholding as on 31<sup>st</sup> March, 2020

Category (Shares)	No. of Cases	% of Cases	Amount	% to equity
1-5000	6446	79.79	9380730.00	7.50
5001- 10000	764	9.46	6243120.00	4.99
10001- 20000	396	4.90	5918990.00	4.73
20001- 30000	129	1.60	3329140.00	2.66
30001- 40000	82	1.01	2837140.00	2.27
40001- 50000	51	0.63	2328790.00	1.86
50001- 100000	105	1.30	7598170.00	6.07
100001 & Above	106	1.31	87482670.00	69.92
<b>Total:</b>	8079	100.00	125118750.00	100.00

#### k) Shareholding Pattern as on 31<sup>st</sup> March, 2020:

Sl. No	Category of Shareholder	No. Shareholders	Total Shares	% of Total Shares
<b>A</b>	Shareholding of Promoter & Promoter Group			
	Indian			
	Individuals/Hindu Undivided Family	9	6010651	48.04
	Foreign	Nil	Nil	Nil
<b>B.</b>	Public Shareholding:			
	Institutions:			
	Financial Institutions/Banks	2	110	0.00
	Non-Institutions:			
	Bodies Corporate	75	317300	2.54



<a href="#">Individual shareholders holding nominal share capital up to Rs. 2 lakhs.</a>	7841	4417633	35.31
<a href="#">Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.</a>	27	1484199	11.86
NBFCs Registered with RBI	0	0	0.00
Clearing Members	14	26513	0.21
Non Resident Indians	77	155468	1.24
Non Resident Indians-Non Repatriable	33	36556	0.29
Investor Education & Protection Fund (IEPF)	1	63445	0.51
<b>Total:</b>	<b>8079</b>	<b>1,25,11,875</b>	<b>100.00</b>

**i) Shareholders holding more than 1% of shares:**

Sl. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	Tummala Gopichand	1892836	15.13
2	Tummala Pavana Devi	1174760	9.39
3	Raja Sekhar Tummala	1024617	8.19
4	Madhu Mitra Tummala	841308	6.72
5	Tummala Gopichand (HUF)	503718	4.03
6	Rajesh Dinkar Fowkar	240038	1.92
7	N. Sri Durga	226537	1.81
8	Tummala Bapaiah Choudary	150000	1.20
9	Parag Vipin Shah	149706	1.20
10	T. Seetharamamma	136875	1.09
	<b>Total:</b>	<b>6340395</b>	<b>50.67</b>

**m) Dematerialization of Shares & Liquidity:**

The Company's shares are 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 31<sup>st</sup> March, 2020:

Mode of Holding	No of Holders	No. of Shares	% of Total Shares
NSDL	4488	9750639	77.93
CDSL	3944	2698245	21.57
Physical	134	62991	0.50
<b>Total:</b>	<b>8566</b>	<b>12511875</b>	<b>100.00</b>

As at the end of 31<sup>st</sup> March, 2020 total 99.50% of paid-up Equity Shares of the Company are in electronic form.

**n) Outstanding GDRs/ADRs/Warrants or any other convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Warrants/convertible debentures during the year 2019-20 and there are no outstanding convertible instruments which will impact the equity.

**o) Address for correspondence and contact persons for investors' queries:**

Investors' correspondence may be addressed to Mrs. Shabnam Siddiqui, Company Secretary at the Registered Office of the Company at 8-2-292/82/A/1107, Plot No.1107, Road No: 55, Jubilee Hills, Hyderabad – 500 033, Tel: 040-23547447; E-mail: [companysecretary@terasoftware.in](mailto:companysecretary@terasoftware.in)

**p)** Policies of the company with regard to related party transactions are available at <http://terasoftware.com/investors/related-party-transaction-policy/>

**q) 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 Funds.

In compliance with Sections 124 and other related provisions, if any of the Companies Act, 2013, the Company had transferred unclaimed dividend for the F.Y. 2011-12 of Rs. 3,36,688/- and 3,196 unclaimed equity shares to 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. Shareholders may note that both the unclaimed dividend and the shares transferred to IEPF including all benefits accruing on such shares, if any, can be claimed back from IEPF after following the procedure prescribed in the Rules.

Details of outstanding amount of unclaimed dividend lying in Unpaid Dividend Account as on 31<sup>st</sup> March, 2020.

Financial year	Date of declaration of Dividend	Amount remaining Unclaimed as on 31.03.2020 (in Rs.)	Last date for claiming unpaid dividend amount (on or before)	Last date for transfer to IEPF
2012-13	30/09/2013	151,056	06/11/2020	06/12/2020
2013-14	30/09/2014	169,048	06/11/2021	06/12/2021
2014-15	30/09/2015	140,320	06/11/2022	06/12/2022
2015-16	30/09/2016	243,264	06/11/2023	06/12/2023

**Other Disclosures:**

- i. **Related party transactions:** There are no materially significant related party transactions during the year 2019-20 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 given certification in accordance with Regulation 17(8) of the SEBI (LODR) Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March, 2020.
- 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 <http://terasoftware.com/investors/vigil-blower-policy/>.

- v. 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.
- vi. A certificate from K.Ch.Venkat Reddy, practicing Company Secretary, that as on 31st March 2020, none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority is annexed to this Report as a "**Part B to Annexure - C**".
- vii. Statutory Audit Fee :The total fee paid by the Company to the statutory auditor for all the services during the Financial Year 2019 -2020 is Rs. 9 Lacs.
- viii. The status on the compliance with the other recommendation in the SEBI Regulations is as under:
- The Chairman of the Board is a Non-Executive & Independent Director and his position is separate from that of the Vice Chairman & Managing Director.
  - 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.
- ix. SEBI Complaints Redressal System (SCORES): SEBI has initiated SCORES for processing the investor complaints in a centralized web-based redress system and online redressal of all the shareholders complaints. The Company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.
- x. NSE Electronic Application Processing System (NEAPS) & BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): The NEAPS & BSE's Listing Centre are web-based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, investor's complaints, media releases, among others are filed electronically on NEAPS.

**FORM NO. MR-3**

**ANNEXURE "C"**

**PART A- SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To,  
The Members,  
Tera Software Limited  
8-2-293/82/A/1107, Road No-55 Plot No-1107,  
Jubilee Hills, Hyderabad-500033.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tera Software Limited** (hereinafter referred as '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 Company's 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 **31<sup>st</sup> March, 2020** ("Audit Period") 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 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; **Not applicable to the Company during the Audit Period.**
- (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 (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No event falling under this Regulation have occurred during the Audit Period**
  - (d) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **No event falling under this Regulation have occurred during the Audit Period.**
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **No event falling under this Regulation have occurred during the Audit Period.**
  - (g) 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;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **No event falling under this Regulation have occurred during the Audit Period.**
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **No event falling under this Regulation have occurred during the Audit Period.**
- (vi) The IEPF & Misc. Provisions Act, 1952;

- (vii) Other Laws applicable specifically to the Company, namely:
- Information Technology Act, 2000;
  - The Micro, Small and Medium Enterprises Development Act, 2006

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.

**I further report that**

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.
- ii. Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with the 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.
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Sd/-

**CS K.CH. VENKAT REDDY**  
**For C. V. REDDY K & ASSOCIATES**  
**Company Secretaries**  
**FCS No : 7976**  
**C P No.: 8998**  
**UDIN:F007976B000711052**

Place: Hyderabad  
Date: 14.09.2020

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

**“Annexure to MR-3”**

To,  
Tera Software Limited  
8-2-293/82/A/1107, Road No-55 Plot No-1107,  
Jubilee Hills, Hyderabad-500033.

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. Wherever 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**  
FCS No : 7976  
C P No.: 8998

Place: Hyderabad  
Date: 14.09.2020

"Part - B to Annexure - C"

**PART B - CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Members,  
Tera Software Limited  
8-2-293/82/A/1107, Road No-55 Plot No-1107,  
Jubilee Hills, Hyderabad-500033.

**SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015**

I have examined the Company and Registrar of Companies records, books and papers of **TERA SOFTWARE LIMITED** (CIN: L72200TG1994PLC018391) having its Registered Office at "8-2-293/82/A/1107, Road No-55, Jubilee Hills, Hyderabad-500033, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2020.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020:

S.No	DIN No	Name of the Director	Designation
1	00964290	Surapaneni Sree Rama Koteswara Rao	Chairman (Independent Director)
2	00107886	Gopichand Tummala	Vice Chairman & Managing Director
3	00107006	Hanuman Chowdary Tripuraneni	Independent Director
4	00108720	Ramalingappa Shivabasappa Bakkannavar*	Independent Director
5	00003020	Thozuvanoor Vellat Lakshmi	Independent Director
6	00107795	Tummala Bapaiah Chowdary	Non-Executive Director
7	00107698	Pavana Devi Tummala	Non-Executive Director

**Note: 1. \*Mr. R.S. Bakkannavar passed away on 16.02.2020.**

Sd/-

**CS K.CH. VENKAT REDDY**  
**For C. V. REDDY K & ASSOCIATES**  
**Company Secretaries**  
**FCS No : 7976**  
**C P No.: 8998**  
**UDIN: F007976B000711096**

Place: Hyderabad  
Date: 14.09.2020

**FORM NO. MGT-9**

"Annexure - D"

**EXTRACT OF ANNUAL AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020**  
[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:**

<b>i.</b>	<b>CIN</b>	<b>L72200TG1994PLC018391</b>
<b>ii.</b>	Registration Date	26/09/1994
<b>iii.</b>	Name of the Company	Tera Software Limited
<b>iv.</b>	Category / Sub-Category of the Company	Company limited by Shares/Indian Non-Government Company
<b>v.</b>	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: <a href="mailto:info@terasoftware.in">info@terasoftware.in</a> ; Website: <a href="http://www.terasoftware.com">www.terasoftware.com</a>
<b>vi.</b>	Whether listed company ( Yes / No)	Yes (BSE & NSE)
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Contact Person: Mohammed Shanoor, Officer-Corporate Registry Ph: 040-6716 1606 Email: <a href="mailto:inward.ris@kfintech.com">inward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a>

**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 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
NIL					



#### 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 (1 <sup>st</sup> April, 2019)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	6001927	--	6001927	47.97	6010651	--	6010651	48.04	0.07
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1): -	6001927	--	6001927	47.97	6010651	--	6010651	48.04	0.07
2) Foreign									
a) Individuals (Non-Residents)	--	--	--	--	--	--	--	--	--
Individuals/Foreign Individuals	--	--	--	--	--	--	--	--	--
b) Government	--	--	--	--	--	--	--	--	--
c) Institutions	--	--	--	--	--	--	--	--	--
d) Foreign Portfolio Investor	--	--	--	--	--	--	--	--	--
e) Any Other...	--	--	--	--	--	--	--	--	--
Sub-total(A)(2): -	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter	6001927	--	6001927	47.97	6010651	--	6010651	48.04	0.07
(A) = (A)(1)+(A)(2)									
B. Public Shareholding									
1) Institutions									
a) Mutual Funds									
b) Venture Capital Funds	--	--	--	--	--	--	--	--	--
c) Alternate Investment Funds	--	--	--	--	--	--	--	--	--
d) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
e) Foreign Portfolio Investors	--	--	--	--	--	--	--	--	--
f) Financial Institutions / Banks	100	--	100	0	110	--	110	0	0.00
g) Insurance Companies	--	--	--	--	--	--	--	--	--

h) Provident Funds/Pension Funds	--	--	--	--	--	--	--	--	--
i) Any other	--	--	--	--	--	--	--	--	--
Sub-total(B)(1)	100	--	100	0	110	--	110	0	0.00
2. Central Government/State Government(s)/President of India	--	--	--	--	--	--	--	--	--
Sub-total(B)(2)	--	--	--	--	--	--	--	--	--
3. Non-Institutions	0	0	0	0	0	0	0	0	0
a) Bodies Corporate	589519	--	589519	4.71	317300	--	317300	2.54	-2.18
a) Individuals									
(i) Individuals holding nominal share capital upto Rs. 2 lakhs	4150054	67666	4217720	33.71	4354642	62991	4417633	35.71	1.60
(i) Individuals holding nominal share capital in excess of Rs. 2 lakhs	1433013	--	1433013	11.45	1484199	--	1484199	11.86	0.41
a) Others	--	--	--	--	--	--	--	--	--
NBFC's registered with RBI	196	--	196	0.00	--	--	--	--	--
Employee Trusts	--	--	--	--	--	--	--	--	--
Overseas Depositories	--	--	--	--	--	--	--	--	--
Trusts	--	--	--	--	--	--	--	--	--
Non-Resident Indians	164813	--	164813	1.32	155468	--	155468	1.24	-0.07
Clearing Members	6892	--	6892	0.06	26513	--	26513	0.21	0.16
NRI Non-Repatriable	36696	--	36696	0.29	36556	--	36556	0.29	0.00
IEPF	60999	--	60999	0.49	63445	--	63445	0.51	0.02
a) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
Sub-Total B(3):	6442182	67666	6509848	52.03	6438123	62991	6501114	51.96	-0.07
Total B=B(1)+B(2)+B(3):	6442282	67666	6509948	52.03	6438233	62991	6501224	51.96	-0.07
Total (A+B):	12444209	67666	12511875	100	12448884	62991	12511875	100.00	--
C. Shares held by custodians for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C):	12444209	67666	12511875	100	12448884	62991	12511875	100.00	--

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1 <sup>st</sup> April, 2019)			Shareholding at the end of the year (31 <sup>st</sup> March, 2020)			
		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	1892836	15.13	75.59	1892836	15.13	99.89	--
2.	Tummala Gopichand (HUF)	503718	4.03	--	503718	4.03	--	--
3.	Tummala Pavana Devi	1174760	9.39	95.98	1174760	9.39	99.38	--
4.	Tummala Tulasi Rani	51276	0.41	--	60000	0.48	--	0.07
5.	Tummala Bapaiah Choudary	150000	1.20	10.00	150000	1.20	10.00	--
6.	N Sri Durga	226537	1.81	--	226537	1.81	--	--
7.	Madhu Mitra Tummala	841308	6.72	1.09	841308	6.72	1.09	--
8.	T Seetharamamma	136875	1.09	--	136875	1.09	--	--
9.	Raja Sekhar Tummala	1024617	8.19	--	1024617	8.19	--	--
	<b>Total</b>	<b>60,01,927</b>	<b>47.97</b>		<b>60,10,651</b>	<b>48.04</b>		--

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)				
1.	Tummala Tulasi Rani	51276	0.41	60000	0.48

(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		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1.	Rajesh Dinkar Fowkar	2,59,638	2.08	2,40,038	1.92
2.	Parag Vipin Shah	1,35,629	1.08	1,49,706	1.20
3.	Mahendra Girdharilal	0	0.00	90,714	0.73
4.	Nirmala Pravin Gala	78,000	0.62	78,000	0.62

6.	Usha R. Bhat	76,000	0.61	76,000	0.61
7.	Om Prakash Chugh	78,365	0.63	68,365	0.55
8.	Anuradha Rajesh Fowkar	62423	0.50	62,423	0.50
9.	Rahul Ravindra Bhat	50000	0.40	50,000	0.40
10.	Dinesh Lalchand Ahuja	45329	0.36	45,329	0.36
11.	Anil Mohanlal Thakker	0	0.00	45,000	0.36

**(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
<b>Share Holding of KMP</b>					
1.	T. Gopichand Vice Chairman & Managing Director	18,92,836	15.13	18,92,836	15.13
2.	Mr. O. Babu Reddy, CFO	50	0.00	50	0.00
3.	Mrs. Shabnam Siddiqui, CS	-	-	-	-
<b>Shareholding of Other Directors</b>					
1.	T. Pavana Devi	11,74,760	9.39	11,74,760	9.39
2.	T. Bapaiah Chowdary	1,50,000	1.20	1,50,000	1.20
3.	Dr. T.V. Lakshmi,				
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  
(Amount in Rs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	430606689	73200000	-	73200000
ii) Interest due but not paid		1887746		1887746
iii) Interest accrued but not due	-			-
<b>Total(i+ii+iii)</b>	430606689	75087746	-	505694435
<b>Change in Indebtedness during the financial year</b>				
- Addition	1100000	3000000		4100000
- Reduction	164554581	52400000		216954581
<b>Net Change</b>	-163454581	- 49400000	-	212854581

Indebtedness at the end of the financial year				
<b>i) Principal Amount</b>	267152108	23800000	-	290952108
<b>ii) Interest due but not paid</b>	-	3824160	-	3824160
<b>iii) Interest accrued but not due</b>	-	-	-	-
<b>Total( i + ii + iii)</b>	<b>267152108</b>	<b>27624160</b>	-	<b>294776268</b>

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		T. Gopichand Vice Chairman & Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000	84,00,000
	(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)	84,00,000	84,00,000
	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:

Sl. No	Particulars of Remuneration	Sitting Fee for attending the Board/Committee Meeting
<b>1.</b>	<b>Independent Directors</b>	
(i)	Dr. T. Hanuman Chowdary	1,04,000
(ii)	R. S. Bakkannavar	70,000
(iii)	Koteswara Rao SSR	80,000
(iv)	Dr. T.V. Lakshmi	64,000
	<b>Total (1)</b>	<b>3,18,000</b>
<b>2.</b>	<b>Other -Non-Executive Directors</b>	
(i)	T. Bapaiah Chowdary	64,000
(ii)	T. Pavana Devi	64,000
	<b>Total (2)</b>	<b>1,28,000</b>
	<b>Total B=(1+2)</b>	<b>4,46,000</b>

**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
		O. Babu Reddy Chief Financial Officer	Shabnam Siddiqui* Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,57,880	4,20,000	
	(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	--	--	

**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)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

**FORM NO. AOC -2**

**ANNEXURE "E"**

**(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 2019-20.

S.No	Particulars	A.	B.	C.	D.
a.	Name(s) of the related party and nature of relationship	Mr. T. Gopichand & Mr. T. Gopichand (HUF) Vice Chairman & Managing Director of the company	Mrs. T. Pavana Devi Wife of T. Gopichand & Director of the Company	Mr. T. Bapaiah Chowdary & Raja Enterprises: is owned and controlled by Mr. T. Bapaiah Chowdary, Director of the Company	Mr. T. Madhu Mitra (Son of Mr. T. Gopichand & Mrs. T. Pavana Devi), Mrs. T. Vindhya (Daughter-in-law of Mr. T. Gopichand & Mrs. T. Pavana Devi) & Mr. T. Girish (Son of Mr. T. Bapaiah Chowdary)
b.	Nature of contracts/arrangements/transactions	a) Remuneration paid b) Rent paid for office premises c) Interest on Unsecured Loan paid	a) Sitting Fees b) Interest on Unsecured Loan	a) Sitting Fees b) Purchase of Clamps, Bolts & Nuts etc for AP Fiber Grid Project	Salary
c.	Duration of the contracts/arrangements/transactions	NA	NA	NA	NA
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	In the normal course of business	In the normal course of business	In the normal course of business	In the normal course of business
e.	Date(s) of approval by the Board, if any:	24.05.2019	24.05.2019	24.05.2019	24.05.2019
f.	Amount paid as advances, if any:	Nil	Nil	Nil	Nil

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

Place: Hyderabad  
Date: 07.09.2020

(Koteswara Rao SSR)  
**Chairman**  
DIN: 00964290

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of **TERA SOFTWARE LIMITED**

### Report on the Audit of Ind AS Financial Statements

#### Opinion

We have audited the financial statements of Tera Software Limited ("the Company"), which comprise the Balance Sheet, as at March 31, 2020, the statement of profit and loss (Including Other Comprehensive Income), the statement of Changes in Equity, the statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit, its total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
1	<p>Provision for impairment loss in accounts receivables.</p> <p>The credit loss provision in respect of Account receivables represent management's best estimate of the credit losses incurred on the receivables at the balance sheet date.</p>	<p>Our audit procedure in respect of this area included :</p> <ul style="list-style-type: none"> <li>• Understand and assess the management's estimate and related policies used in the credit loss analysis.</li> <li>• Performed test of key controls to analyse operating effectiveness relating to calculation of impairment provisions.</li> </ul>



	<p>We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows,</p>	<ul style="list-style-type: none"> <li>• Reviewed the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.</li> <li>• For Expected Credit Loss (ECL) of trade receivables assessed on individual level by the management, examined on a test check impairment of trade receivables and the key assumptions used in the estimate of the cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period.</li> <li>• Reviewed the management’s ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advices).</li> <li>• Verified the calculation of ECL of each type of trade receivables according to the provision matrix.</li> </ul>
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### Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including annexures thereto, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our Auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. It based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management’s Responsibility for the Financial Statements

The Company’s 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, changes in equity 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. 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company’s financial reporting process.

## Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve control, collusion, forgery, intentional omissions, misrepresentations, or the override of internal.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have Complied with relevant ethical requirements regarding independence, and to Communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 (including Other Comprehensive Income), the Statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Financial statements 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, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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". Our Report expresses an Unmodified opinion on the adequacy and operating effectiveness of the company internal financial controls over financial Reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) 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 litigations on its financial position in its financial statements.
    - 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.

**For Mullapudi & Co.,**  
Chartered Accountants  
Firm Regn. No: 006707S

Date: 30.06.2020  
Place: Hyderabad

CA. B. Krishna Sivaram Apparao  
Partner  
Membership No: 226476  
UDIN:20226476AAAAAU2065

**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, 2016**

- 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. According to the information and explanations given to us 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 during the year and does not have unclaimed deposits at the year end. Hence the provisions of clause 3(v) of the CARO are not applicable to the company.
- 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, Customs duty, GST and any other material statutory dues as applicable to it.
- (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, GST and any other material statutory in arrears as at 31/03/2020 for a period more than 6 months from the day they became payable.

(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, GST and any other material statutory in arrears as at 31/03/2020 for a period more than 6 months from the day they became payable.

(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	Kerala VAT AT
2	The Kerala VAT Rules, 2005	Value Added Tax	61,50,240	2006-07	Kerala VAT AT
3	The Kerala VAT Rules, 2005	Value Added Tax	7,42,446	2007-08	Kerala VAT AT
4	The Kerala VAT Rules, 2005	Value Added Tax	8,52,280	2008-09	Kerala VAT AT
5	The Kerala VAT Rules, 2005	Value Added Tax	4,66,474	2009-10	Kerala VAT AT
6	The AP VAT	Value Added Tax	50,70,072	2015-16	VAT APPELLATE TRIBUNAL , ANDHRA PRADESH
7	The AP VAT	Value Added Tax	87,81,759	2016-17 (April to Sep)	VAT APPELLATE TRIBUNAL , ANDHRA PRADESH
8	The AP VAT	Penalty on VAT	12,67,518	2015-16	VAT APPELLATE TRIBUNAL , ANDHRA PRADESH
9	The AP VAT	Penalty on VAT	21,95,440	2016-17	VAT APPELLATE TRIBUNAL , ANDHRA PRADESH
10	The AP VAT	Value Added Tax	17,04,045	2016-17 (October to March)	APPELLATE DEPUTY COMMISSIONER (CT), TIRUPATHI.
11	The AP VAT	Value Added Tax	12,026	2017-18 (April to June)	APPELLATE DEPUTY COMMISSIONER (CT), TIRUPATHI.
12	The AP VAT	Penalty on VAT	4,26,011	2016-17 (October to March)	Appellate Deputy Commissioner (CT), Tirupathi.
13	The AP VAT	Penalty on VAT	3,007	2017-18 (April to June)	Appellate Deputy Commissioner (CT), Tirupathi.
14	The Finance Act 1994	Service Tax	3,99,98,766	2011-12	CESTSAT- Hyderabad
15	The Finance Act 1994	Penalty On Service Tax	4,00,08,766	2011-12	CESTSAT- Hyderabad
16	The Finance Act 1994	Service Tax	15,40,170	2008-09 to 2012-13	CESTSAT- Hyderabad
17	The Finance Act 1994	Penalty On Service Tax	15,50,170	2008-09 to 2012-13	CESTSAT- Hyderabad

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

Date: 30.06.2020  
Place: Hyderabad

**For Mullapudi & Co.**  
Chartered Accountants  
Firm Regn. No: 006707S  
CA B Krishna Sivaram Apparao  
Partner  
Membership No: 226476  
UDIN:20226476AAAAAU2065

**Annexure –B 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 31<sup>ST</sup> March 2020 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 31 March 2020, 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.

Date: 30.06.2020  
Place: Hyderabad

**For Mullapudi & Co.**  
Chartered Accountants  
Firm Regn. No: 006707S  
CA B Krishna Sivaram Apparao  
Partner  
Membership No: 226476  
UDIN:20226476AAAAAU2065





**BALANCE SHEET AS AT 31<sup>st</sup> March 2020**

Rupees in lakhs

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>I. ASSETS</b>			
1. Non-current assets			
(i) Property, Plant & Equipment	1	3,117.10	3,170.43
(ii) Financial Assets			
(a) Other Financial Assets	2	223.73	300.87
(iii) Other non current assets	3	306.72	294.38
(iv) Deferred tax Asset (net)	4	259.71	235.03
<b>Total non-current assets</b>		<b>3,907.26</b>	<b>4,000.71</b>
2. Current assets			
(i) Inventories	5	406.89	1,063.44
(ii) Financial Assets			
(a) Trade receivables	6	16,832.42	13,564.53
(b) Cash and Cash Equivalents	7	1,586.05	1,306.71
(c) Other financial assets	8	7,007.09	22.22
(iii) Other current assets	9	1,714.15	940.48
<b>Total current assets</b>		<b>27,546.60</b>	<b>16,897.38</b>
<b>TOTAL</b>		<b>31,453.86</b>	<b>20,898.09</b>
<b>II EQUITY AND LIABILITIES</b>			
A Equity			
(a) Equity Share Capital	10	1,251.19	1,251.19
(b) Other Equity	11	9,631.12	8,995.86
<b>Total Equity</b>		<b>10,882.31</b>	<b>10,247.05</b>
B Liabilities			
1. Non-current liabilities			
(i) Financial liabilities			
(a) Long-term borrowings	12	151.81	102.37
(ii) Long-term provisions	13	177.22	126.17
<b>Total non-current liabilities</b>		<b>329.03</b>	<b>228.54</b>
2. Current liabilities			
(i) Financial liabilities			
(a) Short-term borrowings	14	2,795.95	4,954.23
(b) Trade payables	15		
Total Outstanding dues to Micro enterprises and small enterprises		492.20	238.78
Total Outstanding dues to creditors other than Micro enterprises and small enterprises		15,911.34	4,557.37
(c) Other financial liabilities	16	119.26	167.47
(ii) Other current liabilities	17	761.15	352.99
(iii) Short-term provisions	18	162.62	151.66
<b>Total current liabilities</b>		<b>20,242.52</b>	<b>10,422.50</b>
<b>Total</b>		<b>31,453.86</b>	<b>20,898.09</b>

For Mullapudi & Co.,  
Chartered Accountants  
Firm Regn. No. : 0067075

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

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

Sd/-  
CA B. Krishna Sivaram Apparao  
Partner  
Membership No. : 226476  
Place: Hyderabad  
Date: 30.06.2020

Sd/-  
Oduro Babu Reddy  
Chief Financial Officer

Sd/-  
Shabnam Siddiqui  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2020**

Rs. in lakhs

Particulars	Note	Figures as at the end of reporting year	Figures as at the end of previous reporting year
		31-Mar-20	31-Mar-19
Income			
I Revenue from operations (Gross)	19	26,897.37	17,644.91
II Other income	20	301.57	249.80
<b>III Total Income (I+II)</b>		<b>27,198.94</b>	<b>17,894.71</b>
IV Expenses			
Purchases	21	1,576.62	8,868.86
Change in inventories	22	656.55	151.54
Technical & Operation expense	23	18,067.80	4,071.18
Employee benefit expenses	24	3,417.44	2,587.75
Finance costs	25	927.38	709.30
Depreciation and amortization expenses	1	80.60	254.69
Other expenses	26	1,486.04	655.14
<b>Total Expense</b>		<b>26,212.43</b>	<b>17,298.46</b>
<b>V Profit / (Loss) before Exceptional Items and tax (1-VI)</b>		<b>986.51</b>	<b>596.25</b>
VI Exceptional Items		-	-
VII Profit/(Loss) before tax (V-VI)		986.51	596.25
VIII Tax expense			
1) Current tax		352.91	269.15
2) Deferred tax (Net)		(18.88)	(40.54)
<b>IX Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		<b>652.48</b>	<b>367.64</b>
X Profit/(Loss) from discontinuing operations		-	-
XI Tax expense of discontinuing operations		-	-
XII Profit/(Loss) from discontinuing operations (X-XI)		-	-
<b>XIII Profit/(Loss) for the period (IX-XII)</b>		<b>652.48</b>	<b>367.64</b>
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
(ii) Income tax relating to items that will not be reclassified to Profit or Loss			
Add: B (i) Items that will be reclassified to Profit or Loss		(23.02)	16.35
Less: (ii) Income tax relating to items that will be reclassified to profit or loss		(5.79)	5.46
<b>XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)</b>		<b>635.25</b>	<b>378.53</b>
XVI Earnings per equity share Rs10/- (for continuing operations)			
1) Basic		5.21	2.94
2) Diluted		5.21	2.94
XVII Earnings per equity share Rs10/- (for discontinuing operations)			
1) Basic		5.21	2.94
2) Diluted		5.21	2.94

For Mullapudi & Co.,  
Chartered Accountants  
Firm Regn. No. : 0067075

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

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

Sd/-  
CA B. Krishna Sivaram Apparao  
Partner  
Membership No. : 226476  
Place: Hyderabad Date: 30.06.2020

Sd/-  
Oduru Babu Reddy  
Chief Financial Officer

Sd/-  
Shabnam Siddiqui  
Company Secretary



**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2019-20**

Rupees. in lakhs

Particulars	2019-20	2018-19
<b>A. Cash flow from operating activities</b>		
Net Profit before tax as per Profit & Loss Statement	986.51	596.27
Adjustments for:		
Depreciation and amortisation	80.60	254.69
Sundry Credit Balances Written Back	394.27	281.64
Interest Income	(107.63)	(57.49)
Bad Debts Written Off	863.26	201.05
Finance Cost	(927.38)	(709.30)
Changes in Assets and Liabilities		
Trade receivables	(4,131.15)	(2,126.95)
Other Financial Assets and Other Assets	(6,907.73)	(84.89)
Other Non Current Assts	(12.34)	(224.64)
Other Current Assets	(773.67)	73.49
Inventories	656.55	151.54
Trade Payables	11,213.12	1,344.47
Long Term Provisions	51.05	0.69
Long Term Borrowings	49.44	(4.59)
Other Current Liabilities	408.16	(422.64)
Short Term Provisions	10.96	(90.23)
Other Financial Liabilities	(48.21)	28.74
Cash generated from operations	<b>1,805.81</b>	<b>(788.15)</b>
Income tax paid	(375.95)	(274.61)
Net cash flow from operating activities (A)	<b>1,429.86</b>	<b>(1,062.76)</b>
<b>B. Cash flow from investing activities</b>		
Property, Plant & Equipment	(27.27)	(11.10)
Interest Income	107.63	57.49
Net cash flow from Investing activities (B)	<b>80.36</b>	<b>46.39</b>
<b>C. Cash flow from financing activities</b>		
Short Term Barrowings(Net)	(2,158.28)	645.40
Interest Paid	927.38	709.30
Net cash flow from Financing activities (C)	<b>(1,230.90)</b>	<b>1,354.70</b>
Net increase in Cash and cash equivalents (A+B+C)	<b>279.32</b>	<b>338.33</b>
Opening balance of Cash and cash equivalents	1,306.73	968.40
Closing balance of Cash and cash equivalents	<b>1,586.05</b>	<b>1,306.73</b>
Components of Cash and Cash Equivalents		
Cash and cheques on Hand	12.57	1.06
Balances with Banks		
-On Current Accounts	56.54	386.66
-On Deposit Accounts	1,516.94	919.01
Cash and cash Equivalent as per Note 16	<b>1,586.50</b>	<b>1,306.73</b>

For Mullapudi & Co.,  
Chartered Accountants  
Firm Regn. No. : 0067075

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

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

Sd/-  
CA B. Krishna Sivaram Apparao  
Partner  
Membership No. : 226476  
Place: Hyderabad  
Date: 30.06.2020

Sd/-  
Oduuru Babu Reddy  
Chief Financial Officer

Sd/-  
Shabnam Siddiqui  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Statement of compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act' 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable. The financials of the company for the year ended March 31, 2020 and year ended March 31, 2019 are prepared in compliance with Ind AS.

### 2. Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis as stated in the provisions of the Companies Act, 2013 ('Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

### 3. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

### 4. Operating cycle for current and non-current classification

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

### 5. Revenue recognition

The company accounts and recognizes contract with a customer only when the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

- (b) The entity can identify each party's rights regarding the goods or services to be transferred;
- (c) The entity can identify the payment terms for the goods or services to be transferred;
- (d) The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- (e) It is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the company considers only the customer's ability and intention to pay that amount of consideration when it is due.

The amount of consideration to which the company will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

At contract inception, the company shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

a good or service (or a bundle of goods or services) that is distinct; or

a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The company shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

When a performance obligation is satisfied, the company shall recognize as revenue the amount of the transaction price that is allocated to that performance obligation. Determining the transaction price, the company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

## 6. Exceptional Items

Exceptional Items represents the nature of transactions which are not in recurring nature during the ordinary course of business but lead to increase / decrease in profit / loss for the year.

## 7. Property, plant and equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognized at their cash values. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policy.

PPE not ready for the intended uses on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognized using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013.

Where cost of a part of the asset (“asset component”) is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Freehold land is not depreciated.

#### **8. Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16’s requirement for cost model. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

#### **9. Intangible assets**

Identifiable intangible assets are recognized when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognized at cost.

Following initial recognition, the intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized on straight line basis over the estimated useful life. The method of amortization and useful life is being reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

#### **10. Impairment of assets**

Intangible assets and property, plant and equipment:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by

## 11. Employee Benefits

### Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

### Post-employment benefits:

#### Provident Fund

The company makes contribution to Provident Fund administered by the Central Government under The Employees Provident Funds and Miscellaneous Provisions Act, 1952 and recognizes the same as an expense in the profit and loss account.

#### Gratuity

For defined post-employment benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

## 12. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

### (i) Finance leases

- a) Leases where the company has substantially all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance leases are capitalized at the commencement of the lease at the lower of the fair value or the 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) Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. 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.

### (ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

- a) Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.
- b) Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognized on a straight line basis over the term of the relevant lease.

### 13. Financial Instruments

Financial assets and/or financial liabilities are recognized when the company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 13.1 Financial assets

Financial asset is

1. Cash / Equity Instrument of another Entity,
  2. Contractual right to:
    - a) Receive Cash / another Financial Asset from another Entity, or
    - b) Exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favorable to the Entity.
- A. All recognized financial assets are subsequently measured in their entirety at amortized cost or at fair value depending on the classification of the financial assets as follows:
- i) Investments in debt Instruments that are designated as fair value through profit or loss (FVTPL) - at fair value.
  - ii) Other investments in debt instruments – at amortized cost, subject to following conditions:
    - The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - iii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (unless the same are designated as fair value through profit or loss)
    - The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - iv) Investment in equity instruments issued by subsidiary, associates and joint ventures are measured at cost less impairment.
  - v) Investment in preference shares of the subsidiary companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.
  - vi) Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income.



For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments measured at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.

B. A financial asset is primarily derecognized when:[]

- i) The right to receive cash flows from the asset has expired, or
- ii) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a) the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in profit or loss.

C. Impairment of financial assets: The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

### 13.2 Financial liabilities

Financial liability is Contractual Obligation to

- a) Deliver Cash or another Financial Asset to another Entity, or
- b) Exchange Financial Assets or Financial Liabilities with another Entity under conditions that is potentially unfavorable to the Entity.

Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognized at inception net of cumulative amortization, whichever is higher. All other financial liabilities including loans and borrowings are measured at amortized cost using Effective Interest Rate (EIR) method.

Financial liability is derecognized when the related obligation expires or is discharged or cancelled.

### 13.3 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may or may not be realized.

### 13.4 Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### 14. Inventories

Inventories are valued after providing for obsolescence, as under:

- a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- b) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

#### 15. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

#### 16. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 17. Foreign currencies

- i) The functional currency and presentation currency of the company is Indian Rupee.
- ii) Transactions in currencies other than the company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:

- a) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- b) Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

## 18. Taxes on income

Income tax expense represents sum of the tax currently payable and deferred tax

### Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that in addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 19. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

## 20. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities based on the available information. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

- i) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii) all other items for which the cash effects are investing or financing cash flows.

Cash comprises cash on hand and demand deposits with banks.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 21. Earnings Per Share:

Basic earnings per equity share are computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

## 22. Critical Accounting Judgments and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Depreciation/ amortization and Useful life of Property, Plant and equipment

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates. During the current year, there has been no change in life considered for the assets.

**Recoverability of trade receivables**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered to determine the provision include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**Estimation of net realizable value of inventories**

Inventories are stated at the lower of cost and Fair value. In estimating the net realisable value / Fair value of Inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.

**Provision for employee benefits**

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

**Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. The valuation committee which is headed by the Chief Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

### 1. PROPERTY, PLANT AND EQUIPMENT

(Rs. In lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-Apr-19	Additions during the year	Deletions during the year	Upto 31-Mar-20	As at 01-Apr-19	For the Period	Deletions during the year	Upto 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
i. TANGIBLE										
Land	2,536.95	-	-	2,536.95	-	-	-	-	2,536.95	2,536.95
Buildings	558.09	-	-	558.09	88.61	10.25	-	98.86	459.23	469.48
Plant and Equipment	5,428.44	15.03	-	5,443.47	5,422.66	14.16	-	5,436.82	6.65	5.78
Furniture and Fixtures	247.30	-	-	247.30	198.48	24.84	-	223.32	23.98	48.82
Vehicles	100.94	10.69	-	111.63	65.04	9.37	-	74.41	37.22	35.90
Office equipment	27.61	1.55	-	29.16	23.49	1.44	-	24.93	4.23	4.12
Electrical & Fixtures:	272.46	-	-	272.46	203.08	20.54	-	223.62	48.84	69.38
Capital Assets on Projects Division	1,082.88	-	-	1,082.88	1,082.88	-	-	1,082.88	-	-
<b>Total</b>	<b>10,254.67</b>	<b>27.27</b>	<b>-</b>	<b>10,281.94</b>	<b>7,084.24</b>	<b>80.60</b>	<b>-</b>	<b>7,164.84</b>	<b>3,117.10</b>	<b>3,170.43</b>
<b>*Previous Year</b>	<b>10,246.54</b>	<b>19.93</b>	<b>11.80</b>	<b>10,254.67</b>	<b>6,832.52</b>	<b>254.69</b>	<b>297</b>	<b>7,084.24</b>	<b>3,170.43</b>	

(Rs. In lakhs)

Particulars		As at 31-Mar-20	As at 31-Mar-19
	FINANCIAL ASSETS		
2	OTHER FINANCIAL ASSETS		
	Security and other Deposits	223.73	300.87
	<b>Total</b>	<b>223.73</b>	<b>300.87</b>
3	OTHER NON CURRENT ASSETS		
	(Unsecured, Considered good)		
	Bank deposits maturity of more than 12 months	306.72	294.38
	<b>Total</b>	<b>306.72</b>	<b>294.38</b>
4	Deferred tax Asset (net)		
	On account of Fixed Assets	40.52	63.87
	On account of Income tax disallowances	219.19	171.16
	<b>Total</b>	<b>259.71</b>	<b>235.03</b>
5	INVENTORIES		
	(a) Trading Goods	257.72	639.53
	(b) Consumables	149.17	253.25
	(C) Work-in-progress	-	170.66
	<b>Total</b>	<b>406.89</b>	<b>1,063.44</b>
6	Trade receivables		
	a) Considered Good - Secured		
	b) Considered Good - Unsecured	17,261.60	13,711.37
	c) Trade Receivables which have significant increase in credit risk		
	d) Trade Receivables credit Impaired		
	Less: Credit Loss Allowance	(429.18)	(146.84)
	<b>Total</b>	<b>16,832.42</b>	<b>13,564.53</b>

(Rs. In lakhs)

7	Cash and Cash Equivalents		
	(i) Cash on hand	12.57	1.04
	(ii) Balances with Banks		
	In current accounts	49.50	376.26
	In Dividend account	7.04	10.40
	In Marging Money Deposits	1,516.94	919.01
	Total	1,586.05	1,306.71
8	Other financial assets		
	Accrued Interest	56.87	22.22
	Unbilled Receivables	6,950.22	-
	Total	7,007.09	22.22
9	OTHER CURRENT ASSETS		
	(Unsecured and considered good)		
	(a) Advance to Suppliers / Service Providers	332.05	263.30
	(b) Staff Advances	1.69	1.11
	(c) Advance for Expenses	21.29	2.89
	(d) Prepaid expense	136.17	178.42
	(e) Balances with government authorities	1,222.95	494.76
	Total	1,714.15	940.48

10.1 Details of Shareholders holding more than 5% of total number of shares				
Name of the Shareholder	As at 31-Mar-20		As at 31-Mar-19	
	No of shares held	% out of total number of shares of the company	No of shares held	% out of total number of shares of the company
Tummala Gopichand	23.97	19.15%	23.97	19.15%
Tummala Pavana Devi	11.75	9.39%	11.75	9.39%
Tummala madhu Mitra	8.41	6.72%	8.41	6.72%
Tummala Rajasekhar	10.25	8.19%	10.25	8.19%
10.2 Reconciliation of number of shares				
Name of the Shareholder	As at 31-Mar-20		As at 31-Mar-19	
	No of shares	Rs In Lakhs	No of shares	Rs In Lakhs
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	-	-	-	-
	125.12	1,251.19	125.12	1,251.19

## 11. OTHER EQUITY

(Rs. In Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>Securities Premium</b>		
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
<b>General Reserve</b>		
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
<b>Surplus in Profit and Loss Account</b>		
Figures as at the end of the previous reporting period	4,310.11	3,931.57
Add: Profit for the year / period	652.48	367.64
Other Comprehensive Income Net of Tax	(17.23)	10.89
Less: Proposed dividend	-	-
: Tax on Proposed dividend	-	-
: Transfer to General Reserves	-	-
Ind AS adjustment		
Figures as at the end of current reporting period	4,945.36	4,310.10
<b>Total of Reserves and Surplus</b>	<b>9,631.12</b>	<b>8,995.86</b>

(Rs. in Lakhs)

	Particulars	As at 31-Mar-20	As at 31-Mar-19
12	Long term borrowings		
	Term loans		
	From Banks	10.32	3.66
	From Directors	141.49	98.71
	<b>Total</b>	<b>151.81</b>	<b>102.37</b>
13	Long term provisions		
	Provision for employee benefits:		
	Gratuity	177.22	126.17
	<b>Total</b>	<b>177.22</b>	<b>126.17</b>
14	Short term borrowings		
	- Secured		
	(a) Loans repayable on demand from banks	2.73	14.57
	(b) Cash credit	2,658.47	4,287.49
	- Unsecured		
	(a) Loans repayable on demand from Others	134.75	652.17
	<b>Total</b>	<b>2,795.95</b>	<b>4,954.23</b>
14.1	Cash credit from bank of Maharashtra and Canara bank are secured by		
	(a) First Charge by way of hypothecation of the company's entire Stocks of Raw Materials, Semi-finished and Finished goods, consumables stores and spares and such other movables including Book debts, bills whether documentary or clean, outstanding monies, receivables, and other Current Assets of the company both present and future ranking pari passu for all lending bankers.		



	(b) Hypothecation/First Charge on all unencumbered fixed Assets of the company both present and future
	(c) Equitable Mortgage of Land & Buildings in the name of the company
	(d) Counter Guarantee of the company and Personal guarantee of its directors and extension of First Charge on the Current assets
14.2	Loans from Promoter Director, Mr. T. Gopichand carry interest @ 12% p.a.
14.3	Loan of Rs Nil (Previous year Rs 300.44lakhs) from Siri Suns Entertainment Private Limited is secured by mortgage of Promoter Director's Land at Gagillapur Village and loan of Rs 134.75 lakhs (previous year Rs 351.73 lakhs) from Avro Commercial Company Limited is secured by pledge of promoters shares held by them in the Company

(Rs. in Lakhs)

Particulars	As at	As at
	31-Mar-20	31-Mar-19
15 Trade Payables		
- Total Outstanding dues to Micro enterprises and small enterprises	492.20	238.78
- Total Outstanding dues to creditors other than Micro enterprises and small enterprises	15,911.34	4,557.37
<b>Total</b>	<b>16,403.54</b>	<b>4,796.15</b>
16 Other financial liabilities		
Retention money	98.74	81.74
Unpaid Dividend	7.04	10.40
Other Payables	13.48	75.33
<b>Total</b>	<b>119.26</b>	<b>167.47</b>
17 Other current liabilities		
Advance from customers / Mobilisation advances	-	5.00
Statutory dues	413.51	200.71
Other payables*	347.64	147.28
<b>Total</b>	<b>761.15</b>	<b>352.99</b>
18 Short-term provisions		
Provision for employee benefits:		
Gratuity	52.30	41.34
Provision- others:		
- Provision for SLA's	110.32	110.32
<b>Total</b>	<b>162.62</b>	<b>151.66</b>

(Rs. in Lakhs)

Particulars	Figures as at the end of reporting year	Figures as at the end of previous reporting year
	31-Mar-20	31-Mar-19
19 REVENUE FROM OPERATIONS		
Sales of Goods	1,811.20	8,131.84
Sale of Services	24,600.14	9,229.78
Other Operating Revenue	486.03	283.29
<b>Total</b>	<b>26,897.37</b>	<b>17,644.91</b>
20 OTHER INCOME		
Interest income	107.63	57.49
Rental Income	193.94	192.31
<b>Total</b>	<b>301.57</b>	<b>249.80</b>

(Rs. in Lakhs)

Particulars		Figures as at the end of reporting year 31-Mar-20	Figures as at the end of previous reporting year 31-Mar-19
21	PURCHASES		
	Purchase	1,576.62	8,868.86
	<b>Total</b>	<b>1,576.62</b>	<b>8,868.86</b>
22	CHANGES IN INVENTORIES		
	INVENTORIES AT THE BEGEMNING OF THE YEAR		
	Opening Stock		
	Traded Goods	639.53	567.88
	Consumables	253.25	-
	Work-in-progress	170.66	647.10
	<b>Total (A)</b>	<b>1,063.44</b>	<b>1,214.98</b>
	INVENTORIES AT THE END OF THE YEAR		
	Closing Stock		
	Traded Goods	257.72	639.53
	Consumables	149.17	253.25
	Work-in-progress	-	170.66
	<b>Total (B)</b>	<b>406.89</b>	<b>1,063.44</b>
	(Increase) / Decrease in Stocks (A) - (B)	656.55	151.54
23	TECHNICAL & OPERATION EXPENSES		
	Power and Fuel	20.91	20.71
	Software Maintenance Charges	697.76	1,508.55
	Rent Charges	34.88	31.95
	Consumables	0.71	4.36
	Insurance	20.82	5.06
	Repairs & Maintenance	45.22	38.50
	Transport Charges	25.02	6.79
	Subcontract & Other Work Charges	17,222.48	2,455.26
	<b>Total</b>	<b>18,067.80</b>	<b>4,071.18</b>
24	EMPLOYEE BENEFIT EXPENSE		
	Salaries, Wages and other benefits	3,143.32	2,387.79
	Contribution to Provident Fund & other Funds	267.08	194.01
	Staff Welfare Expense	7.04	5.95
	<b>Total</b>	<b>3,417.44</b>	<b>2,587.75</b>
25	FINANCE COST		
	Interest	702.59	524.14
	Other borrowing cost	224.79	185.16
	<b>Total</b>	<b>927.38</b>	<b>709.30</b>

(Rs. in Lakhs)

Particulars	Figures as at the end of reporting year 31-Mar-20	Figures as at the end of previous reporting year 31-Mar-19
26 OTHER EXPENSES		
Rates and Taxes	11.83	46.83
Office Maintenance	15.43	9.70
Communication Expense	7.92	5.63
Conveyance Expense	2.54	2.12
Travelling, Boarding & Lodging Expense	62.67	33.83
Printing and Stationery	2.99	2.46
Professional & Consultancy Expense	37.64	17.60
Security Charges	2.93	2.68
Directors' sitting fee	4.56	5.11
Payment to Auditors		
Statutory Audit fee	9.00	9.00
Advertisement Expense	1.15	1.41
Advances Written Off	78.04	-
Bad Debts Written off	863.26	1.83
Business Promotion	4.85	4.22
Bank Charges and Others	1.02	1.56
CSR Expenses	-	20.58
Liquidated damages	-	398.71
Provision on SLAs	-	(110.41)
Interest on late payment on GST / Service Tax	3.99	68.03
Expected Credit Loss	282.34	103.52
Repairs & Maintenance-Buildings	63.50	2.06
Miscellaneous Expense	30.38	28.67
<b>Total</b>	<b>1,486.04</b>	<b>655.14</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**27. Contingent Liabilities and Commitments not provided for**

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Contingent Liability		
(a) Matters under litigation		
Claims against the company not acknowledged as debt		
Service Tax		
Disputed Service Tax Liability for which the company has filed an appeal with CESTAT-Hyderabad	830.97	830.97
Sales tax/VAT		
Disputed VAT liability for which the company has filed an appeal with Hon'ble Kerala Value Added Tax Appellate Tribunal, Kozhikode, Kerala.	166.27	166.27
Disputed VAT liability for which the company has filed an appeal with AP VAT Appellate Tribunal-Visakhapatnam	173.15	173.15
Disputed VAT liability for which the company has filed an appeal with Appellate Deputy Commissioner of Commercial Tax, Tirupathi.	21.45	21.45
(b) Impact of pending legal suits in various courts:	-	-
The Company is a party to several legal suits on contract terms related disputes, pending before various courts in India as well as arbitration proceedings. It is not possible to make a fair assessment of the likely financial impact of these pending disputes / litigations until the cases are decided by the appropriate authorities	Amount not ascertainable	Amount not ascertainable
(c) Guarantees		
Bank Guarantees Letters of credit issued by banks on behalf of Company	10,469.17	8,930.57
(B) Commitments	NIL	NIL

**28. Employee Benefits**

The Liability for Gratuity has been determined by an actuary in conformity with the principle set out in Accounting Standard 15 (Revised) the details of which are as under:

Description	2019-20	2018-19
	(Rs in lakh)	(Rs in lakh)
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at the beginning of the year	167.51	146.64
b. Current Service Cost	26.68	28.11
c. Interest Cost	12.82	11.32
d. Actuarial (Gain)/Loss	23.02	(16.35)
e. Past services cost	-	-
f. Benefits Paid	(0.51)	(2.21)
g. Obligation as at the end of the year	229.52	167.51
2. Expense recognized in the period		
a. Current Service Cost	26.68	28.11
b. Interest Cost	12.82	11.32

<b>c. Actuarial(Gain)/Loss</b>	<b>0.00</b>	<b>0.00</b>
d. Past service cost	0.00	0.00
e. Expense recognized during the year	62.52	23.08
<b>3. Assumptions</b>	<b>%</b>	<b>%</b>
a. Discount Rate (per annum) as at the end of the year	6.80	7.65
b. Salary Rise	2.00	2.00
c. Attrition Rate	1.00	1.00

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The result of sensitivity analysis is given below:

Particulars	31-Mar-20 (Ind AS-19)		31-Mar-19 (Ind AS-19)	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	2,29,51,654		1,67,51,264	
Discount Rate (- / + 1%)	2,53,23,840	2,09,55,397	1,83,71,448	1,53,83,668
(% change compared to base due to sensitivity)	10.34	-8.70	9.67	-8.16
Salary Growth Rate (- / + 1%)	2,02,35,977	2,62,35,969	1,48,22,768	1,90,84,698
(% change compared to base due to sensitivity)	-11.83	14.31	-11.51	13.93
Attrition Rate (- / + 1%)	2,06,96,337	2,49,62,769	1,49,14,115	1,83,94,630
(% change compared to base due to sensitivity)	-9.83	8.76	-10.97	9.81
Mortality Rate (- / + 10%)	2,28,92,895	2,30,10,232	1,66,99,359	1,68,03,071
(% change compared to base due to sensitivity)	-0.26	0.26	-0.31	0.31

### 29. Segment 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 remainder 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, 2020 and 2019					(Rupees in Lakhs)	
	Integrated Solutions	Technical Division	Projects Division	Others	Unallocable	Total
Revenues	1,811.20	2,422.45	22,663.72	-	-	26,897.37
	8131.84	2,602.50	6,910.57	-	-	17,644.91
Identified operating expenses	1,546.36	2,131.18	20,137.00	-	-	23,814.54
	8,038.46	2,302.08	4,972.49	-	-	15,313.03
Allocated Expenses	0.95	-	459.97	-	-	460.92
	2.08	-	159.60	-	-	161.68
Segmental operating income	263.89	291.27	2,066.75	-	-	2,621.91
	91.30	300.42	1,778.48	-	-	2,170.20
Unallocable expenses					1,009.59	1,009.59
					1,114.45	1,114.45
Operating income						1,612.32
						1,055.75
Other income/(expenses), net					193.94	193.94
					192.31	192.31
Net profit before Interest						1,806.26
						1,248.06
(Less): Interest Expenses					927.38	927.38
					709.30	709.30
Add: Interest Income					107.63	107.63
					57.49	57.49
Net profit before taxes						986.51
						596.25
Income Taxes						378.44
						217.72
Net Profit after taxes						608.07
						378.53
Other Information						
Segment Assets	265.44	1,099.68	15,544.41		6,201.29	23,110.82
	1,519.11	780.76	11,419.97		5,453.94	17,155.83
Segment Liabilities	481.28	1,094.17	6,405.24		15,130.13	23,110.82
	789.45	559.06	2,156.60		15,668.67	19,173.78
Capital Expenditure	-		11.25		16.02	27.27
	-	-	4.25	-	15.68	19.93
Depreciation	-	-	25.68	-	54.92	80.60
	-	-	206.57	-	48.12	254.69

### 30. Related Party disclosure

As per Indian Accounting Standard 24, the disclosures of transactions with the related parties as defined in the Accounting Standard and certified by the management are given below:

**a) Name of Related Parties, relationship**

Party Name	Relation	Transactions Entered During the Period YES/NO
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.	YES
Mrs. T. Pavana Devi	Director & Spouse of Mr. T. Gopichand.	YES
Mr.T..Bapaiah Chowdary	Director & Brother to the Vice-Chairman & Managing Director (Mr. T. Gopichand)	YES
Mr. T. Madhu Mitra	Son of Vice Chairman & Managing Director	YES
Mr. T. Girish	Son of T. Bapaiah Chowdary	YES
Mrs. T. Vindhya	Daughter-In-law of Sri T. Gopichand (Vice Chairman & Managing Director) & Smt. T. Pavana Devi, Director	YES

**b) Transactions with Related parties:**

Name of the related party	Mr. T. Gopichand & Mr. T. Gopichand (HUF)	Mrs. T. Pavana Devi	Mr. T. Bapaiah Chowdary	Mr. T. Madhu Mitra Mrs. T. Vindhya & Mr. T. Girish
Description of the nature of transactions	a) Remuneration  b)Unsecured Loan Received  c)Interest on unsecured loan	a)Sitting Fees	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 (84.00 Lakhs)  b)Unsecured Loan Received of Rs.66.00 Lakhs Received(Rs. NIL lakhs)	a)Sitting Fee Paid Rs.0.57 lakhs. (Rs.0.65 lakh)  b) Loan repaid of Rs. NIL (Rs NIL Lakhs)	a)Sitting Fee Paid Rs.0.64 lakhs. (Rs.0.82 lakhs)  b)Total transaction value is Rs.31.13 Lakhs (Rs.17.84 Lakhs)	Salary of Rs 11.20 lakh, Rs.8.58 lakhs and Rs.7.08 respectively (Rs.10.24, Rs 7.80 and 6.48 Lakhs Respectively)

	c)Interest on unsecured loan of Rs.14.20 Lakhs (11.09) lakh d) Loan repaid of Rs.36.00 Lakhs (Rs. NIL Lakhs)			
Any other elements of the related party transactions	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 216.45 lakhs (Rs 170.00 lakhs) b)Unsecured Loan including interest Rs 141.49 lakhs (Rs.98.70 lakh)	NIL	NIL	Salary Payable of Rs 1.49 lakhs Rs 1.18 lakhs and Rs.1.14 Lakhs respectively. (Rs.0.85, Rs 0.65 and 0.54 Lakhs 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

### 31. Financial instruments:

#### Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

##### Capital Management

The company ensures financial flexibility and diverse sources of financing and their maturities to minimize liquidity risk while meeting investment requirements. The objectivity of company's capital management is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth. The company maintains financial strength to maintain/enhance credit ratings.

The Company determines the amount of capital required on the basis of budgets and estimates made annually and reviewing periodically the operating plan and long-term strategic plans. The company meets its funding requirement through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other revenue reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarizes the capital of the Company:

Rs. In Lakhs

Particulars	As at	As at
	March 31, 2020	March 31, 2019
A. Equity	10,855.13	10,247.07
B. Net debt		
Short-term borrowings and current portion of long-term debt	2,795.95	4,954.23
Add: Long-term debt	151.81	102.37
Less: Cash and cash equivalents	69.11	387.70
B. Total Net Debt	2,878.65	4,668.90
Total capital (A +B)	13,733.78	14,915.97



- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Interest rate risk**

The company's total borrowings represent short term borrowings (WCDL) and the interest rate primarily basing on the company's credit rating and also the changes in the financial market. Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

- **Foreign currency risk**

The company has several balances in foreign currency and consequently the company is exposed to foreign exchange risk. The risk on company's foreign currency changes commensurate with the size of the company is not material. The company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

We summarize below the financial instruments which have the foreign currency risks as at March 31, 2020, and March 31, 2019

**The carrying amounts of the Company's substantial foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:**

Currency	Liabilities		Advances	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	10.78 (INR 812.85)	8.81 (INR 609.46)	1.73 (INR 130.34)	1.73 (INR 119.60)

**Sensitivity analysis of 2% change in exchange rate at the end of reporting period**

Particulars	Foreign Currency Sensitivity	
	As at March 31, 2020	As at March 31, 2019
	USD	USD
2% Depreciation in INR		
Impact on P&L	(18.86)	(14.58)
Total	(18.86)	(14.58)
2% Appreciation in INR		
Impact on P&L	18.86	14.58
Total	18.86	14.58

**Credit risk management**

Credit Risk is the risk that a customer or counterparty to a financial asset fails to perform or pay the amount due causing financial loss to the company. The maximum exposure of the financial assets represents trade receivables and work in progress.

### Credit risk management

Credit Risk is the risk that a customer or counterparty to a financial asset fails to perform or pay the amount due causing financial loss to the company. The maximum exposure of the financial assets represents trade receivables and work in progress.

The company has a prudent and conservative process for managing its credit risk in the course of its business activities. The risk on trade receivables, work in progress is limited as the customers of the company mainly consist of Government promoted entities having strong credit worthiness. For doubtful receivables the company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision Matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers.

### Liquidity risk management

Liquidity risk arises from the company's inability to meet its cash flow commitments on time. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

### 32. Other disclosure pursuant to Ind AS 107 "Financial instruments: Disclosures":

#### (i) Category wise classification of applicable Financial Instruments:

(Rs in Lakhs)

Sl. No.	Particulars	As at March 31,2020	As at March 31,2019
	Measured at Amortised cost		
(i)	Financial Assets		
	a. Trade receivables	23,782.64	13,564.53
	b. Cash & Cash Equivalents and bank balances(Includes Margin Money Deposits)	1,586.05	1,306.73
	c. Other financial assets	280.60	323.09
	Total	25,649.29	15,194.35
(ii)	Financial Liabilities		
	Measured at Amortised cost		
	a. Borrowings	2,795.95	4,954.23
	b. Trade payables	16,403.54	4,796.15
	c. Other financial liabilities	271.07	269.84
	Total	19,470.56	10,020.22

#### (ii) Fair value of financial assets and financial liabilities measured at amortised cost

##### Financial assets measured at amortised cost:

The carrying amounts of trade receivables and cash and cash equivalents are considered to be the same as their fair values due to their short-term nature. The carrying amounts of long term loans given with floating rate of interest are considered to be close to the fair value.

##### Financial liabilities measured at amortised cost:

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings with floating rate of interest are considered to be close to the fair value.

(ii) Maturity profile of financial liabilities:

(Rs in Lakhs)

Particulars	As at March 31,2020			As at March 31,2019		
	Within Twelve Months	After Twelve Months	Total	Within Twelve Months	After Twelve Months	Total
<b>Borrowings</b>	2,795.95	-	2,795.95	4,954.23	-	4,954.23
<b>Trade payables</b>	16,403.54	-	16,403.54	4,796.15	-	4,796.15
<b>Other financial liabilities</b>	119.26	151.81	271.07	167.47	102.37	262.84

**33. 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 Assets as at March 31, 2020 comprise of the following:

(Rs. in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
A	Deferred Tax Liability		
1	Related to fixed assets	40.52	63.87
B	Deferred Tax Assets		
1	Disallowance under the Income tax Act,1961	219.19	171.16
C	Deferred tax Liability/(Asset) (net)	259.71	235.03

34. In order to comply with the requirement of the Micro, Small and Medium Enterprises Development Act, 2006, Company has sought confirmation from the vendors whether they are falling in the category of Micro/Small/Medium Enterprises. Based on the information available, the required disclosures are given below:

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal amount remaining unpaid	492.20	238.78
b) Delayed payments due as at the end of each accounting year on account of Principal	492.20	238.78
c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	--
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	31.51	5.96
e) Interest accrued and remaining unpaid as at March 31	31.51	5.96
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	31.51	5.96

### 34. Earnings Per Share

Particulars	FY 2019-20	FY 2018-19
Net Profit After Tax (Rs in lakhs)	625.30	367.66
Weighted Average Number of Equity shares of Rs.10 each (In lakhs)	125.12	125.12
Nominal Value of Shares	10	10
Earnings Per Share (Basic/Diluted) (In Rs.)	5.00	2.94

35. Figures for the corresponding year ended March 31, 2019, 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 Mullapudi & Co.,  
Chartered Accountants  
Firm Regn. No. : 006707S

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

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

Sd/-  
CA B. Krishna Sivaram Apparao  
Partner  
Membership No. : 226476  
Place: Hyderabad  
Date: 30.06.2020

Sd/-  
Oduru Babu Reddy  
Chief Financial Officer

Sd/-  
Shabnam Siddiqui  
Company Secretary



**TERA SOFTWARE LIMITED**

CIN: L72200TG1994PLC018391

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