

**TERA SOFTWARE LIMITED**  
CIN L72200TG1994PLC018391  
#8-2-293/82/A/1107, Plot no 1107, Road no 55, Jubilee Hills, Hyderabad-33.

**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2023**

(Rupees in lakhs)

PARTICULARS	Quarter Ended			For the Year Ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited	Audited	Audited	Audited
<b>1. Income from Operations</b>					
(a) Net Sales /Income from operations (net of excise duty)	4,008.18	2,184.65	3,753.94	11,658.06	12,633.00
(b) Other operating Income	562.65	858.81	-	1,421.97	81.25
(c) Other Income	93.66	2,263.06	77.27	2,515.93	318.47
<b>Total Income from Operations (net)</b>	<b>4,664.49</b>	<b>5,306.52</b>	<b>3,831.21</b>	<b>15,595.96</b>	<b>13,032.72</b>
<b>2. Expenses</b>					
Purchases	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock in trade	-	220.18	-	261.71	-
Technical & Operation expense	3,033.63	1,165.01	3,025.11	8,456.13	10,172.59
Employee benefit expense	457.01	429.83	429.66	1,751.93	1,442.63
Finance costs	80.56	162.48	243.05	636.20	1,104.52
Depreciation & amortisation expense	5.64	5.77	7.07	23.49	47.86
The above financial results for the quarter ended 31st March, 2022	733.06	2,701.04	67.74	3,600.94	347.43
<b>Total Expenses</b>	<b>4,309.90</b>	<b>4,684.31</b>	<b>3,772.63</b>	<b>14,730.40</b>	<b>13,115.03</b>
<b>3. Profit/(Loss) from ordinary activities but before Exceptional Items (1-2)</b>	<b>354.59</b>	<b>622.21</b>	<b>58.58</b>	<b>865.56</b>	<b>(82.31)</b>
<b>4. Exceptional Items</b>	-	-	-	-	-
<b>5. Profit/(Loss) from ordinary activities before tax (3-4)</b>	<b>354.59</b>	<b>622.21</b>	<b>58.58</b>	<b>865.56</b>	<b>(82.31)</b>
<b>6. Tax expense</b>					
1) Current Tax	46.39	143.98	19.68	190.37	51.54
2) Tax Expenses relating to Earlier years	-	276.53	-	276.53	-
3) Deferred Tax	(41.95)	72.72	20.09	52.08	(3.70)
<b>7. Profit/(Loss) from ordinary activities after tax (5-6)</b>	<b>350.15</b>	<b>128.98</b>	<b>18.81</b>	<b>346.58</b>	<b>(130.15)</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>350.15</b>	<b>128.98</b>	<b>18.81</b>	<b>346.58</b>	<b>(130.15)</b>
<b>10. Other Comprehensive Income</b>					
Add: (i) Items that will be reclassified to profit or loss	(4.88)	-	5.40	(4.88)	5.40
Less: (ii) Income Tax relating to items that will be reclassified to profit or loss	(1.23)	-	1.36	(1.23)	1.36
<b>11. Net Profit/(Loss) for the period (9-10)</b>	<b>346.50</b>	<b>128.98</b>	<b>22.85</b>	<b>342.93</b>	<b>(126.11)</b>
<b>12. Paid up Equity Share Capital (Face Value Rs 10/-)</b>	<b>1,251.19</b>	<b>1,251.19</b>	<b>1,251.19</b>	<b>1,251.19</b>	<b>1,251.19</b>
Reserves (excluding Revaluation Reserve as per the Balance Sheet of previous accounting year)				9,535.66	9,487.63
<b>Earning Per equity share (for continuing operations):</b>					
(1) Basic	2.80	1.03	0.15	2.77	(1.04)
(2) Diluted	2.80	1.03	0.15	2.77	(1.04)
<b>Earning Per equity share (for discontinued &amp; Continuing operations):</b>					
(1) Basic	2.80	1.03	0.15	2.77	(1.04)
(2) Diluted	2.80	1.03	0.15	2.77	(1.04)



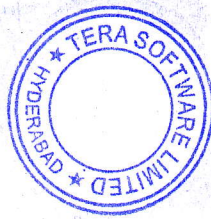
**For Tera Software Limited**

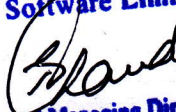
*Gand*  
Chairman and Managing Director

**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)

PARTICULARS	Quarter Ended			For the Year Ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited	Audited	Audited	Audited
<b>1. Segment Revenue</b>					
a) Integrated Solutions Division	-	-	-	-	-
b) Technical Division	1,481.96	1,475.36	1,386.54	5,809.57	2,990.21
c) Projects Division	3,088.88	1,568.10	2,367.40	7,270.45	9,724.04
<b>Net sales/Income from operations</b>	<b>4,570.83</b>	<b>3,043.46</b>	<b>3,753.94</b>	<b>13,080.03</b>	<b>12,714.25</b>
<b>2. Segment Results [Profit / (Loss) before Tax and Interest from each Segment]</b>					
a) Integrated Solutions Division	-	(119.83)	(13.62)	(206.29)	(20.84)
b) Technical Division	178.87	178.91	149.83	670.09	314.58
c) Projects Division	987.25	1,244.19	228.99	2,468.64	1,083.52
<b>Total</b>	<b>1,166.12</b>	<b>1,303.27</b>	<b>365.20</b>	<b>2,932.44</b>	<b>1,377.26</b>
Less: i) Interest Expenses	80.56	162.48	243.05	636.20	1,104.52
ii) Un-allocable expenditure (Net)	824.60	2,781.65	140.85	3,946.59	673.51
Add: Interest and Other Income	93.66	2,263.06	77.27	2,515.93	318.47
<b>Total Profit/(Loss) Before Tax</b>	<b>354.59</b>	<b>622.21</b>	<b>58.58</b>	<b>865.56</b>	<b>(82.31)</b>
<b>Segment Assets</b>					
Integrated Solutions Division	54.03	421.73	592.67	54.03	592.67
Technical Division	1,275.77	1,159.23	1,338.04	1,275.77	1,338.04
Projects Division	13,222.15	13,569.40	19,919.43	13,222.15	19,919.43
Unallocable	5,256.65	4,191.99	5,290.62	5,256.65	5,290.62
<b>Total</b>	<b>19,808.60</b>	<b>19,342.35</b>	<b>27,140.76</b>	<b>19,808.60</b>	<b>27,140.76</b>
<b>Segment Liabilities</b>					
Integrated Solutions Division	329.78	892.47	822.69	329.78	822.69
Technical Division	1,138.31	975.17	989.05	1,138.31	989.05
Projects Division	3,414.29	3,816.07	6,681.30	3,414.29	6,681.30
Unallocable	14,926.23	13,658.64	18,647.73	14,926.23	18,647.73
<b>Total</b>	<b>19,808.61</b>	<b>19,342.35</b>	<b>27,140.77</b>	<b>19,808.61</b>	<b>27,140.77</b>
<b>(Segment Assets - Liabilities)</b>					
Integrated Solutions Division	(275.75)	(470.74)	(230.02)	(275.75)	(230.02)
Technical Division	137.46	184.06	348.99	137.46	348.99
Projects Division	9,807.86	9,753.33	13,238.13	9,807.86	13,238.13
Unallocable	(9,669.57)	(9,466.65)	(13,357.10)	(9,669.57)	(13,357.10)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**For Tera Software Limited**  
  
**Chairman and Managing Director**

## STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

Particulars	Audited		Audited	
	31st March 2023		31st March 2022	
<b>I. ASSETS</b>				
<b>1. Non-current assets</b>				
(i) Property, Plant & Equipment	2,674.51		3,004.60	
(ii) Financial Assets			-	
(a) Other financial assets	245.57		242.24	
(iii) Other non current assets	504.80		462.67	
(iv) Deferred tax Asset (net)	284.11	3,708.99	334.96	4,044.47
			4,044.47	
<b>2. Current assets</b>				
(i) Inventories	12.28		273.99	
(ii) Financial Assets			-	
(a) Trade receivables	12,800.19		18,349.68	
(b) Cash and Cash Equivalents	1,600.81		1,004.11	
(c) Other financial assets	659.26		1,770.45	
(iii) Other current assets	944.61	16,017.15	1,989.44	23,387.67
		<b>19,726.15</b>		<b>27,432.14</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>A Equity</b>				
(a) Equity Share Capital	1,251.19		1,251.19	
(b) Other Equity	9,535.65	10,786.84	9,487.64	10,738.83
			10,738.83	
<b>B Liabilities</b>				
<b>1. Non-current liabilities</b>				
(i) Financial liabilities			-	
(a) Borrowings	483.74		-	
(ii) Provisions	166.94	650.68	435.30	435.30
			140.40	140.40
<b>2. Current liabilities</b>				
(i) Financial liabilities			575.70	
(a) Borrowings	1,931.51		5,618.87	
(b) Trade payables			-	
Total Outstanding dues to Micro enterprises and small enterprises	145.22		271.31	
Total Outstanding dues to creditors other than Micro enterprises and small	4,441.84		7,849.10	
(c) Other financial liabilities	821.00		1,203.32	
(ii) Other current liabilities	904.92		1,064.87	
(iii) Provisions	44.23	8,288.72	110.15	16,117.62
		<b>19,726.15</b>		<b>27,432.14</b>

## Notes:

- The above financial results for the quarter ended 31st March, 2023 have been reviewed by the Audit Committee and were approved by the Board of Directors of the Company at the meeting held on 27th May, 2023
- This statement is as per regulation 33 of the SEBI (Listing obligations and disclosure Requirements) Regulations, 2015. These financials 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").
- 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.
- The company sold part of its Land measuring 22634 Sq yards situated at Annaram village, Gummadidala Mandal, Sangareddy District, Telangana, India for an amount of Rs. 21,95,50,000/- and the amount has been received during the Year.
- During the quarter, the company has written off outstanding receivables as Bad debts amounting to Rs. 678.98 lakhs
- During the quarter, the company treated the outstanding payables/creditors as credit balances written back, which are back to back liabilities on the Bad debts written off.
- Orders issued by GST Department: Disputed GST Liability for Rs. 91.29 Lakhs between GSTR 3B Vs 2B during the period from Sept-2019 to March-2020 including interest for which Company decided to file appeals/Writ-petitions before Appellate Joint Commissioner(ST), Tirupathi/Honorable High Court of Andhra Pradesh, Amaravathi.
- Orders issued by Assistant Commissioner of Central Tax and Central Excise, Amaravathi CGST Divisional Office, Vijayawada: Disputed Transitional Credit including interest and Penalty of Rs. 141.67 Lakhs for which Company decided to file an appeal before Joint/Additional Commissioner of Central Tax (Appeals), Guntur, Andhra Pradesh.
- Corresponding quarter/Year figures have been re-grouped /re-classified wherever necessary to confirm to the classification of the current period.
- The figures of the last quarter are the balancing figures between Audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial years, which were subjected to limited review by the statutory Auditors.

For Tera Software Limited

T. Gopichand

Chairman & Managing Director  
DIN : 00107886Place: Hyderabad  
Date : 27-05-2023

TERA SOFTWARE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2023 and 31.03.2022

Rupees in Lakhs

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before tax as per Profit & Loss Statement	865.56	(82.31)
Adjustments for:		
Depreciation and amortisation	23.49	47.86
Sundry Credit Balances Written Back	1,421.00	-
Interest Income	(40.15)	(53.67)
Bad Debts Written Off	3,333.00	-
Finance Cost	(636.20)	(1,104.52)
Advances written off	347.53	-
Changes in Assets and Liabilities:		
Trade receivables	2,222.27	1,367.21
Other Financial Assets and Other Assets	760.33	952.89
Other Non Current Assets	(42.13)	176.28
Other Current Assets	(1,044.83)	(503.07)
Inventories	261.71	-
Trade Payables	(4,954.35)	(2,509.56)
Long Term Provisions	26.54	(21.13)
Other Current Liabilities	(159.95)	(140.16)
Short Term Provisions	(65.92)	(8.76)
Other Financial Liabilities	382.32	(199.07)
Cash generated from operations	2,700.22	(2,078.01)
Income tax paid	575.94	(46.14)
<b>Net cash flow from operating activities (A)</b>	<b>3,276.16</b>	<b>(2,124.15)</b>
<b>B. Cash flow from investing activities</b>		
Property, Plant & Equipment	(23.49)	-
Sale of Land	306.60	-
Interest Income	40.15	53.67
<b>Net cash flow from Investing activities (B)</b>	<b>323.26</b>	<b>53.67</b>
<b>C. Cash flow from financing activities</b>		
Short Term Borrowings(Net)	(3,687.36)	506.29
Long Term Borrowings	48.44	86.42
Interest Paid	636.20	1,104.52
<b>Net cash flow from Financing activities (C)</b>	<b>(3,002.72)</b>	<b>1,697.23</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>596.70</b>	<b>(373.25)</b>
Opening balance of Cash and cash equivalents	1,004.11	1,377.36
Closing balance of Cash and cash equivalents	1,600.81	1,004.11
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	9.40	10.91
Balances with Banks		
-On Current Accounts	1,011.46	8.30
-On Deposit Accounts	579.95	984.90
<b>Cash and cash Equivalent as per Note 7</b>	<b>1,600.81</b>	<b>1,004.11</b>

Place: Hyderabad  
Date : 27th May 2023



For Tera Software Limited

*T. Gopichand*

T. Gopichand  
Chairman & Managing Director  
DIN : 00107886



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TERA SOFTWARE LIMITED**

#### **Report on the Audit of the Standalone Financial Statements Opinion**

We have audited the accompanying standalone financial statements of TERA SOFTWARE LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the ("standalone financial statements")).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, ("INDAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, 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 standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statement 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 standalone financial statements under the provisions of the Act and the Rules made there under, 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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.



Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Recognition and Measurement of Bad Debts:</p> <p>We have determined that the recognition and measurement of bad debts constitute a key audit matter in our audit of the financial statements of Tera Software Limited, a listed software company. Bad debts are considered significant due to their potential impact on the company's revenue recognition and financial performance. Our audit response involved evaluating the adequacy of the company's bad debt provision and assessing the effectiveness of internal controls over the estimation process.</p>	<p>Our audit procedure in respect of this area included:</p> <p><b>Risk Assessment:</b> We assessed the risk of material misstatement in the recognition and measurement of bad debts, considering the inherent complexities in the software industry's revenue recognition and the potential impact of economic factors on customers' ability to pay.</p> <p><b>Evaluation of Internal Controls:</b> We evaluated the design and implementation of internal controls over the estimation of bad debts, including the company's policies and procedures for assessing credit risk, monitoring customer payments, and determining appropriate provisions for doubtful accounts.</p> <p><b>Testing of Bad Debt Provision:</b> We performed substantive testing procedures to validate the completeness and accuracy of the bad debt provision. This included reviewing the ageing of accounts receivable, analyzing historical collection patterns, assessing the reasonableness of assumptions used in the estimation process, and comparing the provision to actual write-offs.</p> <p><b>Management Representations:</b> We obtained written representations from management regarding the completeness and accuracy of information provided to us concerning the bad debt provision, including details on significant write-offs during the period.</p> <p>Our audit procedures provided us with sufficient appropriate audit evidence to form an opinion on the reasonableness of the bad debt provision and its impact on the financial statements.</p>
2	<p><b>Provisions and Contingent Liabilities and Evaluation of uncertain tax positions:</b></p> <p>There are material claims against the company and uncertain Tax/GST positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes.</p>	<p>We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions.</p> <p>We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions.</p> <p>We assessed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and assessed the appropriate disclosures in the financials.</p>



### **Information Other than the Financial Statements and Auditor's Report Thereon**

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 to Board's Report, 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 standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, 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 Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



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

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control 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 the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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 the 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 standalone 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 head verse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- a) As required by Section143(3) of the Act, based on our audit 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 purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the IndAS Specified under Section133 of the Act.
  - e) On the basis of the written representations received from the directors as on March31,2023 taken on record by the Board of Directors, none of the directors is disqualified as on March31,2023 from being appointed as a Director in terms of Section164(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 A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s 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:
  
- h) 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.
  
- i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds(which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner what so ever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - 1. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate)have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party(“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



2. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that there presentations under sub-clause(i)and(ii)ofRule11(e),as provided under(a)and(b)above, contain any material misstatement.
- v. No dividend has been declared by the company during the year.
- j) As required by the Companies (Auditor’s Report) Order, 2020 (the “Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

Date: 27.05.2023  
Place: Hyderabad

**For Narven Associates**  
Chartered Accountants  
Firm Regn. No: 0005905S  
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by GURUJALA  
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RAMANA Date: 2023.05.27  
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CA. G.V. RAMANA  
Partner  
Membership No: 025995  
UDIN: 23025995BGSKZV1014



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT of even date on the standalone INDAS  
Financial Statements of M/s TERA SOFTWARE LIMITED**

**Report on the Internal Financial Controls Over Financial Reporting 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 **M/s TERA SOFTWARE LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Management of the Company 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 (the “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 safe guarding 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 Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 be come inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2023, based on the criteria for internal financial control over financial reporting 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 ICAI.

Date: 27.05.2023  
Place: Hyderabad

**For Narven Associates**  
Chartered Accountants  
Firm Regn. No: 0005905S

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CA. G.V. RAMANA  
Partner

Membership No: 025995  
UDIN: 23025995BGSKZV1014



**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT ISSUED TO THE MEMBERS OF TERA SOFTWARE LIMITED OF EVEN DATE**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.  
(B) The Company does not have any Intangible Assets during the year. Hence reporting under clause 3(i)(a)(B) is not applicable.
  - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) Based on our examination of lease agreement for land/ Registered sale deed/ transfer deed/conveyance deed provided to us, we report that, the title in respect of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.
- ii.
  - (a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate; According to the information and explanations given to us, no material discrepancies were noticed on such verification;
  - (b) The Company has been sanctioned working capital limits in excess of ₹ 30 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) and the quarterly returns or statements filed by the company with such books or financials-institutions are in agreement with the books of accounts of the company.



- iii. The Company has not made any investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, hence the reporting under this clause is not applicable.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- vii. In respect of statutory dues:
  - a. In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable, except in the case of GST of Rs.6.28 Crores

S.no	Nature of Dues	Amount	Period to which the amount relates
1	GST Due	6.28 Crores	2020-21

- b. There are no dues of Income Tax or Sales Tax or Service Tax or Duty of customs or duty of Excise or Value added tax or GST, which have not been deposited on account of any dispute.



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)	Vat Appellate Tribunal, Andhra Pradesh
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	Vat Appellate Tribunal, Andhra Pradesh





16	GST	GST & Interest	5,55,67,058	March - 2020 to May-2021	Appellate Deputy Commissioner, Andhra Pradesh
17	GST	Interest & Penalty	91,28,981	September 2019 to March 2020	Appellate Deputy Commissioner, Andhra Pradesh
18	Transitional Credit	interest & Penalty	1,41,67,242	September 2019 to March 2020	Joint/Additional Commissioner of central Tax (Appeals), Andhra Pradesh

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(43 of 1961).
- ix. (a) The Company has not defaulted in repayment of any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The company has not taken any term loans during the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Joint ventures and associates and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.



- (c) The company has not received any whistle-blower complaints during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate Internal audit system commensurate with the size and the nature of its business.  
(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. And hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a)(b) and (c) of the Order is not applicable.  
(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the cash loss amounting to Rs.78.25 lakhs in the immediately preceding financial year has been reported.
- xviii. There has been no resignation of statutory auditors due to casual vacancy. The change of Statutory auditors has been happened under companies act 2013 i.e. Auditor retires by rotation.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- XX. In respect of ongoing projects, the Company has transferred unspent Corporate Social



Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

**For Narven Associates**  
Chartered Accountants  
Firm Regn. No: 0005905S

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Place: Hyderabad

CA. G.V. RAMANA  
Partner  
Membership No: 025995  
UDIN: 23025995BGSKZV1014