



Press Release

Tera Software Limited

February 16, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	34.00 (Enhanced from 24.00)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Non-Fund Based Bank Facilities – Bank Guarantee	41.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Proposed Long Term Fund Based Bank Facilities – Cash Credit	66.00 (Enhanced from 50.00)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Proposed Long Term Non-Fund Based Bank Facilities – Bank Guarantee	359.00 (Reduced from 385.00)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Total	500.00 (Rupees Five Hundred crore only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has reaffirmed its rating assigned to the bank facilities of Tera Software Limited (TSL). The rating continues to derive strength from strong orderbook position, sustained improvement in revenue and profitability, adequate debt protection metrics and extensive experience of promoters. The ratings are however constrained by moderate capital structure, client concentration risk and uncertainty involved with the number of projects due to bidding nature of the company's revenue sources.



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The outlook is expected to remain stable given the extensive experience of the promoters and strong orderbook position providing medium term revenue visibility.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained increase in revenues and profitability leading to improvement in cash accruals and liquidity position.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong orderbook position

TSL has a strong order book of Rs. 3,841.14 crore as of September 30, 2025, representing 34.60x of its FY25 (period refers from 01st April 2024 to 31st March 2025) revenue, thereby providing strong revenue visibility over the medium term. During FY25, the order book was significantly strengthened by a new order worth Rs. 3,502.78 crore from BSNL for a tenure of 10 years. Of this, orders amounting to Rs. 51.20 crore have already been executed as of September 2025.

Sustained improvement in revenue and profitability

TSL's revenue increased by 26.49% year-on-year to Rs. 111.00 crore in FY25 from Rs. 87.76 crore in FY24, driven by the timely execution of orders. The company has already achieved revenue of Rs. 104.17 crore in H1 FY26 and is projected to reach Rs. 224.17 crore by March 2026, supported by the execution of its unexecuted order book of Rs. 3,841.14 crore as of September 2025.

TSL's EBITDA margin improved to 14.09% in FY25 from 11.26% in FY24, primarily due to higher revenue and better absorption of fixed costs. The margin is expected to further strengthen to 15.11% in FY26. Consequently, the PAT margin rose to 8.42% in FY25 from 3.90% in FY24 and is projected to improve further to 9.37% in FY26.



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Adequate debt protection metrics

TSL's interest coverage continued remain comfortable at 4.12x in FY25 from 3.46x in FY24 due to improvement in earnings in FY25. Further, Total Debt/ NCA and Total Debt/ EBITDA also continued to remain comfortable at 2.09x and 1.27x respectively in FY25 from 5.64x and 3.39x respectively in FY24 due to improvement in earnings. Further, DSCR has also improved to 3.52x in FY25 from 3.08x in FY24 due to improved earnings.

Extensive experience of promoters

Mr. Gopichand Tummala is Managing Director of TSL and has more than three decades of experience in the industry. He is supported by the Board of directors having vast management experiences from their stints in various government and private agencies. Highly experienced management helps the company successfully bidding and winning important contracts from the Government as also, steering the company in volatile times.

Key Rating Weaknesses

Moderate capital structure

TSL does not have any term loans or long-term debt, however TSL's capital structure continues to remain moderate as overall gearing has improved to 0.70x in FY25 from 1.81x in FY24 due to improvement in Adjusted Tangible Networth to Rs. 28.60 crore in FY25 from Rs. 18.51 crore in FY24. However, TOL/TONW though improved has remained high at 3.18x respectively in FY25 from 5.09x in FY24.

Client concentration risk

In FY25, the top five clients of TSL has shared around ~ 96.18% of its total revenue, with the contribution of its top client alone being ~25.06%. A similar trend has been observed in previous years as well. The concentration risk is high for the company with dependence on a small group of clients.

Uncertainty involved with the number of projects due to bidding nature of the company's revenue sources

Nearly 94% of company's revenue comes from government projects that are awarded through closed bidding processes. There is always uncertainty to the number of projects that would



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come up in any financial year. This risk would persist in future as well. Also, as the projects are funded by the government bodies, the risk of delays and cost overrun too exists.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to match adequately with debt repayment obligations. The free cash balance as on March 31, 2025, stood at Rs. 0.13 crore. The average working capital utilisation for 12 months ending December, 2025 has been 80.85%. The current ratio and quick ratio stood at 0.97x and 0.97x respectively in FY25.

About the Company

TSL was founded in year 1994 by Mr. Gopichand Tummala. The company is into egovernance - developing and implementing technological solutions for different government bodies in India. Around ~94% of business comes from government bodies whereas private projects constitute the remaining part of its revenue. It went public in the year 2000. TSL provides services in e-governance and development of enterprise information system for sales tax, public distribution system, registrations, education, road transports, UIDAI (Aadhar) & NPR (National Population Register) etc. It is ISO 9001:2015, ISO 20000-1:2011 and ISO 27001:2013 certified for its processes across the organization.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	87.76	111.00
EBITDA	9.88	15.64
PAT	3.45	9.41
Total Debt	33.46	19.93
Adjusted Tangible Net Worth	18.51	28.60
EBITDA Margin (%)	11.26	14.09
PAT Margin (%)	3.90	8.42
Overall Gearing Ratio (x)	1.81	0.70
Interest Coverage (x)	3.46	4.12

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: India Ratings and Research continued to maintain the ratings assigned to TSL's bank facilities in the 'Issuer Not Cooperating' category vide Press Release dated July 18, 2025, due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (March 6, 2023)
1.	Cash Credit	Long Term	34.00	IVR BBB-/ Stable	(January 10, 2025): IVR BBB-/ Stable (December 18, 2024): IVR BB+/ Stable	(March 13, 2024): IVR BB+/ Stable (December 15, 2023): IVR BB+/ Rating Watch with Negative Implications	IVR BB/ Negative; Issuer Not Cooperating



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Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (March 6, 2023)
						(May 18, 2023): IVR BB+/ Stable	
2.	Bank Guarantee	Long Term	41.00*	IVR BBB-/ Stable	(January 10, 2025): IVR BBB-/ Stable (December 18, 2024): IVR BB+/ Stable	(March 13, 2024): IVR BB+/ Stable (December 15, 2023): IVR BB+/ Rating Watch with Negative Implications (May 18, 2023): IVR BB+/ Stable	IVR BB/ Negative; Issuer Not Cooperating
3.	Proposed Cash Credit	Long Term	66.00	IVR BBB-/ Stable	(December 18, 2024): IVR BB+/ Stable	--	--
4.	Proposed Bank Guarantee	Long Term	359.00	IVR BBB-/ Stable	(January 10, 2025): IVR BBB-/ Stable (December 18, 2024): IVR BB+/ Stable	(May 18, 2023): Withdrawn	IVR BB/ Negative; Issuer Not Cooperating

*Sub-limit of Bank Guarantee – Procurement of material/ equipment: Rs. 10.00 crore and Sub-limit of Letter of Credit: Rs. 10.00 crore. Sub-limit of Letter of Credit: Rs. 8.00 crore.



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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	--	34.00	IVR BBB-/ Stable
Bank Guarantee	--	--	--	41.00*	IVR BBB-/ Stable
Proposed Cash Credit	--	--	--	66.00	IVR BBB-/ Stable
Proposed Bank Guarantee	--	--	--	359.00	IVR BBB-/ Stable

*Sub-limit of Bank Guarantee – Procurement of material/ equipment: Rs. 10.00 crore and Sub-limit of Letter of Credit: Rs. 10.00 crore. Sub-limit of Letter of Credit: Rs. 8.00 crore.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Tera_Software16_Feb26_14f568db7f.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.