



**TERA SOFTWARE LIMITED**

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

**TERA SOFT**

Redefining IT Solutions

Date: 10.06.2021

BSE Limited P.J. Towers Dalal Street, Mumbai - 400001	National Stock Exchange of India Limited Exchange Plaza, Bandar Kurla Complex Bandra (E ), Mumbai - 400051
<b>Scrip: 533982</b>	<b>Symbol: TERASOFT</b>

Dear Sir/Madam,

**Sub: Declaration for the Audit Report with un-modified opinion on Annual Audited IND AS Financial Statements for the Financials Year ended 31st March, 2021.**

It is hereby declared and confirmed that the Statutory Auditors of the Company, M/s Mullapudi & Co, Chartered Accountants, Hyderabad, has issued the Audit Report with unmodified opinion on the Annual Audited IND AS Financial Statements for the year ended 31<sup>st</sup> March, 2021.

This declaration is furnished pursuant to Regulation 33(3)(d) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,  
For Tera Software Limited

  
Tummala Gopichand  
Vice Chairman & Managing Director  
DIN: 00107886



CIN : L72200TG1994PLC018391

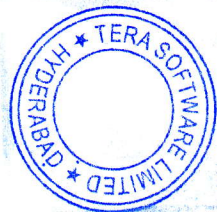
**TERA SOFTWARE LIMITED**  
CIN L72200TG1994PLC018391

#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH, 2021

Rupees in Lakhs

PARTICULARS	3 months ended	Preceding 3 months ended	Corresponding 3 Months ended in the previous year	Figures for the current year ended	Figures for the previous year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited	Unaudited	Audited	Audited	Audited
<b>1. Income from Operations</b>					
(a) Net Sales /Income from operations (net of excise duty)	4,968.89	4,002.74	9,225.06	16,072.23	26,897.37
(b) Other Income	71.61	74.89	79.93	321.31	301.57
<b>Total Income from Operations (net)</b>	<b>5,040.50</b>	<b>4,077.63</b>	<b>9,304.99</b>	<b>16,393.54</b>	<b>27,198.94</b>
<b>2. Expenses</b>					
Purchases	55.00	0.40	-	55.40	252.55
Changes in inventories of finished goods, work-in-progress and stock in trade	18.25	72.33	143.88	132.90	656.55
Technical & Operation expense	4,029.69	3,371.10	7,137.93	12,389.16	19,391.87
Employee benefit expense	331.40	312.05	842.68	2,178.54	3,417.44
Finance costs	196.76	201.56	242.04	849.28	927.38
Depreciation & amortisation expense	14.18	14.49	16.55	60.46	80.60
Other Expenses	127.66	77.70	598.91	575.08	1,486.05
<b>Total Expenses</b>	<b>4,772.94</b>	<b>4,049.63</b>	<b>8,981.99</b>	<b>16,240.82</b>	<b>26,212.44</b>
<b>3. Profit/(Loss) from operations after other income, finance costs but before Exceptional Items (1-2)</b>	<b>267.56</b>	<b>28.00</b>	<b>323.00</b>	<b>152.72</b>	<b>986.50</b>
<b>4. Exceptional Items</b>	-	-	-	-	-
<b>5. Profit/(Loss) from ordinary activities before tax (3+4)</b>	<b>267.56</b>	<b>28.00</b>	<b>323.00</b>	<b>152.72</b>	<b>986.50</b>
<b>6. Tax expense</b>					
1) Current Tax	107.60	0.37	109.91	116.83	352.91
2) Tax Expenses relating to Earlier years	-	-	-	-	-
3) Deferred Tax	(12.49)	3.94	(4.30)	(48.41)	(18.88)
<b>7. Profit/(Loss) from ordinary activities after tax (5+6)</b>	<b>172.45</b>	<b>23.69</b>	<b>217.39</b>	<b>84.30</b>	<b>652.47</b>
<b>8. Extraordinary items (net of tax Rs expense _____ Lakhs)</b>	-	-	-	-	-
<b>9. Net Profit/(Loss) before Other comprehensive income (7+8)</b>	<b>172.45</b>	<b>23.69</b>	<b>217.39</b>	<b>84.30</b>	<b>652.47</b>
<b>10. Other Comprehensive Income</b>					
Add: (i) Items that will be reclassified to profit or loss	(97.39)	-	(23.02)	(97.39)	(23.02)
Less: (ii) Income Tax relating to items that will be reclassified to profit or loss	(24.51)	-	(5.79)	(24.51)	(5.79)
<b>11. Net Profit/(Loss) for the period (9+10)</b>	<b>99.57</b>	<b>23.69</b>	<b>200.16</b>	<b>11.42</b>	<b>635.24</b>
<b>Earning Per equity share (for continuing operations):</b>					
(1) Basic	1.38	0.19	1.74	0.67	5.21
(2) Diluted	1.38	0.19	1.74	0.67	5.21



For Tera Software Limited.

*[Signature]*

VC and Managing Director

**TERA SOFTWARE LIMITED**  
CIN L72200TG1994PLC018391

#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.

**SEGMENT WISE REVENUE AND RESULTS**

		Rupees in Lakhs				
Sl. No.	PARTICULARS	3 months ended	Preceding 3 months ended	Corresponding 3 Months ended in the previous year	Figures for the current year ended	Figures for the previous year ended
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	<b>Segment Revenue</b>					
	a) Integrated Solutions Division	57.75	0.45	-	58.20	361.09
	b) Technical Division	279.67	270.76	615.32	1,699.09	2,422.45
	c) Projects Division	4,631.47	3,731.53	8,609.74	14,314.94	24,113.83
	<b>Net sales/Income from operations</b>	<b>4,968.89</b>	<b>4,002.74</b>	<b>9,225.06</b>	<b>16,072.23</b>	<b>26,897.37</b>
2	<b>Segment Results [Profit / (Loss) before Tax and Interest from each Segment]</b>					
	a) Integrated Solutions Division	(62.43)	(71.47)	(146.25)	(129.81)	(73.77)
	b) Technical Division	30.85	29.73	75.30	195.61	291.27
	c) Projects Division	649.27	315.31	899.18	1,368.20	2,408.23
	<b>Total</b>	<b>617.69</b>	<b>273.57</b>	<b>828.23</b>	<b>1,434.00</b>	<b>2,625.73</b>
	Less: i) Interest Expenses	196.76	201.56	242.04	849.28	927.38
	ii) Un-allocable expenditure (Net)	224.98	118.90	343.12	753.31	1,013.42
	Add: Interest and Other Income	71.61	74.89	79.93	321.31	301.57
	<b>Total Profit/(Loss) Before Tax</b>	<b>267.56</b>	<b>28.00</b>	<b>323.00</b>	<b>152.72</b>	<b>986.50</b>
	<b>Segment Assets</b>					
	Integrated Solutions Division	553.72	572.37	657.13	553.72	657.13
	Technical Division	732.03	1,045.24	1,347.49	732.03	1,347.49
	Projects Division	22,834.93	21,518.48	22,935.13	22,834.93	22,935.13
	Unallocable	5,706.92	5,888.06	6,559.26	5,706.92	6,559.26
	<b>Total</b>	<b>29,827.60</b>	<b>29,024.15</b>	<b>31,499.01</b>	<b>29,827.60</b>	<b>31,499.01</b>
	<b>Segment Liabilities</b>					
	Integrated Solutions Division	862.77	792.60	858.91	862.77	858.91
	Technical Division	808.99	1,036.67	1,125.69	808.99	1,125.69
	Projects Division	9,821.74	10,058.56	13,775.98	9,821.74	13,775.98
	Unallocable	18,334.10	17,136.32	15,738.43	18,334.10	15,738.43
	<b>Total</b>	<b>29,827.60</b>	<b>29,024.15</b>	<b>31,499.01</b>	<b>29,827.60</b>	<b>31,499.01</b>
	<b>(Segment Assets - Liabilities)</b>					
	Integrated Solutions Division	(309.05)	(220.23)	(201.78)	(309.05)	(201.78)
	Technical Division	(76.96)	8.57	221.80	(76.96)	221.80
	Projects Division	13,013.19	11,459.92	9,159.15	13,013.19	9,159.15
	Unallocable	(12,627.18)	(11,248.26)	(9,179.17)	(12,627.18)	(9,179.17)
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



For Tera Software Limited

*[Signature]*  
VC and Managing Director

## STATEMENT OF ASSETS AND LIABILITIES

Particulars	Rupees in Lakhs			
	Audited 31-03-2021 Audited		Audited 31-03-2020 Audited	
<b>I. ASSETS</b>				
<b>1. Non-current assets</b>				
(i) Property, Plant & Equipment	3,052.45		3,117.10	
(ii) Financial Assets	-		-	
(a) Other financial assets	251.61		223.73	
(iii) Other non current assets	161.02		306.72	
(iv) Deferred tax Asset (net)	332.62	3,797.70	259.71	3,907.26
<b>2. Current assets</b>				
(i) Inventories	273.99		406.89	
(ii) Financial Assets				
(a) Trade receivables	19,716.89		16,832.42	
(b) Cash and Cash Equivalents	1,377.36		1,586.03	
(c) Other financial assets	2,723.34		7,007.09	
(iii) Other current assets	1,954.93		1,714.14	
		26,046.51		27,546.57
<b>Total Assets</b>		<b>29,844.21</b>		<b>31,453.83</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity Share Capital	1,251.19		1,251.19	
(b) Other Equity	9,613.73	10,864.92	9,631.11	10,882.30
<b>2. Liabilities</b>				
<b>a) Non-current liabilities</b>				
(i) Financial liabilities				
(a) Long-term borrowings	348.88		151.81	
(iii) Long-term provisions	161.53	510.41	177.21	329.02
<b>b) Current liabilities</b>				
(i) Financial liabilities				
(a) Short-term borrowings	5,112.58		2,795.95	
(b) Trade payables				
Total Outstanding dues to Micro enterprises and small	353.77		492.20	
Total Outstanding dues to creditors other than Micro enterprises	10,279.91		15,076.52	
(c) Other financial liabilities	1,402.40		954.07	
(ii) Other current liabilities	1,201.31		761.15	
(iii) Short-term provisions	118.91	18,468.88	162.62	20,242.51
<b>Total Liabilities</b>		<b>29,844.21</b>		<b>31,453.83</b>

## Notes:

- The above financial results for the quarter and Year ended 31st March 2021 have been reviewed by the Audit Committee and were approved by the Board of Directors of the Company at the meeting held on 10th June 2021
- This statement is as per regulation 33 of the SEBI (Listing obligations and disclosure Requirements) Regulations, 2015. These financial results of the Company were prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the act") read with relevant rules issued there under ("Ind AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
- In view of non-realisation of bills from AP Fiber Grid project for operation and maintenance work being executed by the company, the Company is recognising the revenue only to the extent of cost incurred for the project till the termination notice received from Client dt 06.08.2020 and 30.07.2020
- Bank guarantee invoked by "Andhra Pradesh State Fibernet limited" of Rs.4.28 Crores. The said action was challenged by the company before the division bench of Andhra Pradesh High Court, Amaravathi, which is pending. Based on the legal opinion given by the counsel, the company has not made any provision in its books of accounts.
- Bank Balance Attachment from Government of AP: The Commercial taxes Department of Andhra Pradesh has given an attachment notice to the Bank of Maharashtra to hold and remit an amount of Rs.73,36,942/- to the Govt. from the cash credit account of the Company due to commercial tax department for the Period March – May 2020 based on GSTR1 forms filed for the above months.



For Tera Software Limited

V.C. and Managing Director

- 6 Orders Issued by GST Department: Best Judgment assessment orders under section 62 have been passed by the GST Department – Andhra Pradesh for the period March 2020 to February 2021 for non filing of GSTR-3B returns and raised a demand of Rs 4.33 Crores including interest of Rs 11.25 lakhs. A reply has been filed with the department by the company requesting for extension of time for filing the returns and payment of taxes till the huge arrears due from APSFL are realized.
- 7 Orders Issued by Appellate Deputy Commissioner (CT), Tirupathi: The order restricts the input availed by the company to 75% of the input claimed treating the service being executed as a Works contract instead of the supply and services contracts separately (APSFL Project). A demand of Rs.21,45,089/- has been raised by the department including a penalty of Rs.4,29,018. The company decided to challenge the proceedings before the Appellate Tribunal.
- 8 Orders Issued by Deputy Commissioner (CT) Guntur Division: The orders restricts the input availed by the company to 75% of the input claimed treating the work being executed as a Works contract instead of the supply and services contracts separately (AP Civil Supplies Project). A demand of Rs.6,96,746/- has been raised by the department. The company decided to challenge the above order before the Appellate Tribunal.
- 9 The Company has considered possible effects that may result from Covid-19 in preparation of these financial results including recoverability of its assets. In developing the assumptions relating to future uncertainties in the economic conditions due to Covid-19 it has, at the date of approval of these results considered relevant internal and external sources of information and expects that the carrying amount of these assets are recoverable. The impact of Covid -19 may be different from that estimated as at the date of approval of these financial results.
- 10 Corresponding quarter/year to date/Year figures have been re-grouped /re-classified wherever necessary to confirm to the classification of the current period.

Place: Hyderabad  
Date : 10th June, 2021



  
For Tera Software Limited

T. Gopichand  
Vice Chairman & Managing Director  
DIN : 00107886

TERA SOFTWARE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH-2021

(Rupees in Lakhs)

Particulars	2020-21	2019-20
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before tax as per Profit & Loss Statement	152.72	986.51
<b>Adjustments for:</b>		
Depreciation and amortisation	60.46	80.60
Sundry Credit Balances Written Back	482.98	394.27
Interest Income	(112.34)	(107.63)
Bad Debts Written Off	172.41	863.26
Finance Cost	(849.28)	(927.38)
Sundry Balances Written back	(3.71)	
Interest on MSME	(23.44)	
<b>Changes in Assets and Liabilities</b>		
Trade receivables	(3,056.88)	(4,131.15)
Other Financial Assets and Other Assets	4,254.20	(6,907.73)
Other Non Current Assts	145.70	(12.34)
Other Current Assets	(240.79)	(773.67)
Inventories	132.90	656.55
Trade Payables	(5,418.02)	11,213.12
Long Term Provisions	(15.68)	51.05
Other Current Liabilities	440.16	408.16
Short Term Provisions	(43.71)	10.96
Other Financial Liabilities	448.33	(48.21)
<b>Cash generated from operations</b>	<b>(3,473.99)</b>	<b>1,756.37</b>
Income tax paid	(214.21)	(375.95)
<b>Net cash flow from operating activities (A)</b>	<b>(3,688.20)</b>	<b>1,380.42</b>
<b>B. Cash flow from investing activities</b>		
Property, Plant & Equipment	4.19	(27.27)
Interest Income	112.34	107.63
<b>Net cash flow from Investing activities (B)</b>	<b>116.53</b>	<b>80.36</b>
<b>C. Cash flow from financing activities</b>		
Short Term Borrowings(Net)	2,316.63	(2,158.28)
Long Term Borrowings	197.07	49.44
Interest Paid	849.28	927.38
<b>Net cash flow from Financing activities (C)</b>	<b>3,362.98</b>	<b>(1,181.46)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(208.69)</b>	<b>279.32</b>
Opening balance of Cash and cash equivalents	1,586.05	1,306.73
<b>Closing balance of Cash and cash equivalents</b>	<b>1,377.36</b>	<b>1,586.05</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	15.36	12.57
<b>Balances with Banks</b>		
-On Current Accounts	76.22	56.54
-On Deposit Accounts	1,285.78	1,516.94
<b>Cash and cash Equivalents as per Note 7</b>	<b>1,377.36</b>	<b>1,586.05</b>



For Tera Software Limited

*[Signature]*

JC and Managing Director



## **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, 2021, 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").

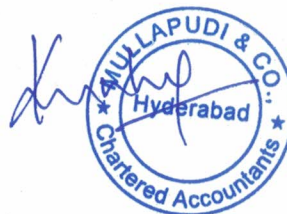
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting 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, 2021, 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.



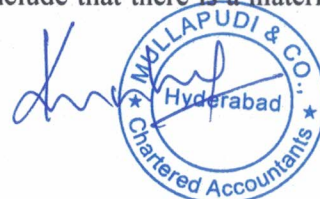
S.No	Key Audit Matter	Auditor's Response
1	<p>Provision for impairment loss in accounts receivables.</p> <p>The credit loss provision in respect of Account receivables represent management's best estimate of the credit losses incurred on the receivables at the balance sheet date.</p> <p>We have identified 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>	<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> <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>

### 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.

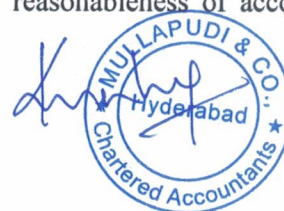
The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **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.

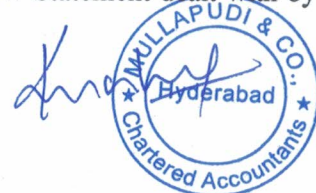
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, 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.

Date: 10.06.2021  
Place: Hyderabad

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

  
CA. B. Krishna Sivaram Apparao  
Partner  
Membership No: 226476

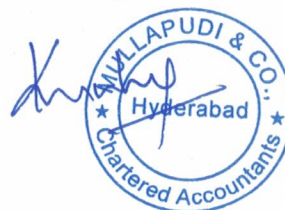


UDIN: 21226476 AAAADE2700

**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 except in case of GST of Rs. Crores.

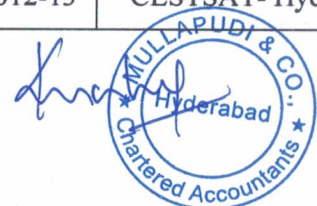


S.no	Nature of Dues	Amount	Period to which the amount relates
1	GST	Crores	2019-20
2	GST	Crores	2020-21

(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 dues in arrears as at 31/03/2021 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 & Penalty	21,45,089	2016-17 & 2017-18 (Till June-18)	Refer Note 1
11	The Finance Act 1994	Service Tax	3,99,98,766	2011-12	CESTSAT- Hyderabad
12	The Finance Act 1994	Penalty On Service Tax	4,00,08,766	2011-12	CESTSAT- Hyderabad
13	The Finance Act 1994	Service Tax	15,40,170	2008-09 to 2012-13	CESTSAT- Hyderabad
14	The Finance Act 1994	Penalty On Service Tax	15,50,170	2008-09 to 2012-13	CESTSAT- Hyderabad

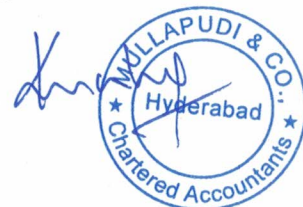


15	The AP VAT	Value Added Tax & Penalty	6,97,000	2014-15	Refer Note 1
16	GST	GST & Interest	73,36,942	March, April & May-2020	Writ petition filed with High Court of Andhra Pradesh.
17	GST	GST & Interest	359,94,258	June-20 to February-2021	Refer Note 2

Note 1: The appeal corresponding to this disputed demand is yet to be filed before VAT Appellate Tribunal, Andhra Pradesh. The time limit to file the said appeal is extended in lieu of COVID-19 Pandemic.

Note 2: The appeal corresponding to this disputed demand is yet to be filed before the Honorable High Court of Andhra Pradesh / Appellate Deputy Commissioner, Tirupathi. The time limit to file the said appeal is extended in lieu of COVID-19 Pandemic.

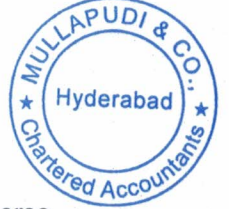
- viii. In our opinion and according to the information and explanation and given to us, the company has not defaulted in repayment of loans or borrowings availed from financial institution, banks and government. During the year the company has not issued debentures.
- ix. The company did not raise the 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: 10.06.2021  
Place: Hyderabad

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



  
CA B Krishna Sivaram Apparao  
Partner  
Membership No: 226476  
UDIN: 21226476AAADE2700

## **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 March 2021 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.

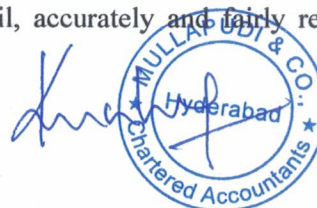
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal 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 2021, 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: 10.06.2021  
Place: Hyderabad

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

  
CA B Krishna Sivaram Apparao  
Partner  
Membership No: 226476  
UDIN: 21226476AAAADE2700

