

Tera Software

Company:

Founded: 1994

Employees: 1100+

Location: Hyderabad

Price; 70.15; Market cap: 60.58 crore

Website outdated; no AR even on EDIFAR (AR FY05 on site.securities) ; no analyst reports

Shareholding pattern (as 1 31st March): Promoters (37.24%); NRI/OCB (0.39%); PCB (16.33%); Public (45.75%)
Rajasthan Global Securities: 8.69%; Investsmart India: 2.04%; Hawa Faisal Zubair: 1.77%; Hawa Sarah Faisal: 2.59%;
Hawa Bilkis Zubair: 1.4% (Who is this Hawa? combined 5.76% above the threshold of 5%)

Business: e-governance solutions (Education, Registration, Utilities, Transportation, Health, Distribution, Administration, Co-operatives, Agri-Marketing); Systems Integrations; ITES; Software development and consultancy

A few e-governance projects: Karnataka Valuation and e-registration (KAVERI) - BOT/consortium with Electronics Corporation Of India Ltd(ECIL); Infrastructure by ECIL and Tera; Period unknown

Bescom Project: Bescom is a electricity supply company wholly owned by Govt. of Karnataka operating in 5 districts; BOO project for 2 districts; Partership with ECIL; Started: 2004; Period: 3years; Infrastructure by ECIL and Tera
Has an order for implementing a literacy project in schools in Goa. The project extends to 144 schools in the southern zone of the state and covers 35,193 students.

Maintenance and facility development of AP RTA (again had ECIL presence)

Systems Integrations & Networking: Did for Kaveri and Becom projs among others; Includes hardware, WAN solutions etc. offered to Zee telefilms, BHEL, University of Hyderabad etc; Part of APSWAN (AP State Wide Area Network)

ITES: Data Entry, Data Capture and Processing, Scanning, Digitisation and Document Management, GIS/GPS Services, BPO Services

Software development and consultancy: e-business application development; SMS Banking Transactions (Cheques, DD and Mail Transfer); Event Analysis & Messaging Systems for controlling and automating information flow in industries; Consultancy (to ECIL which is a WOS of India gov; seems to do quite a few thigs with it);

Financials: Sales: 35.4 cr(2006), 17.58(2005) & 15(2004) (exact reasons unknown) But a few
Bagged a Rs 150 crore order for automation of sales tax department of Maharashtra government on 7th Sep 2005
Projects division contributed
Awarded a 48 crore project by ECIL for implementing the e-governance project of the Motor Vehicles Department, Kerala

Stock: Decent buy at 70; Volatile (gives opportunities); 150+ in May 06; 60- in July 06

One probable reason: declaring of the new financials in May (could not find the exact date)

May 06- open (75.9); closed(108.95); high(150.45); low (71.55)

Below Rs 10 for a significant part of 2004; has geerally moved up in the last couple of years

VIMP: Reported on 28/08 that it will give a bonus share for every 4 share held to stock as well as warrant holders
Warrants issued to promoters for 1:1 share issue at a premium of Rs 67/share for a total of 6.16 crores. Details will come in the FY06 AR (In June 74-114); Issued warrants in May 2005 to fund the Kerela project - These warrants were covered into 1.5 crores shares at Rs. 31 per share which was 50% of the shares held on 30th June 05; Shareholding is 37.24% (from 38.72% 1 June 05) even tho the total no of shares has increased to 3.43 cr (from 3 crores)

Management: D Seetharamaiah(Chairman) ex director of APSFC, APSFC; ;
Gopi Chand (VC and MD); Hanuman Chowdhary(Director, founding chairman of VSNL, IT advisor to AP gov)

Growth and business: Software; difficult to predict; but prima facie looks good; Good project with BOT/BOO... but its financial position in the deals not clear; Net sales jumped 100% will have to look at more details; good project from Maharashtra government; Also offers an integrated offering which is good; seems to have great relations with ECIL

Competition: Tera is a small player (Heavyweights like TCS); e-governance is a big market; Has not bee part of the top 20 e-gov proj identified by Dataquest (2003); has considerable scope of scaling up; but because of its lack of scale will not be bidding for most