

# Tanla Solutions

ANNUAL REPORT 2016-17



Enabling Cloud Communications  
for People and Things

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***At Tanla we are constantly innovating and reinventing ways of communication; raising the bar through enhanced speed, ease and simplicity of our Cloud solutions.***

We are transforming to become leaders in the Cloud Communications space and have developed a platform to provide world-class telecom solutions with no third-party dependencies, creating incremental value at zero-capital investment for our partners and clients. Our robust and reliable products and solutions offer scalability to enterprises and mobile operators augmenting their network performance and security along with generating revenue opportunities.

We aim to enable enterprises and telcos to integrate complex communications into their applications including SMS, Voice and Push Notifications. We also aim to expand our footprint in the domestic and international markets to grow globally.

# ABOUT TANLA

## AT A GLANCE

We are the chosen partner for every next-generation Cloud Communication service.

At Tanla we are knowledgeable and experienced domain specialists; chosen to be the preferred service provider for Fortune 500 companies globally.

Our journey began in 2000 with a small group of mobile messaging experts working together to create a world-class messaging platform. We have excelled in giving the world a seamless communication platform, driven by speed, ease and simplicity of Cloud solutions.

Our expertise lies in developing and delivering cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.

As we grow, we have successfully raised the bar of excellence and performance in our domain, and have been recognized as one of the largest messaging platforms in the world.

## CORE VALUES



### Passion

We are passionate about our work, people, processes and clientele.



### Result-oriented

Results matter to us and we evaluate ourselves based on our results.



### Wellness

We take care of ourselves first, so we can produce better results for our customers.



### Transparent & Trust

We are an open organization, fostering a transparent work culture riding over trust.



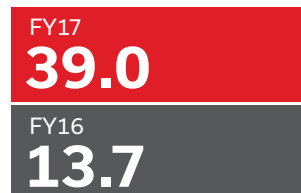
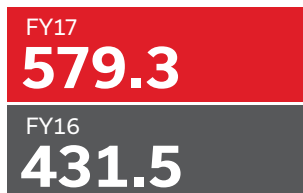
### Customer Success

Our client's success defines our growth and achievement.

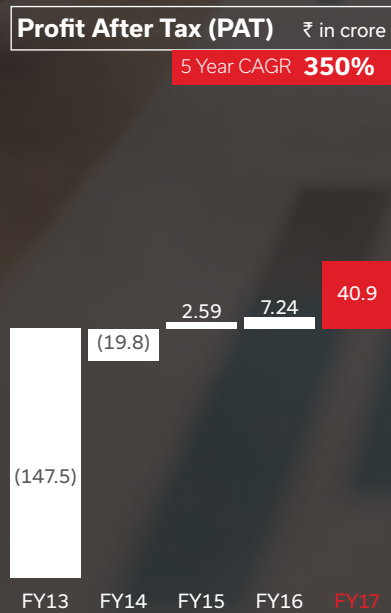
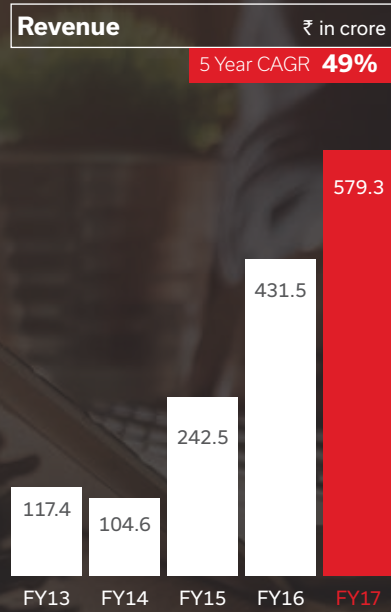


### Give back

We are committed to give back 1% of our People's time, 1% of Products and 1% of Profits to society.



# KEY PERFORMANCE INDICATORS



## FROM THE CHAIRMAN'S DESK

### Dear Shareholders,

The year gone by has indeed been momentous and defining for your Company. Besides setting new benchmarks and crossing significant milestones, Tanla is well poised to leapfrog into a technology partner of choice for enterprises across industry spectrum. With the launch of its Cloud Communications Platform, enterprises now have seamless solutions for customer engagement. With client additions like Fortune 500 companies and a strong financial performance as borne out by more than quadrupling Profit after Tax, Tanla stands on a firm footing to meet future growth targets.

Revenues grew by 34% to ₹ 579.3 crores in FY 2017 from ₹ 431.5 crores in FY 2016. Increase in volume of messages from existing customers on domestic hub and addition of marquee clients on ILD hub contributed to increase in revenues. Earning before Interest, Tax, Depreciation and Amortization (EBITDA) stood at ₹ 56.1 crores in FY 2017 (₹ 65.5 crores in FY 2016). Decrease in EBITDA is on account of change in product mix, due to exit from certain segments of mobile payments vertical in overseas market. Net Profit increased by 465% to ₹ 40.9 crores in FY 2017 from ₹ 7.24 crores in FY 2016.

Capex of ₹ 7.06 crores was incurred towards deployment of Cloud Communication platform and other geographical expansion. Debtor days have been under control during the year and there have been no bad debts except provision of ₹ 19 lakhs as Expected Credit Loss as required under Ind AS 109. Cash and Cash Equivalents improved by 162% to ₹ 133.3 crores in FY 2017 from ₹ 50.9 crores in FY 2016.

Tanla's proprietary Cloud Communications platform enables enterprises to choose from SMS, voice, video, push notifications and email for customer

engagement. Solutions that help them optimize their cost of customer engagement, improve their quality of communication, analyze customer data on various data points, feed into various internal teams, thus leveraging their digital potential. Tanla's Cloud platform provides a single API enabling the enterprise to choose its preferred mode of communication, which is cost friendly for the enterprise and allows the enterprise to switch between engagement models without having to look for a different vendor for each modality of communication. This differentiator would enable Tanla to reach out to enterprises of varied scale and industry. This will further enable a rapid, scalable, secure and cost-effective communication solution for the enterprises, thereby resulting in enhanced revenues for Tanla.

As a part of Cloud offering Tanla continues to provide A2P messaging services while Voice has been



added during FY 2017. Platform capabilities shall be enhanced to add Internet of Things(IoT) and Videos going forward.

We have had the privilege of commencing provision of services to Fortune 500 companies, including social media and e-commerce majors. In the domestic front, almost 80% of BFSI segment's messages are processed from our platform. Next time you receive a One Time Password(OTP) on your mobile, you can almost be sure it's from your Company's platform.

**Your Company has institutionalised best practices in corporate governance:**

Tanla continues to have a robust independent internal audit team that submits a detailed report to the Audit Committee every quarter reporting adherence to compliances, financial accounting and reporting practices. Your Company has appointed Ernst & Young as internal auditors for FY 2018. KPMG has been retained to recommend and implement industry best practices for the Company's systems and processes.

The board proposes to pay a final dividend @ 25% (subject to approval of shareholders in the AGM), up from 20% during previous year. Your Company aspires to maintain the momentum and improve the pay-out ratio in the coming years.

As per the Ind AS standards prescribed under section 133 of the Companies Act, depreciation and amortization on assets is provided over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. At the end of each reporting period, a test is conducted to see if there is any objective indication that a non-financial asset or a group of non-financial assets should be impaired. If any such indication exists, the Company estimates the impairment loss and provides for the same.

**Way forward:**

Your Company looks forward to adding new solutions to the Cloud Communication platform to be able to add more enterprise clients that will enhance revenues. We plan to launch these solutions in Q3 FY 2018.

Telecom operators in India are presently facing shrinking margins due to hyper competition. Tanla views this as an opportunity to offer an ecosystem to enterprises and telecom operators alike; a cost effective integrated communications solution.

Your Company intends to judiciously utilize its free cash flows. Besides working capital requirement, industry experts have been boarded to augment and support the expansion plans. Your Company is continually looking for inorganic opportunities to fuel growth and will update the esteemed shareholders should an appropriate opportunity present itself.

As part of your company's CSR initiative, Tanla has pledged to a programme called (1% + 1% +1%), wherein 1% of our peoples' time, 1% of products and 1% of Profits will be Tanla's humble contribution back to society at large. The distinctive feature here being besides material resources, effective CSR can only be executed with professional manpower and technology tools. This three-pronged strategy provides succour to people affected by natural calamities, differently abled children, women and senior citizens and empowering communities with self-sustainable livelihoods

I am proud of the entire Tanla team who has made this transition possible through their hard work, application and strong-willed execution. As part of employee engagement programs, your Company has conducted quarterly townhall meetings where achievements of the previous quarter and targets for the next quarter are discussed, thereby bringing an inclusive culture. Eligible employees have subscribed to the options allotted to them making the ESOP plan a success. Your Company encourages non-linear thinking, provides enhanced growth opportunities enabling excellence in customer delivery. Being a part of a dynamic, knowledge-driven industry, we promote our employees to be leaders and brand ambassadors. We are inviting experienced industry professionals to lead our teams and are hiring new talent to create a diverse workforce; building an equilibrium between the millennials and the senior professionals. I thank you, the Board members and all our other stakeholders including bankers, clients and partners for your unflinching, and ongoing support.

Look forward to meeting you at the Annual General Meeting.

Warm Regards,



**D. Uday Kumar Reddy**

# CLOUD COMMUNICATIONS

The communications industry has undergone radical changes in the Enterprise Communications space over the last few years. This ongoing transformation is long-term and strategic in nature, creating a paradigm shift in the way communication services are implemented.

**Cloud Communications platforms enable on-demand communication services to enterprises (SMS, Voice, Video, Email) over internet and leverage the efficiencies of cloud computing for scalability and security without having to spend on capex.** The features include quick delivery, pay on demand, flexible deployment, self-service, and open Application Programming Interfaces (APIs) that help enterprises unleash the technological dividend of digital transformation. Enterprises have enjoyed their benefits beyond cost saving, including increased productivity, collaboration, and time to market. Today, they understand the benefits of moving their communication infrastructure to cloud including **messaging, voice, video, IoT and other related value-added services including In-App communications and analytics**, and are ready to embark on this journey.

Tanla is transforming itself to become a leader in the Cloud Communications space and has established strategic partnerships to be firmly placed and lead from the front. **'Enabling communications for people and things'**, is our new mantra and our product and technology roadmap of A2P is being redesigned to adapt to this fast-evolving technology.

Today, the word 'communication' has evolved beyond A2P messaging and, we at Tanla, have successfully launched the Cloud Communications platform to deliver an omni-channel communication experience to enterprise customers. Our vision is to enable enterprises to integrate complex communications into their applications on the fly. To do this, we have adopted cloud as a key technology driver and built products and services over this platform.

Our strength is in understanding the demands of Enterprise Customers and offering best-in-class, competitive services. This shall continue to be the key success factor in achieving win-win results for Cloud Communications service providers and enterprise users.

## Market Growth

Cloud Communications market is expected to grow by about 23% every year, reaching \$ 28.9 billion by 2019. This segment of the communications market, based on cloud API solutions, is alone expected to be worth, approximately, \$ 10 billion in 2019. (Source IDC: Cloud Enterprise Communication Report)

## A2P Messaging

Application to Person (A2P) messaging continues to grow at double-digit rate not only in India, but across the globe. It is estimated that the A2P messaging market will be worth \$ 58.75 billion by 2020 (Source: mobileSQUARED Report). The key drivers of such high-growth are the fundamental characteristics of SMS high-security, cost effectiveness and ubiquitous nature.

Tanla has witnessed 54% growth in A2P messaging volumes and continues to grow in both, domestic and international messaging. We are committed to holding our leadership position in messaging.

SMS today powers multiple use case including delivery of one-time passwords which are critical security notifications for banking, social media and many other industries. SMS is, and shall be, the most widely used channel for business-to-consumer communication, and we are observing an increased adoption across industry verticals.

## Voice Communications

Business today needs communication platforms to interact with customers, employees, investors and other stakeholders for business development, customer care, collaboration etc. Traditional communications platforms are complex, closed, expensive and have high network requirements. Cloud Communications platforms can greatly reduce the capex and opex required, time of deployment and enable easy integration into multiple enterprise apps (CRM systems, consumer apps, digital marketing campaigns and many more). It also gives flexibility to start-ups and developers to integrate communications or build apps that use communications with simple API integrations.



Tanla has collaborated with leading telecom service providers to provide cloud-based voice communication services to enterprises including large, medium and SME segments. This self-service, web-based portal is easy to use and powers multiple use cases for enabling in-bound and out-bound voice communications.

### IoT

Cloud Communications is all set to gain significance in the new emerging industry landscape including IoT. Smart devices send alerts to signal their status, saving firms money and time. Ericsson predicts that the number of IoT connections will grow by an average of 20-30 % a year, for the next 5 years. Over the next 5 years, IoT is expected to increase at a Compounded Annual Growth Rate (CAGR) of 23%, making close to 16 billion of the total forecast of 28 billion connected devices in 2021. (Source: Ericsson Mobility Report 2016)

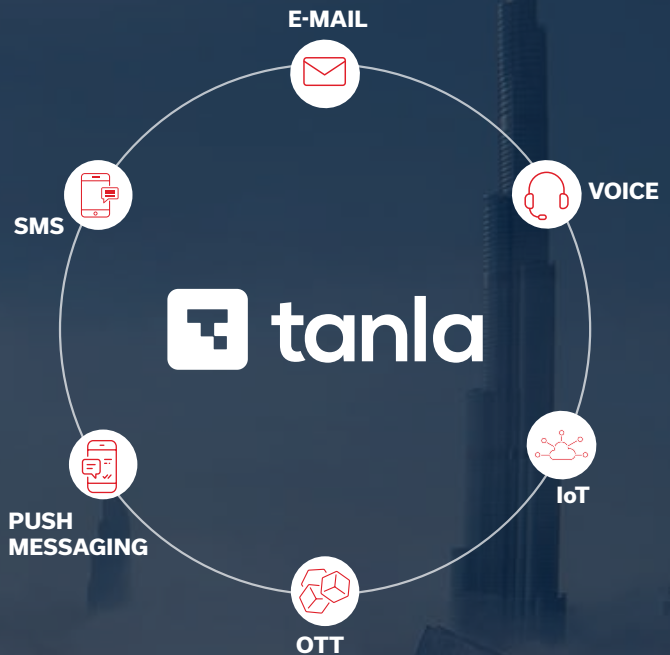
IoT is going to fundamentally transform many of the industry verticals including consumer devices, healthcare, logistics, automobile and many more. This transformation requires new-age technology understanding.

We at Tanla have identified IoT as a future driver of growth and are developing products and APIs to communicate with devices. The platform required for IoT goes beyond communication and requires additional capabilities of data mining, analytics, and security.

### Business Model

Today we have forged successful partnerships with all our major partners including, telecom operators with the business model that we have created over the last few years, 'Business-as-a-Service (BaaS)' model. We understand the challenges faced by telcos in delivering A2P messaging and Cloud Communications platforms created an end-to-end model that frees the telco from non-core activities. This model has been presented by the telcos as a case study in other geographies and is creating great traction for Tanla's technology and business model in developing markets.

Key drivers of Cloud Communications growth are



**Messaging:** Omni channel experience to customers with SMS, email and in-app notifications.

**Voice:** Delivering superior voice quality over the cloud reducing cost and overheads.

**Video:** Unified communications enabling high quality video and voice.

**IoT:** Emerging technology presenting multi-fold opportunities across messaging, data and cloud analytics.

## CORPORATE SOCIAL RESPONSIBILITY (1%+1%+1%)

***'1% of our people's time, 1% of products and 1% of profits is our contribution to society. Giving back to society with an objective to improve the communities in which we live is one of the core values of Tanla.***



Our motto is to develop and implement solutions that are scalable and replicable across a wide spectrum of society. We encourage and motivate our employees, across levels, to relentlessly serve the communities utilizing our technology platforms in a manner that will help achieve set objectives and programs through partnerships.

Our course of action is formalized and defined based on research conducted to identify areas requiring support and solutions.

Our strategy to meet this requirement includes:

- Building partnerships and associations across segments
- Optimizing Tanla's technology platforms and resources to reach out to areas affected by natural calamities and enabling provision of necessities
- Enabling differently-abled children, women and senior citizens
- Empowering communities with self-sustainable livelihood options



***In an endeavour to transform society, we have pledged our support and committed our contribution. In case you also wish to be a part of our endeavor, please do write to us at [csr@tanla.com](mailto:csr@tanla.com).***

## STATUTORY REPORTS

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# BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 21st Annual Report and the Audited Financial Statements of your Company for the financial year ended 31st March, 2017.

## SUMMARY OF FINANCIAL RESULTS:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue from Operations	57,930.00	43,155.35	49,871.50	27,994.61
Other Income	249.20	105.88	239.77	49.00
<b>Total Income</b>	<b>58,179.21</b>	<b>43,261.24</b>	<b>50,111.27</b>	<b>28,043.60</b>
<b>Expenses</b>				
Operating expenses	52,320.33	36,600.65	49,157.07	26,758.83
Depreciation	1,959.13	5,295.24	1,105.51	298.15
<b>TOTAL EXPENSES</b>	<b>54,279.47</b>	<b>41,895.89</b>	<b>50,262.58</b>	<b>27,056.98</b>
<b>Profit before Tax</b>	<b>3,899.74</b>	<b>1,365.35</b>	<b>(151.31)</b>	<b>986.62</b>
Less: Provision for Tax incl. deferred Tax	(191.60)	641.26	(88.43)	622.00
<b>Profit After Tax</b>	<b>4,091.34</b>	<b>724.09</b>	<b>(62.88)</b>	<b>364.62</b>
Other Comprehensive Income	5.49	3.31	5.48	3.31
Total Comprehensive Income	<b>4,096.83</b>	<b>727.40</b>	<b>(57.40)</b>	<b>367.93</b>
<b>Attributable to:</b>				
Shareholders of the Company	<b>4,096.83</b>	<b>727.40</b>	<b>(57.40)</b>	<b>367.93</b>
Non-controlling interests	-	-	NA	NA
Retained earnings - opening balance	2,901.76	2,418.64	15,572.08	15,448.43
Add: Profit/(Loss) for the period	4,096.83	727.40	(57.40)	367.93
Less: Dividend and dividend tax	-	244.28	-	244.28
Retained earnings - closing balance	6,998.59	2,901.76	15,514.68	15,572.08
<b>Earnings per Share (EPS)</b>				
Basic & Diluted	<b>4.01</b>	<b>0.72</b>	<b>(0.06)</b>	<b>0.36</b>

## TRANSFER TO RESERVES:

The Company has not proposed to transfer any amount to the general reserve for the financial year ended 31st March, 2017.

## DIVIDEND:

During the year under review, the Board has recommended a final dividend for FY 2016-17 @ 25% of the paid up equity share capital i.e. ₹ 0.25 per fully paid-up equity share of ₹ 1/- each, for your consideration and approval at the ensuing 21st Annual General Meeting of the Company.

With the proposed final dividend, the dividend for FY 2016-17 would be ₹ 0.25 per fully paid-up equity share of ₹ 1/- each (25% of the paid-up value) as against the total dividend of ₹ 0.20 per equity share (20% of the paid-up value) declared in the previous year 2015-16.

The total dividend outgo would amount to ₹ 3.25 crores (including Corporate Dividend Tax), a payout of 7.94 % of profit after tax of the Company for the financial year 2016-17.

## OPERATIONS:

Tanla Solutions Limited [BSE: 532790 | NSE: TANLA] was founded in the year 1999 and is listed since 2007, a Hyderabad based Indian Company is one of the largest A2P messaging platform service provider globally and conquers majority percentage of Indian market as of the previous fiscal.

We are transforming to be leaders in the Cloud Communications space and have developed the platform to provide world-class telecom solutions with no third-party dependencies, creating incremental value at zero-capital investment for our partners. Our robust and reliable products and solutions offer scalability to

enterprises and mobile operators augmenting their network performance, security along with generating revenue opportunities.

We aim to enable enterprises and telcos to integrate complex communications into their applications including SMS, Voice and Push Notifications. We also aim to increase our footprint, both, in the domestic as well as in the international market giving Tanla a global presence.

### **LISTING WITH STOCK EXCHANGES:**

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited. The annual listing fee for the financial year 2017-18 is paid to both these exchanges.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of loans and guarantees given and investments made under Section 186 of the Act are given in the Notes to the Financial Statements.

### **MATERIAL CHANGES AND COMMITMENTS:**

There are no Material changes and commitments, affecting the financial position of the Company during financial year 2016-17 to which the financial statements relates and the date of signing of this report.

### **MANAGEMENT DISCUSSION & ANALYSIS:**

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Annual Report, as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### **DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013:**

The Directors' Responsibility Statement pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013 ("the Act") is appended as **Annexure-A** to this Report.

### **CONSOLIDATED FINANCIAL RESULTS:**

Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosures Requirements) Regulations 2015, and the Companies Act, 2013, the Consolidated Financial Statements have been prepared as per Companies Act, 2013 and Accounting Standards, duly audited forms part of the Annual Report.

Consolidated Financial Statements incorporating the operations of the Company, its subsidiaries and Joint Venture Companies is appended. As required under the provisions of the Act, a statement showing the salient features of the financial statements of the subsidiaries and joint ventures is enclosed Form AOC-1 as an **Annexure-B** to this Report.

The financial statements of the subsidiary companies will be made available to the members of the Company and its subsidiary companies on request and will also be kept for inspection in the Registered Office of the Company.

### **CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There is no change in the nature of business of the Company or any of its subsidiaries or joint venture, during the year under review.

### **SUBSIDIARY COMPANIES**

**Tanla Corporation Private Limited, India** (Earlier known as Mufithumb Corporation Private Limited), a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in development of products and services.

**Tanla Mobile Asia Pacific Pte Limited, Singapore** (hereinafter referred to as "Tanla Singapore"), a wholly owned subsidiary of Tanla based at Singapore, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

**Tanla Solutions (UK) Limited, formerly Techserv Teleservices (UK) Limited, UK** (hereinafter referred to as "Tanla UK"), a wholly owned subsidiary of Tanla based at London, UK, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors. Effective 30.09.2016 Tanla Solutions (UK) Limited ceased to be Subsidiary of Tanla Solutions Limited.

**Tanla Mobile Middle East FZ LLC, Dubai** (hereinafter referred to as "Tanla Dubai"), a wholly owned subsidiary of Tanla Singapore based at Dubai, UAE provides aggregator services to clients in the telecommunications sector. Tanla Mobile Middle East FZ LLC, Dubai has been deregistered from Dubai Internet City w.e.f. 30.09.2016

### **SAFETY, HEALTH AND ENVIRONMENT (SHE):**

The Company believes that a clean environment in and around the work place fosters health and prosperity for individuals, groups and the community they belong to. The employees of Tanla are encouraged to undergo

periodical medical examinations. The Company's policies give highest priority to safety, both occupational and general health of employees, and on environment protection.

the public under Chapter V of the Act or under the corresponding provisions of Section 73 and 74 of the Companies Act, 2013, and no amount of principal or interest was outstanding as on the Balance Sheet date.

### DEPOSITS:

The Company has not accepted any deposit from

### SHARE CAPITAL:

The paid up equity share capital of the Company as on 31st March, 2017 was ₹ 1,074.8 lakhs. During the year the Company issued shares as detailed below:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹	Number of shares	₹
<b>SHARE CAPITAL</b>				
(a) Authorised Equity shares of ₹ 1 each	12,00,00,000	12,00,00,000	12,00,00,000	12,00,00,000
(b) Issued Subscribed and fully paid up: Equity Shares of ₹1 each fully paid-up	10,74,85,785	10,74,85,785	101,479,593	101,479,593
	<b>10,74,85,785</b>	<b>10,74,85,785</b>	<b>101,479,593</b>	<b>101,479,593</b>

- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹	Number of shares	₹
<b>EQUITY SHARES</b>				
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	60,06,192	60,06,192	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>10,74,85,785</b>	<b>10,74,85,785</b>	<b>101,479,593</b>	<b>101,479,593</b>

The Company has one class of equity shares of ₹ 1/- each fully paid-up. As on 1st January, 2017 the paid-up share capital of the Company was ₹ 10,14,79,593. The Company has on January 27, 2017 allotted 9,42,360 fully paid-up equity shares of ₹ 1/- each to the eligible employees under the Tanla ESOP Plan 2015 upon completion of vesting period of 1 year post grant. The Company has on 1st March, 2017 allotted 50,63,832 fully paid-up equity shares of ₹ 1/- each to the Promoters Mr. D. Uday Kumar Reddy & Ms. D. Tanuja Reddy upon conversion of preferential warrants into equity subsequent to receipt of allotment money. As on 31st March, 2017 the paid-up share capital of the Company is ₹ 10,74,85,785.

### (ii) Terms/Rights and restrictions attached to the equity shares:

The Company has only one class of equity shares having a face value of ₹ 1/-. Each share holder is eligible for one vote per every share held.

**(iii) The details of shareholder holding more than 5% shares in the Company:**

Sl.No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>D Uday Kumar Reddy</b>				
	At the beginning of the year	1,44,96,493	14.29	-	-
	01/03/2017	25,31,916	2.35	1,70,28,509	15.84
	At the end of the year			1,70,28,509	15.84**
2	<b>D Tanuja Reddy</b>				
	At the beginning of the year	9,319,271	9.18	-	-
	01/03/2017	25,31,916	2.35	1,18,51,187	11.03
	At the end of the year			1,18,51,187	11.03**
3	<b>Gautam Sabharwal*</b>				
	At the beginning of the year	73,61,600	7.25	-	-
	04/04/2016	(31,000)	(0.03)	-	-
	At the end of the year			73,30,600	6.82**

\* Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May, 2017.

\*\* % of Shareholding on the expanded capital base of 10,74,85,785

**PARTICULARS OF EMPLOYEES:**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 including the amendments thereto, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure D** to this report.

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure C** of this Report.

**EXTRACT OF THE ANNUAL RETURN:**

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013 and rules framed there under, an extract of the Annual Return in form MGT-9 in the prescribed format is appended as **Annexure E** to this Report.

**CORPORATE GOVERNANCE:**

Your Company is committed to good Corporate Governance coupled with good corporate practices. The report on corporate governance for the year ended 31st March, 2017 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 forms part of this annual report. A Compliance Report on Corporate Governance for the

year 2016-17 from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the Report of Corporate Governance.

The Corporate Governance Report, inter-alia, contains the following disclosure:

- i) Number of Board Meetings
- ii) Composition of Audit Committee
- iii) Composition of Nomination & Remuneration Committee
- iv) Composition of Stakeholders Relationship Committee
- v) Composition of Corporate Social Responsibility Committee
- vi) Appointment & Remuneration Policy (for Directors, Key Managerial Personnel & Senior Management Personnel of the Company)
- vii) Performance Evaluation criteria of the Board, its Committees & individual Directors.
- viii) Details as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 149 & 184 of the Companies Act, 2013 and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the Independent Directors of the Company have submitted a declaration that each of them meet the criteria of Independence as prescribed in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

Pursuant to provisions of Section 203 of the Act, Mr. Dasari Uday Kumar Reddy, Chairman & Managing Director, Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer and Mrs. Seshanuradha Chava, Company Secretary, are the Key Managerial Personnel (KMP) of the Company.

The Board of Directors is duly constituted. Mr. Gautam Sabharwal resigned as director with effect from 31st May, 2017.

### **DECLARATION FROM INDEPENDENT DIRECTORS:**

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies act, 2013.

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

In addition to giving a formal appointment letter to the newly appointed Director on the Board, a detailed induction plan covering the role, function, duties, responsibilities and the details of compliance requirements expected from the Director under Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are given and explained to the Director.

On their appointment, Independent Directors are familiarised about the Company's operations and businesses. Interaction with the Business Heads and key executives of the Company is also facilitated. Detailed presentations on the business of each of the Division are also made to the Directors. Direct meetings with the Chairman & Managing Director are further facilitated for the new appointee to familiarize him/her about the Company/its businesses and the group practices.

A meeting of Independent Directors was held on January 27, 2017.

### **BOARD MEETINGS:**

During the year ended 31st March, 2017, five (5) Board Meetings were held. The dates on which they were held are – April 05, 2016, May 26, 2016; August 04, 2016; October 20, 2016; January 27, 2017.

### **INTERNAL FINANCIAL CONTROL:**

The Company has a comprehensive internal financial control system for all major processes to ensure reliability of reporting. The system also helps management to have timely data/ feedback on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use.

The internal financial control system of the Company is commensurate with the size, scale and complexity of its operations. The systems and controls are periodically reviewed and modified based on the requirement.

The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The scope of Internal Audit is well defined and documented and the audit committee reviews the observations of the Internal Audit critically. The composition and working of the audit committee forms part of the Corporate Governance Report.

### **WHISTLE BLOWER POLICY/VIGIL MECHANISM:**

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

In line with requirement of the Companies Act, 2013 and of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vigil Mechanism/Whistle Blower Policy has been formulated for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct etc. The said Policy provides for adequate safeguard against victimization of directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on website of the Company and web link thereto is [www.tanla.com](http://www.tanla.com)



During the year, there were no Whistle Blower complaints received.

### **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board has carried out evaluation of its own performance, the Directors individually and the Committees of the Board.

A structured questionnaire was prepared after taking into consideration inputs received from Directors, covering aspects of the Board's functioning such as adequacy of the Composition of Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of the Individual Directors including the Chairman of the Board. The Directors' performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. Further the performance evaluation of the Chairman and Non Independent Directors was carried out by the Independent Directors.

### **REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and fixing their remuneration. The Remuneration Policy is provided in the Corporate Governance Report.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the Nomination & Remuneration policy of the Company. The Nomination & Remuneration policy is adopted by the Board is placed on the Company's website at [www.tanla.com](http://www.tanla.com).

### **RISK MANAGEMENT:**

The Company has laid down the procedure for risk assessment and its mitigation through an internal Risk Committee. Key risks and their mitigation arising

out of reviews by the Committee are assessed and reported to the Audit Committee on a periodic basis. The Risk Management Policy details the Company's objectives and principles of Risk Management along with an overview of the Risk Management processes, procedures and related roles and responsibilities.

During the year, the Board reviewed the elements of risk and the steps taken to mitigate the risks and in the opinion of the Board there are no major elements of risk, which has the potential of threatening the existence of the Company. A report on risk management is prepared by the management and forms part of this annual report.

### **MATERIAL SUBSIDIARY POLICY:**

The Company has adopted a policy for determining material subsidiary, in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on Material Subsidiaries is available on the website of the Company and web link thereto is [www.tanla.com](http://www.tanla.com)

### **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

In line with the provisions of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Power) Rules, 2014, omnibus approval for the estimated value of transactions with the related parties for the financial year has been obtained from the Audit Committee. The transactions with the related parties are routine and repetitive in nature.

None of the Directors had any pecuniary relationship or transactions with the Company, other than to the extent of their shareholding and except the payments made to them in the form of remuneration/sitting fee.

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as "**Annexure F**".

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

#### **AUDIT COMMITTEE:**

Audit Committee of the Company meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

#### **NOMINATION AND REMUNERATION CUM COMPENSATION COMMITTEE:**

Nomination and Remuneration cum Compensation Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Nomination and Remuneration cum Compensation Committee as required under the provisions of Section 178 of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Nomination and Remuneration cum Compensation Committee.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):**

Corporate Social Responsibility Committee of the Company meets the requirements of Section 135 of the Companies Act, 2013. The details of the composition of the Corporate Social Responsibility Committee as required under the provisions of Section 135 of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are provided elsewhere in this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The said policy is available on the Company's website [www.tanla.com](http://www.tanla.com).

2% of the average net profits of the Company for the immediately preceding three financial years calculated as per Section 198 of the Companies Act, 2013 works out to ₹ 3.45 lakhs and the Company has spent ₹ 3.5 lakhs on CSR activities in the areas of environmental protection.

From the financial year 2017-18, Tanla has come up with a new CSR policy, discussed in more detail on page 08 of this annual report

#### **AUDITORS:**

##### **Statutory Auditors:**

M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, the auditors of the Company have completed their term under section 139(2) of the Companies Act, 2013 and therefore the Board of Directors of your Company, on the recommendation of the Audit Committee, have recommended to the members for appointment of M/s. M.N.Rao & Associates, Chartered Accountants, Hyderabad, Firm Registration number 005386S as Statutory Auditors of the Company for a period of 1 year from the conclusion of 21st Annual General Meeting of the Company till the conclusion of 22nd Annual General Meeting.

##### **Internal Auditors:**

The Company has an Internal Audit team which monitors the effectiveness of the internal control systems. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. KPMG India has conducted Internal Audit for FY 2016-17.

The recommendations of the internal audit team on improvements in the operating procedures and control systems are also presented to the Audit Committee and the business to use these as tools for strengthening the operating procedures.

##### **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board had appointed R & A Associates, Company Secretaries as Secretarial Auditors to conduct Secretarial audit of the Company for the financial year 2016-17. The Secretarial Audit Report issued by R & A Associates, Company Secretaries in form MR-3 is enclosed as **Annexure -G** to this Annual Report. There were nil observations/qualifications stated in the Secretarial Audit Report for FY 2016-17.

**Auditors' Qualifications/reservations/adverse remarks/Frauds reported:**

There are no Auditors' qualifications or reservations or adverse remarks on the financial statements of the Company. The Auditors have not reported any frauds to the Audit Committee and/or to the Central Government as prescribed under Section 143 (12) of the Companies Act, 2013.

**Significant and material orders passed by the Courts/Regulators:**

There are no significant and material orders passed by the Courts or Regulators against the Company.

**RATING:**

CARE has affirmed its rating as CARE A2+  
Dun & Bradstreet has affirmed its rating as 5a3

**INSURANCE:**

All the properties and insurable interests of the Company including buildings have been fully insured.

**HUMAN CAPITAL:**

Employees are our most valuable assets and they play a vital role in the growth of your Company. The Company places the engagement, development and retention of talent as its highest priority, to enable achievement of organizational vision. Structure, Process and Culture are the cornerstones of our Human Resource strategy and we have made strides in these areas during the last year.

With an unswerving focus on nurturing, training and retaining talent, your Company provides avenues for learning and development through functional, behavioural and leadership training programs, communication channels for information sharing, to name a few.

The Group's Corporate Human Resources play a critical role in your Company's talent management process through a customized Competency based Leadership Program devised for High-Potential employees with focus on Individual Development Plan which helps them to become future leaders. We continue to strive to build a performance driven culture and create an environment conducive for the employee's growth. Your Company also believes that the human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The particulars as prescribed under Sub-section (3) (m) of Section 134 of the Act, read with Companies (Accounts) Rules, 2014, are enclosed as **Annexure-H** to this Report.

**EMPLOYEE STOCK OPTION SCHEME (ESOP):**

The Company has an operative Employees Stock Option Scheme Plan 2015 (ESOP 2015-16) which provides for grant of Stock Options to eligible employees of the Company.

Nomination and Remuneration cum Compensation Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"). There was no change in the ESOP scheme of the Company during the year.

The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 and erstwhile SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided in **Annexure-I** to this Report and there were no grant of options during the year 2016-17.

**SEXUAL HARASSMENT POLICY:**

The Company as required under the provisions of "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

In the year under review, the Company has not received any complaint under this Policy.

**ACKNOWLEDGEMENT:**

The Board of Directors take this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz., customers, investors, banks, regulators, suppliers and other business associates for the support

received from them during the year under review. The Directors also wish to place on record their appreciation to all the employees for their commitment and contribution towards achieving the goals of the Company. The relation between the management and the employees has been cordial throughout the year.

On behalf of The Board of Directors  
for Tanla Solutions Limited

Hyderabad  
July 28, 2017

Sd/-  
**D. Uday Kumar Reddy**  
Chairman & Managing Director  
(DIN: 00003382)

## ANNEXURES TO BOARD'S REPORT

### ANNEXURE - A

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act 2013, and on the basis of compliance certificate received from the Directors of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors states that:

- i) In preparation of the Annual Accounts for the year ended 31st March 2017, all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- ii) We have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended 31st March 2017.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts for the year ended 31st March 2017 have been prepared on a going concern basis.
- v) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

On behalf of The Board of Directors  
for Tanla Solutions Limited

Hyderabad  
July 28, 2017

Sd/-  
**D. Uday Kumar Reddy**  
Chairman & Managing Director  
(DIN: 00003382)

**FORM AOC-1**

Statement Showing Salient Features of the Financial Statements of Subsidiaries and Joint Ventures as per the Companies Act, 2013

**Part - A – Subsidiaries**

(in ₹)

Name of the Entity	Tanla Solutions UK Ltd	Tanla Mobile Asia Pacific Pte Ltd	Tanla Mobile Middle East FZ LLC	Tanla Corporation Private Limited
Share Capital	-	35,999,315	-	13,286,470
Reserves & Surplus	-	126,843,839	-	493,935,286
Total Liabilities	-	400,485,905	-	58,699,775
Total Assets	-	563,329,060	-	565,921,531
Investments (included in Total Assets)	-	-	-	-
Total Income (including Other Income)	23,077,413	472,831,577	17,604,591	425,102,942
Profit/(Loss) before Tax	-33,348,078	127,822,467	1,598,825	22,256,346
Provision for Tax	-	-	-	-
Profit/(Loss) after Tax	-33,348,078	127,822,467	1,598,825	32,573,020
Proposed Dividend (including Interim Dividend and tax thereon)	-	-	-	-
% of Share Holding	-	100	-	100
Reporting Period	1.04.2016-30.09.2016	1.04.2016-31.03.2017	1.04.2016-30.09.2016	1.04.2016-31.03.2017
Reporting Currency	GBP	SGD	USD	INR
Closing Exchange Rate	91.79	66.97	66.85	-

On behalf of The Board of Directors  
for Tanla Solutions Limited

Sd/-

**D. Uday Kumar Reddy**  
Chairman & Managing Director  
(DIN: 00003382)

Hyderabad  
July 28, 2017

## NOTES:

- There are no subsidiaries which are yet to commence operations.
- Tanla Solutions UK Ltd ceased to be Subsidiary of Tanla Solutions Limited w.e.f. 30.09.2016
- Tanla Mobile Middle East FZ LLC, Dubai has been de-registered from Dubai Internet City w.e.f. 30.09.2016

**PART-B – Joint Venture**

Name of the Entity	T Z Mobile Pvt Ltd
Relationship	Joint Venture
Last audited balance sheet	31 March, 2017
No. of shares held by the Company	103490
Amount of Investment (₹)	10,349,000
% of shareholding	50%
Net worth attributable to the Company (₹)	1,778,192
Profit/(Loss) considered in consolidation (₹)	(27,413)

On behalf of The Board of Directors  
for Tanla Solutions Limited

Sd/-

**D. Uday Kumar Reddy**  
Chairman & Managing Director  
(DIN: 00003382)

Hyderabad  
July 28, 2017

**ANNEXURE-C**

The details of remuneration during the year 2016-17 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

Sl. No	Disclosure Requirement	Disclosure Details	
1.	Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:	<b>Executive Directors</b>	<b>Ratio to median remuneration (In %)</b>
		Mr. D. Uday Kumar Reddy	32.78
		<b>Non-Executive Directors</b>	
		Mr. Ram Narain Agarwal	0.32
		Dr. A G Ravindranath Reddy	0.32
		Ms. N. Kalpana Reddy	0.32
2.	Percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary</b>	<b>% increase in remuneration in the financial year</b>
		Mr. D. Uday Kumar Reddy, Chairman & Managing Director	-
		Mr. Ram Narain Agarwal	-
		Dr. A G Ravindranath Reddy	-
		Ms. N. Kalpana Reddy	-
		Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer	6.90%
		Mrs. Seshanuradha Chava, Company Secretary	7.00%

3. Percentage increase/(decrease) in the median remuneration of the employees in the financial year –There was a decrease in median remuneration in the financial year 2016-17 by 15% due to increase in the number of employees.

4. Number of permanent employees on the rolls of the Company as on 31st March, 2017 is 155

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase in salaries of employees was around 16 %. Increase in the managerial remuneration for the year was 7%.

6. Affirmation that the remuneration is as per the remuneration policy of the Company: The Company is in compliance with its remuneration policy.

On behalf of The Board of Directors  
for Tanla Solutions Limited

Sd/-  
D. Uday Kumar Reddy  
Chairman & Managing Director  
(DIN: 00003382)

Hyderabad  
July 28, 2017

**ANNEXURE-D**

Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014

- a) Employed throughout the Financial Year and in receipt of remuneration aggregating ₹ 60,00,000 Per year or more:

Name, Age and Qualification	Designation and nature of duties	Date of commencement of employment	Experience in years	Remuneration (In INR)	Last Employment
D Uday Kumar Reddy	Chairman & Managing Director	27/11/1999	21 Years	₹ 13,274,328 (per annum)	-

- b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹5,00,000 per month or more:

There is no such personnel in the Company who falls under this category

- Remuneration includes salary and allowances, commission where applicable, excludes Company's contribution to Provident Fund, Superannuation Fund and Group Gratuity Scheme, reimbursement of medical expenses at actuals, and monetary value of perquisites calculated in accordance with the Income Tax Act/Rules.
- There are no employees in the service of the Company within the category covered by Rule 5 (2) (iii) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.
- None of the above employees is a relative of any Director of the Company.

**ANNEXURE-E****EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31st March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT – 9****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L72200TG1995PLC021262
2.	Registration Date	28/07/1995
3.	Name of the Company	TANLA SOLUTIONS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non- Government Company
5.	Address of the Registered office & contact details	Tanla Technology Centre, Hitech City Road, Madhapur, Hyderabad, Telangana- 500 081.
6.	Whether listed Company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.Registrar & Transfer Agent, if any.	M/s Karvy Computershare Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri Lingampally, Hyderabad – 500 032, Telangana State, India. Phone: +91 040 6716 1585/2222 Fax: +91 040 2300 1153

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Software products	64	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY & JOINT VENTURE COMPANIES

Sl. No	Name and Description of main products/ services	CIN/GLN	Holding, Subsidiary And Associate	% of Shares held	Applicable Section
1	Tanla Corporation Private Limited (Previously Known as Mufithumb Corporation Private Limited)	U70100TG1998PTC054527	Subsidiary	100%	Section 2(87)
2	Tanla Mobile Asia Pacific Pte. Ltd., Singapore	Not Applicable	Subsidiary	100%	Section 2(87)
3	Tanla Solutions (UK) Limited , U.K.	Not Applicable	Subsidiary	100%	Section 2(87)
4	Tanla Mobile Middle East FZ LLC, Dubai	Not Applicable	Subsidiary	100%	Section 2(87)
5	TZ Mobile Pvt. Ltd.	Not Applicable	Joint Venture	50%	-

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
<b>(1)</b>	<b>INDIAN</b>									
(a)	Individual /HUF	31177364	0	31177364	30.72	31146364	5063832	36210196	33.69	-2.97
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>31177364</b>	<b>0</b>	<b>31177364</b>	<b>30.72</b>	<b>31146364</b>	<b>5063832</b>	<b>36210196</b>	<b>33.69</b>	<b>-2.97</b>
<b>(2)</b>	<b>FOREIGN</b>									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>31177364</b>	<b>0</b>	<b>31177364</b>	<b>30.72</b>	<b>31146364</b>	<b>5063832</b>	<b>36210196</b>	<b>33.69</b>	<b>-2.97</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>INSTITUTIONS</b>									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	94550	0	94550	0.09	288744	0	288744	0.27	-0.18
(c)	Central Government / State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	670490	0	670490	0.62	-0.62
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00



CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
	<b>Sub-Total B(1) :</b>	<b>94550</b>	<b>0</b>	<b>94550</b>	<b>0.09</b>	<b>959234</b>	<b>0</b>	<b>959234</b>	<b>0.89</b>	<b>-0.80</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	9940012	0	9940012	9.80	9741537	0	9741537	9.06	0.73
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	40678982	62719	40741701	40.15	41175420	58782	41234202	38.36	1.79
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	16713447	0	16713447	16.47	15259115	0	15259115	14.20	2.27
(c)	Others									
	CLEARING MEMBERS	280007	0	280007	0.28	526464	0	526464	0.49	-0.21
	FOREIGN NATIONALS	0	85886	85886	0.08	0	85886	85886	0.08	0.00
	NON RESIDENT INDIANS	2432608	20	2432628	2.40	3085654	20	3085674	2.87	-0.47
	NRI NON-REPATRIATION	0	0	0	0.00	364247	0	364247	0.34	-0.34
	TRUSTS	9958	0	9958	0.01	9892	0	9892	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>70055014</b>	<b>148625</b>	<b>70203639</b>	<b>69.18</b>	<b>70162329</b>	<b>144688</b>	<b>70307017</b>	<b>65.41</b>	<b>3.77</b>
	<b>Total B=B(1)+B(2) :</b>	<b>70149564</b>	<b>148625</b>	<b>70298189</b>	<b>69.27</b>	<b>71121563</b>	<b>144688</b>	<b>71266251</b>	<b>66.30</b>	<b>2.97</b>
	<b>Total (A+B) :</b>	<b>101326928</b>	<b>148625</b>	<b>101475553</b>	<b>100.00</b>	<b>102267927</b>	<b>5208520</b>	<b>107476447</b>	<b>99.99</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>101330968</b>	<b>148625</b>	<b>101479593</b>	<b>100.00</b>	<b>102277265</b>	<b>5208520</b>	<b>107485785</b>	<b>100.00</b>	

## B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company**	% of Shares Pledged / encumbered to total shares	
1	D Uday Kumar Reddy	1,44,96,493	14.29	0.00	1,70,28,409	15.84	0.00	1.55
2	D Tanuja Reddy	93,19,271	9.18	0.00	1,18,51,187	11.03	0.00	1.85
3	Gautam Sabharwal*	73,61,600	7.25	0.00	73,30,600	6.82	0.00	(0.43)
	<b>TOTAL</b>	<b>3,11,77,364</b>	<b>30.72</b>	<b>0.00</b>	<b>2,55,40,196</b>	<b>33.69</b>	<b>0.00</b>	<b>2.97</b>

\*Mr. Gautam Sabharwal is reclassified as Public as per Regulation 31A of SEBI (LODR) Regulations, 2015 w.e.f August 04, 2017.

\*\* % of Shareholding is on the expanded capital base of 10,74,85,785

## C) Change in Promoters' Shareholding:

SN	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>D Uday Kumar Reddy</b>				
	At the beginning of the year	1,44,96,493	14.29	-	-
	01/03/2017	25,31,916	2.35	1,70,28,509	15.84
	At the end of the year			1,70,28,509	15.84

SN	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	<b>D Tanuja Reddy</b>				
	At the beginning of the year	9,319,271	9.18	-	-
	01/03/2017	25,31,916	2.35	1,18,51,187	11.03
	At the end of the year			1,18,51,187	11.03

SN	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company**
3.	<b>Gautam Sabharwal*</b>				
	At the beginning of the year	73,61,600	7.25	-	-
	04/04/2016	(31,000)	(0.03)	-	-
	At the end of the year			73,30,600	6.82

\* Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May, 2017.

\*\* % of Shareholding on the expanded capital base of 10,74,85,785

#### D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	<b>MOUNIKA FINANCE AND LEASING PVT LTD</b>				
1	At the beginning of the year	34,79,000	3.43	-	-
	At the end of the year			34,79,000	3.24

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	<b>MADHAVI MAREDDY</b>				
	At the beginning of the year	1318304	1.30	-	-
	06/05/2016	681696	0.67	2000000	1.97
	23/12/2016	(11504)	(0.01)	1988496	1.96
	13/01/2017	(82822)	(0.08)	1905674	1.88
	20/01/2017	(5674)	(0.01)	1900000	1.87
	27/01/2017	(9839)	(0.01)	1890161	1.86
	03/02/2017	(240161)	(0.24)	1650000	1.63
	At the end of the year			1650000	1.54

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3	<b>MOHIT AGARWAL</b>				
	At the beginning of the year	899000	0.89	-	-
	06/05/2016	10000	0.01	909000	0.90
	13/05/2016	41000	0.04	950000	0.94
	26/08/2016	(50000)	(0.05)	900000	0.89
	28/10/2016	96000	0.09	996000	0.98
	25/11/2016	(24000)	(0.02)	972000	0.96
	27/01/2017	96000	0.09	1068000	1.05
	03/02/2017	32000	0.03	1100000	1.08
	17/02/2017	(50000)	(0.05)	1050000	1.03
	24/02/2017	(6500)	(0.01)	1043500	1.02
	24/03/2017	(43500)	(0.04)	1000000	0.93
	31/03/2017	(16500)	(0.02)	983500	0.92
	At the end of the year			983500	0.92

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4	<b>MAREDDY PERAREDDY</b>				
	At the beginning of the year	757405	0.75	-	-
	25/11/2016	(97682)	(0.10)	659723	0.65
	02/12/2016	(31074)	(0.03)	628649	0.62
	30/12/2016	(150622)	(0.15)	478027	0.47
	At the end of the year			478027	0.44

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5	<b>MADHAVI MAREDDY</b>				
	At the beginning of the year	681696	0.67	-	-
	11/12/2016	(681696)	(0.67)	0	0.00
	At the end of the year			0	0.00

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6	<b>PUSHPA GOVINDA</b>				
	At the beginning of the year	675520	0.67	-	-
	11/12/2016	(10000)	(0.01)	665520	0.66
	At the end of the year			665520	0.62

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7	<b>MAREDDY PERA REDDY</b>				
	At the beginning of the year	592595	0.58		
	02/12/2016	(18926)	(0.02)	573669	0.57
	09/12/2016	(90103)	(0.09)	483566	0.48
	16/12/2016	(62215)	(0.06)	421351	0.42
	23/12/2016	(33475)	(0.03)	387876	0.38
	30/12/2016	150622	0.15	538498	0.53
	13/01/2017	(16525)	(0.02)	521973	0.51
	At the end of the year			521973	0.49

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8	<b>MAREDDY PERA REDDY</b>				
	At the beginning of the year	582200	0.57	-	-
	10/06/2016	497949	0.49	1080149	1.06
	13/01/2017	(39550)	(0.04)	1040599	1.03
	27/01/2017	(60450)	(0.06)	980149	0.97
	03/02/2017	(98942)	(0.10)	881207	0.87
	24/03/2017	(50000)	(0.05)	881207	0.77
	At the end of the year			881207	0.77

Sl. No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
9	<b>NEERAJ CHAUHAN</b>				
	At the beginning of the year	477416	0.47	-	-
	08/04/2016	866	0.00	570000	0.56
	29/04/2016	10000	0.01	580000	0.57
	06/05/2016	9000	0.01	589000	0.58
	13/05/2016	1000	0.00	590000	0.58
	20/05/2016	3000	0.00	593000	0.58
	05/08/2016	(30000)	(0.03)	563000	0.55
	12/08/2016	(120000)	(0.12)	443000	0.44
	19/08/2016	(50000)	(0.05)	393000	0.39
	26/08/2016	(58000)	(0.06)	335000	0.33
	09/12/2016	(30000)	(0.03)	305000	0.30
	30/12/2016	15000	0.01	320000	0.32
	13/01/2017	5000	0.00	325000	0.32
	27/01/2017	10000	0.01	335000	0.33
	03/02/2017	5000	0.00	340000	0.34
	10/02/2017	(50000)	(0.05)	290000	0.28
	24/03/2017	(100000)	(0.09)	190000	0.18
	31/03/2017	(185000)	(0.17)	5000	0.001
	At the end of the year			5000	0.001

Sl. No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10	<b>MAREDDY PERA REDDY</b>				
	At the beginning of the year	550000	0.54	-	-
	23/12/2016	1000	0.00	551000	0.54
	At the end of the year			551000	0.51
11	<b>K SARITHA</b>				
	At the beginning of the year	500000	0.49	-	-
	At the end of the year			500000	0.47
12	<b>V SATYA NARAYANA</b>				
	At the beginning of the year	497997	0.49	-	-
	28/10/2016	10000	0.01	507997	0.50
	16/12/2016	(125000)	(0.12)	382997	0.38
	At the end of the year			382997	0.36
13	<b>EDELWEISS SECURITIES LTD</b>				
	At the beginning of the year	451527	0.44	-	-
	08/04/2016	15854	0.02	467381	0.46
	15/04/2016	2929	0.00	470310	0.46
	22/04/2016	(4679)	(0.00)	465631	0.46
	29/04/2016	3119	0.00	468750	0.46
	06/05/2016	15209	0.01	483959	0.48
	13/05/2016	1158	0.00	485117	0.48
	20/05/2016	7609	0.01	492726	0.49
	27/05/2016	(1919)	(0.00)	490807	0.48
	03/06/2016	7142	0.01	497949	0.49
	10/06/2016	(480380)	(0.47)	17569	0.02
	17/06/2016	(17569)	(0.02)	0	0.00
	30/06/2016	225	0.00	225	0.00
	08/07/2016	(1)	(0.00)	224	0.00
	15/07/2016	276	0.00	500	0.00
	22/07/2016	172	0.00	672	0.00
	29/07/2016	(50)	(0.00)	622	0.00
	05/08/2016	50909	0.05	51531	0.05
	12/08/2016	1160	0.00	52691	0.05
	19/08/2016	(52691)	(0.05)	0	0.00
	26/08/2016	906	0.00	906	0.00
	02/09/2016	692	0.00	1598	0.00

Sl. No	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
09/09/2016	1468	0.00	3066	0.00
16/09/2016	(2986)	(0.00)	80	0.00
23/09/2016	2676	0.00	2756	0.00
30/09/2016	2456	0.00	5212	0.01
07/10/2016	(2873)	(0.00)	2339	0.00
14/10/2016	147	0.00	2486	0.00
21/10/2016	(736)	(0.00)	1750	0.00
28/10/2016	110520	0.11	112270	0.11
04/11/2016	16239	0.02	128509	0.13
11/11/2016	17180	0.02	145689	0.14
18/11/2016	88	0.00	145777	0.14
25/11/2016	(117929)	(0.12)	27848	0.03
02/12/2016	1543	0.00	29391	0.03
09/12/2016	(2306)	(0.00)	27085	0.03
16/12/2016	17483	0.02	44568	0.04
23/12/2016	19591	0.02	64159	0.06
30/12/2016	(2953)	(0.00)	61206	0.06
06/01/2017	(43767)	(0.04)	17439	0.02
13/01/2017	(17439)	(0.02)	0	0.00
At the end of the year			0	0.00

\*\* % of Shareholding at the end of the year based on expanded capital base of 10,74,85,785

#### E) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>D Uday Kumar Reddy</b>			
	At the beginning of the year	1,44,96,493	14.29	-
	01/03/2017	25,31,916	2.35	1,70,28,509
	At the end of the year			1,70,28,509

Sl. No	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	<b>Gautam Sabharwal*</b>			
	At the beginning of the year	73,61,600	7.25	-
	04/04/2016	(31,000)	(0.03)	-
	At the end of the year			73,30,600

\* Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May, 2017.

Sl. No	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3	<b>Seshanuradha Chava</b> Company Secretary			
	At the beginning of the year	-	-	-
	27/01/2017	65,370	0.06	65,370
	At the end of the year			65,370

Sl. No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4	<b>Srinivas G.K</b> Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	27/01/2017	-	-	-	-
	At the end of the year	-	-	-	-

\*\* % of Shareholding at the end of the year based on expanded capital base of 10,74,85,785

## V) INDEBTEDNESS-

Tanla is a debt-free Company since inception.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (₹)
<b>D Uday Kumar Reddy</b>			
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83,63,544	83,63,544
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify (Contribution to Provident Fund & Others)	8,67,564	8,67,564
	<b>Total (A)</b>	92,31,108	92,31,108
	<b>Ceiling as per the Act:</b>		
	₹ 120 lakhs subject to approval of Shareholders as per Schedule V of the Companies Act, 2013 (read with Sections 196 & 197 of the Companies Act, 2013)		

\*The current remuneration is paid as per Section II of Part II of Schedule V of the Companies Act, 2013 (read with Sections 196 and 197 of the Companies Act, 2013)

### B. Remuneration to other Directors -

SN.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
1	Independent Directors	Mr. Ram Narain Agarwal	Dr. A G Ravindranath Reddy	Ms. N. Kalpana Reddy	
	Fee for attending board & committee meetings	125,000	160,000	160,000	445,000
	Commission	-	-	-	-
	Others - Reimbursement of Expenses	-	-	-	-
	<b>Total (1)</b>	<b>125,000</b>	<b>160,000</b>	<b>160,000</b>	<b>445,000</b>
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>125,000</b>	<b>160,000</b>	<b>160,000</b>	<b>445,000</b>
	Overall Ceiling as per the Act	Sitting fees not exceeding ₹ 1 lakh per meeting			

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
		Ms. Seshanuradha Chava	Mr. Srinivas Gunupudi Kamoji	(₹)
1	Gross salary	19,34,374	36,42,089	55,76,463
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option*	65,370	-	65,370
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	-others, specify...	-	-	-
5	Others, please specify PF	1,07,118	1,54,673	2,61,791
	<b>Total</b>	<b>20,41,492</b>	<b>37,96,762</b>	<b>58,38,354</b>

- Salary figures are including benefits
- PF including Employers contribution
- \*ESOP exercised during the year at a grant price of ₹ 26.51 per share.

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of The Board of Directors  
for Tanla Solutions Limited

Hyderabad  
July 28, 2017

Sd/-  
**D. Uday Kumar Reddy**  
Chairman & Managing Director  
(DIN: 00003382)



## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arms' length basis.
2. Contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms' length basis:

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
1. (a)	Name (s) of the related party & nature of relationship	NOT APPLICABLE
(b)	Nature of contracts/arrangements/transaction	
(c)	Duration of the contracts/arrangements/transaction	
(d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions'	
(f)	Date of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis: **Refer Notes to the Standalone Financial Statements.**

## NOTE:

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of Listing Agreements entered with Stock Exchanges, none of the transactions were material in nature and all the transaction are in accordance with the omnibus approval of the Audit Committee.

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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

To  
The Board of Directors,  
TANLA SOLUTIONS LIMITED,  
Tanla Technology Centre,  
Hi-tech City Road, Madhapur,  
Hyderabad -500081,  
Telangana.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TANLA SOLUTIONS LIMITED** (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- |                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 2013 (the Act) and the rules made thereunder;</li> <li>(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;</li> <li>(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.</li> </ul> | <ul style="list-style-type: none"> <li>(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment &amp; Overseas Direct Investment. However, there are no instances of External Commercial Borrowings during the year under review.</li> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): –                             <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</li> <li>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;</li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; <b>(Not applicable to the Company during the Audit Period);</b></li> <li>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;</li> <li>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 <b>(Not applicable to the Company during the Audit Period); and</b></li> </ul> </li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

(vi) The Company has identified the following laws as specifically applicable to the Company:

1. Software Technology Parks of India Scheme.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards - 1 & 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges;
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

**We further report that;**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

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

We further report that during the audit period the Company has:

- 1. On 27th January 2017, the Company has allotted 9,42,360 (Nine lakhs Forty Two Thousand Three Hundred and Sixty) Equity Shares of ₹ 1/- each to eligible Employees on exercise of their Stock Options pursuant to Tanla Solutions Limited Employee Stock Options Plan 2015-16.
- 2. On 1st March 2017, the Company has allotted 50,63,832 (Fifty lakhs Sixty Three Thousand Eight hundred and thirty Two) equity shares to Mr. D Uday Kumar Reddy and Ms. Tanuja Reddy, Promoters of the Company upon conversion of share warrants issued on preferential basis.

This report is to be read with our letter of even date, which is annexed as "Annexure - A" and forms an integral part of this report.

**For R & A Associates**

Company Secretaries

Sd/-

**R. Ramakrishna Gupta**

Senior Partner

FCS No.: 5523

C P No.: 6696

Technopolis, T 202,  
1-10-74/B, Begumpet,  
Hyderabad - 500016,  
Telangana, India

July 28, 2017

Hyderabad

To  
The Board of Directors,  
**TANLA SOLUTIONS LIMITED,**  
Tanla Technology Centre,  
Hi-tech City Road, Madhapur,  
Hyderabad -500081,  
Telangana.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of TANLA SOLUTIONS LIMITED, ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have relied upon the information provided by the Management with respect to related party transactions for its compliance.

**For R & A Associates**

Company Secretaries  
Sd/-

**R. Ramakrishna Gupta**

Senior Partner  
FCS No.: 5523  
C P No.: 6696  
Technopolis, T 202,  
1-10-74/B, Begumpet,  
Hyderabad – 500016,  
Telangana, India

July 28, 2017  
Hyderabad

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014:

**(A) Conservation Of Energy**

While continuing to believe in philosophy of Energy saved is Energy produced, adequate measures commensurate with the business operations have been taken to reduce and conserve the energy consumption by utilising energy efficient equipment wherever required.

**(B) Technology absorption**

We continue to focus and invest in Research & Development of New Products and Methodologies for enhancing the quality of products and services.

**(C) Foreign Exchange Earnings and Outgo:**

## a. Imports (valued on the cost, insurance and freight basis)

Particulars	(In ₹)	
	For the Year 2016-17	For the Year 2015-16
Import of capital goods	-	-
Foreign Exchange earned and outgo :		
a. Imports (Cost, insurance and freight basis):		
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Import of capital goods	-	-
b. Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	167,850,599	305,871
Cash outflow	146,837,408	-
Net earnings in foreign exchange	21,013,191	305,871

On behalf of The Board of Directors  
for Tanla Solutions Limited

Hyderabad  
July 28, 2017

Sd/-  
D. Uday Kumar Reddy  
Chairman & Managing Director  
(DIN: 00003382)

**ANNEXURE - I**

S.No	Description	TANLA ESOP 2015-16
1	Date of Shareholders Approval	September 16, 2015
2	Total number of options	50,00,000
3	Vesting Requirements	30% of the Granted Options on completion of 1 year from the date of Grant. - 15% of the Granted Options on completion of 2 years from the date of Grant. - 15% of the Granted Options on completion of 3 years from the date of Grant. - 15% of the Granted Options on completion of 4 years from the date of Grant. - 20% of the Granted Options on completion of 5 years from the date of Grant.
4	The pricing formula/Exercise Price	Fair Value and the options have been granted at 26.51/- per option (Grant Price) during FY 2015-16.
5	Maximum Term of Options Granted	5 years
6	Options Vested up to 31st March, 2017	10,06,110
7	Options exercised up to 31st March, 2017	942,360
8	Options lapsed up to 31st March, 2017	699,790
9	Total number of shares arising as a result of exercise of option	942,360
10	Variations of terms of options	Nil
11	Details of options granted to Key Managerial Personnel (grant was in FY 2015-16)	-Mr. Gunupudi Srinivas Kamoji: 155,000 -Smt. Seshanuradha Chava - 161,000
12	Total number of options in force as at 31st March, 2017	Total number of options available : 50,00,000 Total number of options granted : 30,87,000 Total number of options allotted in year 1 : 10,06,110 Total number of options added back to the pool : 699,790 Total number of options available : 26,12,790 Total funds received from the Employees on their exercise : ₹2,49,81,964
13	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
14	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	There were 942,360 shares exercised during the year 2016-17 and Diluted Earnings Per Share is ₹ 4.01
16	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the Fair Value.
17	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	N/A

# CORPORATE GOVERNANCE REPORT

## 1. CORPORATE GOVERNANCE PHILOSOPHY

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company is committed to the highest standards of Corporate Governance. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance framework enables the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Shareholders. The Code of Corporate Governance emphasises on transparency of systems to enhance the benefits to Shareholders, Customers, Creditors and Employees of the Company. In addition to compliance with regulatory requirements, the Company endeavours to ensure that the highest standard of ethical conduct is maintained throughout the organisation.

The Company has complied with the required provisions of the Corporate Governance as per

the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") entered with the Stock Exchanges(s) as disclosed herein below.

## 2. BOARD OF DIRECTORS:

The Board of Directors along with its Committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

### (a) Composition and other related matters

The Board consists of an optimal combination of Executive and Non-Executive Independent Directors representing a judicious mix of in-depth knowledge, specialized skills and rich experience.

As on 31st March, 2017 the Board comprises of five (5) Directors, viz. two (2) Executive & Non-Independent Directors and three (3) Independent Non-Executive Directors.

The Chairman of the Board is an Executive Director who is also the Managing Director. None of the Directors on the Board is a member in more than 10 committees or acts as a Chairman of more than 5 committees across all companies in which he is a Director. The Directors of the Company are not related inter-se.

### (b) Board Meetings and Attendance:

Five (5) Board Meetings were held during the year 2016-17. The dates on which the meetings were held are as follows:

S.No	Date of Meeting Board	Board Strength	No. of Directors Present
1.	April 05, 2016	5	5
2.	May 26, 2016	5	5
3.	August 04, 2016	5	4
4.	October 20, 2016	5	5
5.	January 27, 2017	5	5

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Directorship, Membership and Chairmanship in Committees of other Companies are given below:

Name and Designation of the Director	Category of Directorship	Attendance Particulars		No. of other Directorships and Committee Memberships**		
		Board Meetings	Last AGM	Directorships in other public companies # as on 31st March, 2017	Member	Chairman
Mr. D. Uday Kumar Reddy Chairman & Managing Director DIN: 00003382	Executive & Non-Independent	5	Yes	-	-	-
Mr. Gautam Sabharwal* Whole-Time Director DIN: 00003709	Executive & Non-Independent	5	Yes	-	-	-
Mr. Ram Narain Agarwal Independent Director DIN: 00003498	Independent & Non-Executive	4	Yes	-	-	-
Dr. A. G. Ravindranath Reddy Independent Director DIN: 01729114	Independent & Non-Executive	5	Yes	2	3	-
Ms. N. Kalpana Reddy Independent Director DIN: 07328517	Independent & Non-Executive	5	Yes	1	-	-

#Excludes Directorships in Subsidiary Companies

\*\*Represents Memberships of Audit and Stakeholder Relationship Committee of Public Limited Companies.

\*Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May, 2017

#### Number of shares held by non- executive directors

Name of the Director	Category of Directorship	No. of shares as on 31st March, 2017
Mr. Ram Narain Agarwal	Independent & Non-Executive	-
Dr. A. G. Ravindranath Reddy	Independent & Non-Executive	-
Ms. N. Kalpana Reddy	Independent & Non-Executive	-

#### (c) Independent Meeting

The Independent Directors fulfill the criteria of independence as given in Regulation 16(b) of SEBI (LODR) Regulations, 2015 & the Companies Act, 2013 and have given declaration of independence. All the Independent Directors have been appointed as per the letter of appointment containing terms and conditions of their appointment issued and the same is available on the website of the Company [www.tanla.com](http://www.tanla.com).

The Independent Directors met on January 27, 2017 without the presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors evaluated the performance of the Non-Independent Directors

and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timelines of the flow of information between the Company, the Management and the Board.

The details of familiarisation programmes imparted to the independent directors are disclosed on the Company's website at [www.tanla.com](http://www.tanla.com).

#### (d) Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter-alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained



in detail the compliances required from him/her under the Companies Act, 2013, SEBI (LODR) Regulations, 2015, Insider Trading Regulations and other relevant regulations on regular basis.

Whenever any new Independent Director is appointed, he/she is made familiar to the business and its operations which includes Company's Operating Processes, Marketing, Finance and Other important aspects and also about his/her role and duties through presentations/programmes by the Chairman & Managing Director. The Company Secretary briefs the Director about his/her legal and regulatory responsibilities as a Director. The induction for Independent Directors includes interactive sessions with Executive Committee Members and with the senior Management of the Company.

#### (e) Board Evaluation

The Board of Directors evaluated the annual performance of the Board as a whole, its committees and the directors individually, in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 in the following manner:

- i. Structured evaluation forms, as recommended by the Nomination and Remuneration cum Compensation Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, were circulated to all the members of the Board along with the Agenda Papers for evaluation of the performance of the Board, its Committees and its Directors.

- ii. The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.
- iii. Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board / Committee/ Individual Director, and formulated a final collective evaluation of the Board. The Board also provided an individual feedback to the concerned director on areas of improvement, if any.

### 3. COMMITTEES OF DIRECTORS

#### 3.1 Audit Committee

##### (a) Composition and Meetings

The Company constituted a Qualified and Independent Audit Committee comprising of four Directors of which three are Non-Executive Independent Directors and one is Executive & Non-Independent in accordance with the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, four Audit Committee Meetings were held on May 26, 2016, August 04, 2016, October 20, 2016 and January 27, 2017 and the maximum gap between any two meetings was not more than one hundred and twenty days.

The composition of the Audit Committee and the attendance of each Member of the Committee at the Meetings as on March 31, 2017 are as follows:

Name	Designation	Category of Directorship	Attendance
Mr. Ram Narain Agarwal	Chairman	Independent & Non-Executive	3
Dr. A.G.Ravindranath Reddy*	Member	Independent & Non-Executive	4
Ms. N. Kalpana Reddy	Member	Independent & Non-Executive	4
Mr. Gautam Sabharwal**	Member	Executive & Non-Independent	4

\* Dr. A.G.Ravindranath Reddy was re-designated as Non-Executive Independent Director w.e.f. June 30, 2016.

\*\* Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May, 2017.

Post resignation of Mr. Gautam Sabharwal, the Audit Committee was reconstituted and the composition of same is as follows-

Name	Designation	Category of Directorship
Mr. Ram Narain Agarwal	Chairman	Independent & Non-Executive
Dr. A.G.Ravindranath Reddy*	Member	Independent & Non-Executive
Ms. N. Kalpana Reddy	Member	Independent & Non-Executive

All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and they also possess sound knowledge of Finance and accounting practices and have related management expertise by virtue of their experience and background.

Company Secretary acts as a Secretary to the Audit Committee.

Statutory Auditors, Head of Internal Audit, External Internal Auditors, Managing Director and Chief Financial Officer are permanent invitees to the Committee and they attend and participate in the meeting to brief the Committee and to answer and clarify queries raised at the Committee Meetings.

**(b) Role of Audit Committee**

The terms of reference, role and powers of the Audit Committee are as prescribed under Part C, Schedule II in terms of Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013 and includes overseeing of the Company's financial reporting process, reviewing with the management of the financial statements and the adequacy of the internal audit function, internal control and to discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances.

During the year under review all recommendations made by the Audit Committee were accepted by the Board of Directors.

**3.2 Nomination and Remuneration cum Compensation Committee**

**(a) Composition and Attendance**

The Nomination and Remuneration cum Compensation Committee comprises of three Non-Executive Directors of which all are Independent. During the year under review, one meeting of the Nomination and Remuneration Committee was held on November 17, 2016.

The composition of the Nomination and Remuneration cum Compensation Committee and the attendance at its meeting is as follows:

Name	Designation	Category of Directorship
Mr. Ram Narain Agarwal	Chairman	Non-Executive & Independent
Dr. A.G.Ravindranath Reddy	Member	Non-Executive & Independent
Ms. N. Kalpana Reddy	Member	Non-Executive & Independent

\*Dr. A.G.Ravindranath Reddy was re-designated as Non-Executive Independent Director w.e.f June 30, 2016.

**(b) Remuneration Policy**

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Chairman & Managing Director.

**(i) Executive Directors**

Executive Directors and KMP are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The Executive Director and KMP participate in a performance linked variable pay scheme which is based on the individual and Company performance for the year, pursuant to which the Executive Director and KMP may be entitled to performance-based variable remuneration.

**(ii) Non-Executive Directors**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Remuneration may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**(c) Remuneration of Directors**

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Nomination and Remuneration cum Compensation Committee as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meeting. The remuneration of the Non-Executive Directors comprises of sitting fees. The Non-Executive Independent Directors are paid sitting fees of ₹ 20,000/- for each meeting of the Board, and ₹ 15,000/- for Audit Committee and other Committee meetings attended by them during the year in addition to reimbursement of expenses towards attending the meetings.

The remuneration paid to each of the Directors for the financial year ended 31st March 2017 is as under:

- The details of remuneration paid/payable to the Chairman & Managing Director for the financial year ended 31st March, 2017 is as follows:

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D. Uday Kumar Reddy Chairman & Managing Director	12,637,160	637,168	-	13,274,328

- The details of sitting fees and commission paid/payable to Non-Executive Directors for the financial year ended 31st March, 2017.

Name	Sitting Fees (Amount in ₹)	Reimbursement of Expenses (Amount in ₹)	Total (Amount in ₹)
Mr. Ram Narain Agarwal	125,000	-	125,000
Dr. A.G.Ravindranath Reddy	160,000	-	160,000
Ms. N. Kalpana Reddy	160,000	-	160,000
<b>TOTAL</b>	<b>445,000</b>	<b>-</b>	<b>445,000</b>

**3.3 Stakeholders Relationship Committee****(a) Composition and Meetings**

The Stakeholders Relationship Committee comprises of (3) three Directors and the composition of the Committee is as follows:

Name of the Director	Designation	Nature of Directorship <sup>*</sup>
Mr. Ram Narain Agarwal	Chairman	Independent & Non-Executive
Mr. D. Uday Kumar Reddy	Member	Executive & Non-Independent
Dr. A.G.Ravindranath Reddy	Member	Independent & Non-Executive*

\*Dr. A.G.Ravindranath Reddy was re-designated as Non-Executive Independent Director w.e.f June 30, 2016.

The Committee is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificates, transmission of shares and other miscellaneous complaints. In accordance with SEBI (LODR) Regulations, 2015, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers/transmissions and is empowered to oversee the redressal of investor complaints.

**(b) Compliance Officer**

**Name, designation and address of the Compliance Officer:**

Ms. Seshanuradha Chava  
 VP - Legal & Secretarial Services Group  
 Tanla Solutions Limited,  
 Tanla Technology Centre,  
 Hi-Tech City Road,  
 Madhapur, Hyderabad – 500 081  
 Phone: 040-40099999  
 Fax: 040-23122999  
 Email Id: investorhelp@tanla.com  
 CIN: L72200TG1995PLC021262

**(c) Shareholders Complaints and Redressal**

During the year 2016-17, 55 queries/requests/complaints were received from the shareholders under the following heads and the same were duly resolved as per the summary given below:

S.No	Date of Meeting Board	Received	Resolved	Pending
1.	Non-Receipt of Dividend Warrant	52	52	0
2.	Non-Receipt of Securities	1	1	0
3.	Non-Receipt of Annual Report	2	2	0
4.	Non-Receipt of Securities after Transfer/Transmission	0	0	
5.	Non-Receipt of Annual Reports (Complaint received through Regulatory Authorities i.e., SEBI, NSE & BSE)	0	0	0
<b>TOTAL</b>		<b>55</b>	<b>55</b>	<b>0</b>

- In order to facilitate faster redressal of investors 'grievances the Company has created an exclusive email ID "investorhelp@tanla.com". Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended to immediately.

**3.4 Corporate Social Responsibility (CSR) Committee**

- i. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.  
 To promote a green and clean environment, the Company proactively implements the concept of green productivity and takes preventive measures in and around its various facilities. Conservation of natural resources and pollution control is a part of its operation module.

As it continues to expand its business on both the domestic and international fronts, a greener and cleaner environment for all is one of its main objectives in the Company's march towards progress.

The need to protect our environment and conserve resources has been explicitly disseminated through its mission and vision statements. The Company has taken a holistic stance for the protection of environmental resources and taken preventive measures as a part of its operation module.

To promote a green and clean environment, the Company proactively implements the concept of green productivity and takes preventive measures in and around its various facilities. Conservation of natural resources and pollution control is a part of its operation module. The Company's CSR policy can be accessed on [www.tanla.com](http://www.tanla.com)

From the financial year 2017-18, Tanla has come up with a new CSR policy, discussed in more detail on page 08 of this Annual Report.

ii. **Composition of the CSR Committee:**

The Stakeholders Relationship Committee comprises of (3) three Directors and the composition of the Committee is as follows:

Sl. No.	Name	Designation and Category
1	Mr. D Uday Kumar Reddy	Chairman – CMD
2	Mr. Ram Narain Agarwal	Member – Independent Director
3	Dr. A.G.Ravindranath Reddy*	Member – Independent Director

\*Dr. A.G.Ravindranath Reddy was re-designated as Non-Executive Independent Director w.e.f June 30, 2016.

iii. **2% of average net profit of the Company for last three financial years: ₹ 3.45 lacs**

iv. **Prescribed CSR Expenditure:**

The Company has spent ₹ 3.50 lacs towards CSR activity.

v. **Details & manner of CSR amount spent during the financial year:**

Total amount spent for the financial year ending 31st March, 2017 is ₹ 3.5 lacs which is towards promotion of a green and clean environment as per clause iv of Schedule VII of the Companies Act, 2013)

**Confirmation by the Chairman of the CSR Committee:**

I hereby confirm that the CSR Committee has monitored to ensure implementation of the CSR policy as per the CSR objectives of the Company.

Sd/-

**D. Uday Kumar Reddy**

Chairman – CSR Committee

Hyderabad

July 28, 2017

#### 4. **SUBSIDIARY COMPANIES**

**Tanla Corporation Private Limited, India** (Earlier known as Mufithumb Corporation Private Limited), a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in development of products and services.

**Tanla Mobile Asia Pacific Pte Limited**, Singapore (hereinafter referred to as “Tanla Singapore”), a wholly owned subsidiary of Tanla based at Singapore, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

**Tanla Solutions (UK) Limited**, formerly Techserv Teleservices (UK) Limited, UK (hereinafter referred to as “Tanla UK”), a wholly owned subsidiary of Tanla based at London, UK, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors. Effective 30.09.2016 Tanla Solutions (UK) Limited ceased to be subsidiary of Tanla Solutions Limited.

**Tanla Mobile Middle East FZ LLC, Dubai** (hereinafter referred to as “Tanla Dubai”), a wholly owned subsidiary of Tanla Singapore based at Dubai, UAE provides aggregator services to clients in the telecommunications sector. Tanla Mobile Middle East FZ LLC, Dubai has been deregistered from Dubai Internet City w.e.f. 30.09.2016

## 5. GENERAL BODY MEETINGS

Location and date / time for last three Annual General Meetings were:

Financial Year	Location	Date	Time
2015-16	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500 081.	12th September, 2016	11.30 A.M
2014-15	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500 081.	16th September, 2015	10.30 A.M
2013-14	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500 081.	30th September, 2014	11.30 A.M

### Postal Ballot

During the financial year ended 31st March, 2017, there was no resolution proposed through postal ballot.

### Special Resolutions passed during the previous three (3) Annual General Meetings

In the Annual General Meeting held on 12th September, 2016	Nil
In the Annual General Meeting held on 16th September, 2015	<ul style="list-style-type: none"> <li>● Approval of Tanla Solutions Limited Employee Stock Options Plan 2015-16 and grant of Employee Stock Options to the employees of the Company there under.</li> <li>● Grant of Employee Stock Options / Options to the employees of the Subsidiary Company(ies) of the Company under Tanla Solutions Limited Employee Stock Options Plan 2015-16.</li> </ul>
In the Annual General Meeting held on 30th September, 2014	<ul style="list-style-type: none"> <li>● Appointment of Independent Director.</li> <li>● Fixing the remuneration of Chairman &amp; Managing Director.</li> <li>● Alteration of article 106 of Articles of Associations of the Company.</li> <li>● Alteration of article 119 of Articles of Associations of the Company.</li> </ul>

### Details of Director seeking appointment / re-appointment

As per the provisions of Section 152 of Companies Act, 2013, two-thirds of the Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

**Mr. D. Uday Kumar Reddy (DIN 00003382)**, retires by rotation at the ensuing Annual General Meeting of the shareholders and being eligible, offers himself for re-appointment.

Brief resume of Mr. D. Uday Kumar Reddy with the additional information required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), is given below:

Mr. D Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of

Tanla Solutions Limited. He is the chief architect of the Company, besides being responsible for its meteoric rise from a mere products-based solution provider to one of the largest publicly traded Mobile VAS Software Company, specializing in mobile messaging and payments, now the Company has extended its reach into Cloud Communications.

Mr. Uday's sharp focus towards innovation and an urge to set new milestones in business and technology are the key reasons for the leadership success of the Company. He has also been significantly active in the M&A community, and has been leading discussions regarding potential alliances and M&A opportunities.

### Other Directorships

- The details of other Directorships and Committee Memberships of Mr. D. Uday Kumar Reddy are NIL.
- Includes only public limited companies as defined in Section 2(71) of the Companies Act, 2013.

- Mr. D. Uday Kumar Reddy holds 1,70,28,409 (15.84%) equity shares in the Company as on 31st March 2017.
- Mr. D. Uday Kumar Reddy holds 1,94,96,483 Equity Shares in the Company, constituting 17.57% of the paid-up capital of 11,09,38,024 Equity Shares as on July 28, 2017.

## 6. DISCLOSURES

### a) CMD & CFO Certification

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, Mr. D. Uday Kumar Reddy, Chairman & Managing Director and Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31st March 2017, which is annexed to this report as **Annexure – C**.

### b) Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

None of the Directors had any pecuniary relationship or transactions with the Company, except the payments made to them in the form of remuneration and sitting fee.

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **"Annexure F"** to the Board's Report.

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

### c) Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to the relevant provision of the Companies Act, 2013 read with applicable

Accounting Standards, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements

The Ministry of Corporate Affairs (MCA) on February 16, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies from April 1, 2016 with a transition date of April 1, 2015. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

IND AS is applicable to the Company from April 01, 2016. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in the notes to accounts in the standalone & consolidated financial statements respectively.

### d) Code of Conduct

The Board of Directors have laid-down a "Code of Conduct" (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company "www.tanla.com". Annual declaration is obtained from every person covered by the Code.

### e) Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code along with the management of the Company.

All Directors and the designated employees have confirmed compliance with the Code

### f) Risk Management

This Committee is empowered to monitor the Risk Management and their mitigation processes. A detailed note on the risk identification and

mitigation is included in the Risk Management Report annexed elsewhere in the Annual Report.

**g) Whistle Blower Policy/Vigil Mechanism**

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

In line with requirement of the Companies Act, 2013 and of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vigil Mechanism/Whistle Blower Policy has been formulated for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct etc. The said Policy provides for adequate safeguard against victimization of directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on website of the Company and web link thereto is [www.tanla.com](http://www.tanla.com)

During the year, there were no Whistle Blower complaints received.

**h) Pecuniary transactions with Non-Executive Directors**

There were no pecuniary transactions with any of the Non-Executive Directors except for remuneration paid as Directors of the Company.

**i) Strictures/Penalty**

During the FY 2017, there are no strictures or penalties imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

**j) Management Discussion and Analysis**

Management Discussion & Analysis is discussed separately and forms part of this Annual Report.

**7. MEANS OF COMMUNICATION**

**Website:** The Company's website [www.tanla.com](http://www.tanla.com) contains a separate section for Investors wherein the updated information pertaining to quarterly, half-yearly and annual financial results, official

press releases, shareholding pattern is available in a user-friendly and downloadable form.

**Financial Results:** The quarterly, half-yearly and annual financial results of the Company are submitted to the BSE Limited and National Stock Exchange of India Limited immediately after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper and one Telugu newspaper within 48 hours of approval thereof and are also posted on Company's website [www.tanla.com](http://www.tanla.com).

**Annual Report:** Annual Report containing inter-alia Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, and Corporate Governance Report is circulated to the members and others entitled thereto and softcopy of the same is made available on the Company's website [www.tanla.com](http://www.tanla.com).

**Quarterly Communication:** The quarterly results are communicated to the members of the Company by way of email and also placed on the website of the Company [www.tanla.com](http://www.tanla.com)

**Designated Exclusive Email ID:** The Company has designated E-mail Id [investorhelp@tanla.com](mailto:investorhelp@tanla.com) exclusive for shareholder/investor servicing.

**Uploading on NEAPS & BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE

**SHARE TRANSFER SYSTEM** Share transfer requests, which are received in physical form, are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

**RECONCILIATION OF SHARE CAPITAL AUDIT:** Share Capital Audit is being carried out every quarter by a Practicing Company Secretary and the audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.



## 8. GENERAL SHAREHOLDER'S INFORMATION

Date, Time & Venue of AGM	September 18, 2017 at 11:30 AM at Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081.
Financial Calendar	<ul style="list-style-type: none"> <li>i) Financial Year – April to March</li> <li>ii) First Quarter Results – July 28, 2017</li> <li>iii) Half-yearly Results – last week of October 2017*</li> <li>iv) Third Quarter Results - last week of January 2018*</li> <li>v) Results for the year ending March 31, 2018 - last week of May 2018*</li> </ul> * Provisional
Date of Book Closure	September 11, 2017 to September 18, 2017 (both days inclusive)
Listing of Shares	Company's shares are listed at – <ul style="list-style-type: none"> <li>● The Bombay Stock Exchange Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.</li> <li>● National Stock Exchange of India Ltd. Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051</li> </ul> Listing fees for the year have been paid to the above Stock Exchanges
BSE Ltd.	532790 / TANLA
National Stock Exchange of India Ltd.	TANLA
ISIN for (shares) of NSDL & CDSL	INE483C01032
Market Price Data: High, Low during each month in last Financial year/ Performance in comparison to BSE Sensex and S&P CNX Nifty	Please see <b>Annexure 'A'</b>
Registrar and Transfer Agents	M/s Karvy Computershare Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri-Lingampally, Hyderabad – 500 032, Telangana State, India. Phone: +91 040 6716 1585/2222 Fax: +91 040 2300 1153
Employee Stock Option Scheme	The Employee Stock Option Plan 2015 ("ESOP 2015")
Distribution of Shareholding and Shareholding pattern as on 31st March, 2015	Please see <b>Annexure 'B'</b>
Dematerialisation of shares and Liquidity	<b>10,22,67,927</b> of the shareholding have been dematerialized as on 31st March, 2017.
Registered Office / Address for Correspondence	Tanla Solutions Limited Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081. Phone: 040-40099999 Fax: 040-23122999 Website : www.tanla.com Email ID : investorhelp@tanla.com

## 9. NON-MANDATORY REQUIREMENT

a. Shareholders/Shareholder's Rights	Quarterly financial results are published in leading newspapers, viz. Economic Times, The Business Standard, Mint and vernacular – Namaste Telangana, Eenadu, Sakshi, Andhra Jyothi. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers. We also send out quarterly investor updates to all the investors who have registered their email ids with us and also update the same on the websites of Tanla and Stock Exchanges.
b. Other Non-Mandatory Requirement	At present, other non-mandatory requirements have not been adopted by the Company

## 10. OTHER REQUIREMENTS

a. Unclaimed shares	Following is the reconciliation of unclaimed shares in "Tanla Solutions Limited – Unclaimed Suspense Account", pursuant to Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.		
	<table border="1"> <tr> <td>No of shareholders as on April 1,2016</td> <td>15</td> </tr> </table>	No of shareholders as on April 1,2016	15
No of shareholders as on April 1,2016	15		
	<table border="1"> <tr> <td>Outstanding shares in the suspense account lying as on April 1,2016</td> <td>870</td> </tr> </table>	Outstanding shares in the suspense account lying as on April 1,2016	870
Outstanding shares in the suspense account lying as on April 1,2016	870		
	<table border="1"> <tr> <td>Number of shareholders who approached issuer for transfer of shares from suspense account during the year</td> <td>-</td> </tr> </table>	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	-
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	-		
	<table border="1"> <tr> <td>Number of shareholders to whom shares were transferred from suspense account during the year</td> <td>-</td> </tr> </table>	Number of shareholders to whom shares were transferred from suspense account during the year	-
Number of shareholders to whom shares were transferred from suspense account during the year	-		
	<table border="1"> <tr> <td>Aggregate number of shareholders at the end of the year as on 31st March, 2017</td> <td>15</td> </tr> </table>	Aggregate number of shareholders at the end of the year as on 31st March, 2017	15
Aggregate number of shareholders at the end of the year as on 31st March, 2017	15		
	<table border="1"> <tr> <td>Aggregate number of shares at the end of the year as on 31st March, 2017</td> <td>870</td> </tr> </table>	Aggregate number of shares at the end of the year as on 31st March, 2017	870
Aggregate number of shares at the end of the year as on 31st March, 2017	870		
	<p>In accordance with Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing agreement entered into with the Stock Exchanges, 870 Equity Shares held by 15 shareholders, were held in the "Tanla Solutions Limited - Demat Suspense Account" vide DPID\CLID:IN300484 13842503 in Axis Bank Ltd., Jubilee Hills Branch, Hyderabad as on 31st March, 2017. The voting rights on these shares shall remain frozen till the rightful owner claims the same.</p>		

On behalf of the Board

Sd/-

**D Uday Kumar Reddy**

Chairman & Managing Director

DIN: 00003382

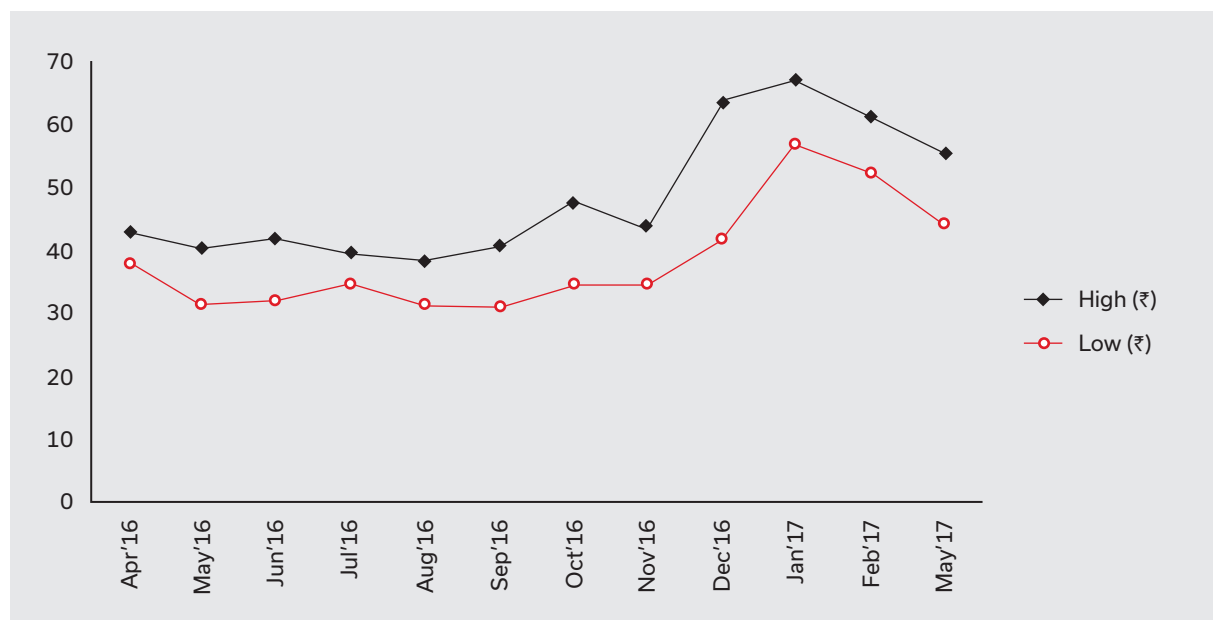
July 28, 2017  
Hyderabad

**MARKET PRICE DATA:**

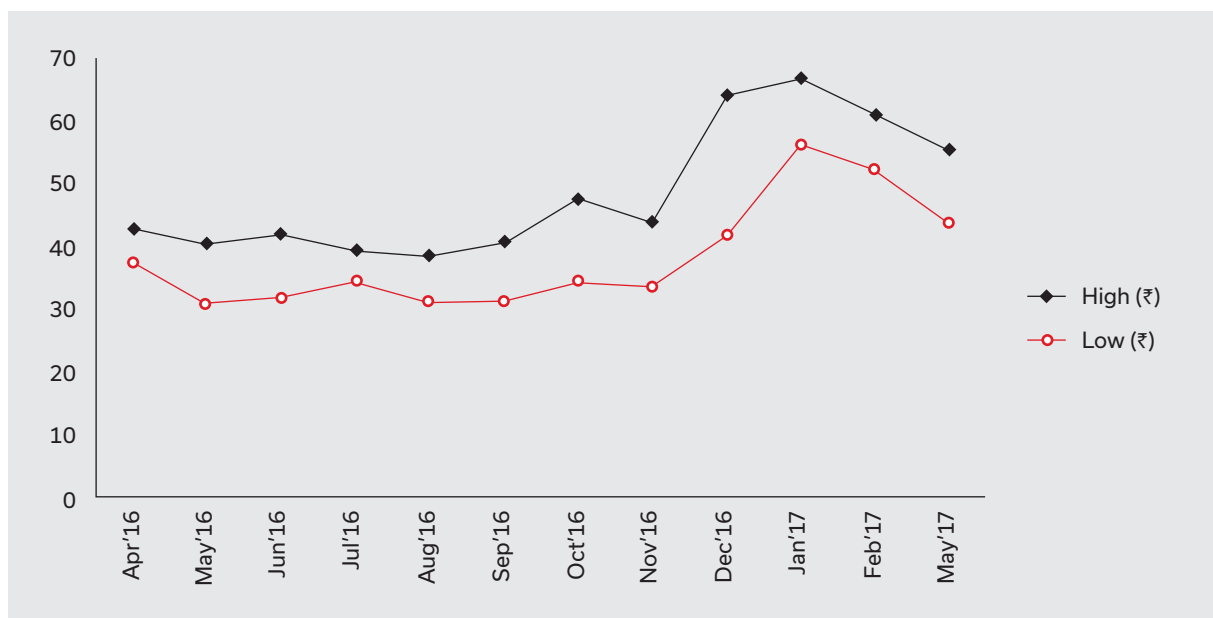
High and low during each month from April 01, 2016 to 31st March, 2017

**BSE LIMITED (BSE)**

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2016	42.65	37.15	17,15,504
May, 2016	40.50	31.20	19,91,572
June, 2016	41.20	32.00	18,37,246
July, 2016	38.50	34.20	9,79,520
August, 2016	38.50	31.10	19,22,318
September, 2016	40.35	31.45	22,47,144
October, 2016	47.60	34.80	47,12,213
November, 2016	43.85	32.65	22,19,486
December, 2016	63.75	41.50	1,22,26,747
January, 2017	66.45	56.45	70,08,059
February, 2017	61.25	52.10	21,46,052
March, 2017	54.80	45.0	18,08,469

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)**

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2016	42.55	37.50	59,60,656
May, 2016	40.50	31.05	85,57,257
June, 2016	42.00	32.00	62,49,072
July, 2016	39.50	34.55	36,98,927
August, 2016	38.50	31.45	72,27,760
September, 2016	40.50	31.50	97,63,482
October, 2016	47.50	34.55	1,68,17,268
November, 2016	43.80	33.85	76,97,151
December, 2016	63.85	41.40	49,71,715
January, 2017	66.40	55.80	27,32,25,29
February, 2017	61.30	52.05	9,58,84,07
March, 2017	54.90	44.00	9,38,76,41



**ANNEXURE - B**

**DISTRIBUTION OF HOLDINGS AS ON MARCH 31, 2017**

S. No	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	62,143	97.57	2,30,77,878.00	21.47
2	5001 - 10000	736	1.16	55,90,621.00	5.20
3	10001 - 20000	407	0.64	59,13,842.00	5.50
4	20001 - 30000	146	0.23	36,11,377.00	3.36
5	30001 - 40000	62	0.10	21,80,853.00	2.03
6	40001 - 50000	38	0.06	17,31,086.00	1.61
7	50001 - 100000	73	0.11	51,00,462.00	4.75
8	100001 & ABOVE	80	0.13	6,02,79,666.00	56.08
<b>Total:</b>		<b>63,685</b>	<b>100.00</b>	<b>10,74,85,785.00</b>	<b>100.00</b>

**SHARE HOLDING PATTERN AS ON MARCH 31, 2017**

S. No	Description	Cases	Shares	% Equity
1	BANKS	2	1,14,390	0.11
2	CLEARING MEMBERS	107	5,26,464	0.49
3	EMPLOYEES	36	9,75,676	0.91
4	FOREIGN NATIONALS	1	85,886	0.08
5	FOREIGN PORTFOLIO INVESTORS	2	6,70,490	0.62
6	H U F	1,946	35,18,649	3.27
7	INDIAN FINANCIAL INSTITUTIONS	1	1,74,354	0.16
8	BODIES CORPORATES	653	97,41,537	9.06
9	NBFC	4	9,338	0.01
10	NON RESIDENT INDIANS	507	30,85,674	2.87
11	NRI NON-REPATRIATION	149	3,64,247	0.34
12	PROMOTERS GROUP	1	73,30,600	6.82
13	COMPANY PROMOTERS	2	2,88,79,596	26.87
14	RESIDENT INDIVIDUALS	60,267	5,19,98,992	48.38
15	TRUSTS	7	9,892	0.01
<b>Total:</b>		<b>63,685</b>	<b>10,74,85,785</b>	<b>100.00</b>

**CONTROL REPORT AS ON MARCH 31, 2017**

S. No	Description	No of Holders	Shares	% Equity
1	PHYSICAL	33	52,08,520	4.85
2	NSDL	39,437	7,99,33,445	74.37
3	CDSL	24,215	2,23,43,820	20.79
	<b>Total:</b>	<b>63,685</b>	<b>10,74,85,785</b>	<b>100.00</b>

**ANNEXURE - C**

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, Mr. D. Uday Kumar Reddy, Chairman & Managing Director and Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31st March 2017. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 18, 2017.

**Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

- A. They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. They have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
- (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy  
Chairman & Managing Director  
DIN: 00003382

May 18, 2017  
Hyderabad

for Tanla Solutions Limited

Sd/-

Srinivas Gunupudi Kamoji  
Chief Financial Officer

# CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
**Tanla Solutions Limited**  
Tanla Technology Centre,  
Hi-tech City Road, Madhapur,  
Hyderabad -500081,  
Telangana.

We have examined the compliance of conditions of Corporate Governance by M/s. Tanla Solutions Limited (hereinafter called as "the Company") for the year ended 31st March, 2017 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) pursuant to listing agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to listing agreement of the said Company with the Stock Exchanges.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For and on behalf of R & A Associates**  
Company Secretaries

Sd/-  
R. Ramakrishna Gupta  
Senior Partner  
FCS No.: 5523  
C P No.: 6696

28th July, 2017  
Hyderabad

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## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2017 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

for Tanla Solutions Limited

Sd/-  
D Uday Kumar Reddy  
Chairman & Managing Director  
DIN: 00003382

May 18, 2017  
Hyderabad

## **FINANCIAL STATEMENTS**

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# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**TANLA SOLUTIONS LIMITED**

## **REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS**

We have audited the accompanying standalone Ind AS financial statements of **M/s. TANLA SOLUTIONS LIMITED** ("the Company") which comprise the standalone Balance Sheet as at 31st March, 2017, the standalone Statement of Profit and Loss, the standalone Cash Flow Statement, the standalone statement of changes in equity for the year then ended and standalone summary of significant accounting policies and other explanatory information.

## **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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Loss and its Cash Flow for the year ended on that date.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 it appears from our examination of those books;
- c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Standalone Other Comprehensive Income, Standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 A".
- g) 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its financial statement as to holdings as well as dealing in Specified Bank Notes during the period 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Ramasamy Koteswara Rao & Co,  
Chartered Accountants  
Firm Registration Number: 010396S

Sd/-  
(C.V. Koteswara Rao)  
Partner  
Membership No.028353

Hyderabad  
May 18, 2017

## **"Annexure A" to the Independent Auditor's Report of even date on the Standalone Financial Statement of TANLA SOLUTIONS LIMITED**

### **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 TANLA SOLUTIONS LIMITED ("the Company") as of 31st March, 2017 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 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. 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.

### **AUDITORS' 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 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 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 31st March, 2017, 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.

For Ramasamy Koteswara Rao & Co,  
Chartered Accountants  
Firm Registration Number: 010396S

Sd/-  
(C.V. Koteswara Rao)  
Partner  
Membership No.028353

Hyderabad  
May 18, 2017

**Annexure-B to the Independent Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "TANLA SOLUTIONS LIMITED" for the year ended March 31, 2017)**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,
- (b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company and hence not commented upon.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2017 for a period of more than six months from the date on when they become payable.

- (b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, duty of customs, duty of excise, value added tax outstanding on which have not been deposited on account of any dispute, except in case of Service Tax Liability for the period 01.06.2007 to 31.10.2009 of ₹ 6,85,81,618 (out of this ₹ 1,93,68,932/- paid) pending before the CESTAT.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3
- (xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. In our opinion, compliance Requirements under Section 177 and 188 of Companies Act, 2013 are not applicable to the Company and disclosure requirements in the financial statements as required by the applicable accounting standards are complied.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has made the preferential allotment and private placement of shares during the year under review and complied with applicable provisions of the companies Act, 2013.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Ramasamy Koteswara Rao & Co,  
Chartered Accountants  
Firm Registration Number: 010396S

Sd/-  
(C.V. Koteswara Rao)  
Partner  
Membership No.028353

Hyderabad  
May 18, 2017

**BALANCE SHEET**

as at March 31, 2017

(in ₹)

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	4	280,825,371	250,450,248	269,950,718
(b) Capital work-in-progress		197,686,332	-	-
(c) Investment Property		38,537,395	38,537,395	38,537,395
(d) Other Intangible assets	5	4,167,310,136	-	-
(e) Financial Assets				
(i) Investments	6	527,375,186	5,331,366,375	5,313,794,806
(f) Deferred tax assets (net)	7	64,605,249	54,934,387	63,813,952
(g) Other non-current assets	8	76,717,972	69,598,755	54,152,422
<b>Total non current assets</b>		<b>5,353,057,640</b>	<b>5,744,887,160</b>	<b>5,740,249,293</b>
<b>(2) Current Assets</b>				
(a) Financial Assets				
(i) Trade receivables	9	947,947,660	654,470,990	580,991,944
(ii) Cash and cash equivalents	10	1,198,677,247	440,692,439	249,734,731
(iii) Loans and advances	11	1,554,000	474,606	326,000
(b) Other current assets	12	220,684,896	70,879,742	88,487,477
<b>Total current assets</b>		<b>2,368,863,802</b>	<b>1,166,517,777</b>	<b>919,540,152</b>
<b>Total Assets</b>		<b>7,721,921,443</b>	<b>6,911,404,937</b>	<b>6,659,789,445</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity share capital	13	107,485,785	101,479,593	101,479,593
(b) Other equity	14	6,298,162,680	6,260,439,371	6,155,111,614
<b>Total equity</b>		<b>6,405,648,465</b>	<b>6,361,918,964</b>	<b>6,256,591,207</b>
<b>(2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Other financial liabilities	15	724,699	757,020	959,943
(b) Provisions	16	1,729,239	884,011	300,973
(c) Other liabilities	17	210,000	160,000	60,000
<b>Total Non Current Liabilities</b>		<b>2,663,938</b>	<b>1,801,031</b>	<b>1,320,916</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	18	1,223,809,259	415,925,415	331,436,303
(ii) Other financial liabilities	19	47,173,219	54,305,189	-
(b) Other current liabilities	20	35,251,480	70,079,257	70,420,406
(c) Short-term provisions	21	20,616	20,616	20,613
(d) Liabilities for current tax (net)	22	7,354,465	7,354,465	-
<b>Total Current liabilities</b>		<b>1,313,609,039</b>	<b>547,684,942</b>	<b>401,877,322</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,721,921,443</b>	<b>6,911,404,937</b>	<b>6,659,789,445</b>
Notes forming part of the financial statements	1 - 40			

As per our report attached

For Ramasamy Koteswara Rao &amp; Co

Chartered Accountants

Firm Regn. No. 010396S

For and on behalf of the Board of Directors

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Sd/-

D. Uday Kumar Reddy

Chairman &amp; Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal &amp; Secretarial

Hyderabad

May 18, 2017

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(in ₹)			
Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>REVENUE</b>			
I. Revenue from Operations	23	4,987,150,228	2,799,460,502
II. Other income	24	23,976,772	4,899,554
<b>III. TOTAL INCOME (I+II)</b>		<b>5,011,127,001</b>	<b>2,804,360,056</b>
<b>IV. EXPENSES</b>			
Cost of Services	25	4,414,230,345	2,401,177,524
Employee Benefits Expenses	26	118,665,413	87,345,816
Depreciation and Amortization Expenses	4	110,551,022	29,814,576
Travel Expenses	27	13,595,179	18,878,188
Connectivity & related expenses	28	15,816,374	6,839,673
Other Expenses	29	353,400,267	161,641,666
<b>TOTAL EXPENSES (IV)</b>		<b>5,026,258,600</b>	<b>2,705,697,443</b>
<b>V. Profit/(loss) before Tax (III - IV)</b>		(15,131,599)	98,662,613
<b>VI. Tax expense:</b>			
1. Current Tax		-	53,475,880
2. Deferred Tax		(8,843,382)	8,724,177
<b>VII. Profit/(Loss) for the year</b>		<b>(6,288,217)</b>	<b>36,462,556</b>
<b>VIII. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of gratuity provision		1,006,832	538,096
Remeasurements of leave encashment on employee benefits		(40,792)	(51,867)
		<b>966,040</b>	<b>486,229</b>
(ii) Income tax relating to items that will not be reclassified to profit or loss		(417,115)	(155,388)
Total other comprehensive income net of taxes		<b>548,925</b>	<b>330,841</b>
<b>IX. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(5,739,292)</b>	<b>36,793,397</b>
<b>X. Earnings per equity share</b>			
1. Basic		(0.06)	0.36
2. Diluted		(0.06)	0.36
Notes forming part of the financial statements	1-40		

As per our report of even date attached

For Ramasamy Koteswara Rao &amp; Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

For and on behalf of the Board of Directors

Sd/-

D. Uday Kumar Reddy

Chairman &amp; Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal &amp; Secretarial

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

## A. EQUITY SHARE CAPITAL

Particulars	Number	in ₹
Balance as on 1 April 2015	101,479,593	101,479,593
Changes in equity share capital during the year	-	-
Balance as on 31 March 2016	101,479,593	101,479,593
Issued during the year - ESOPs	942,360	942,360
Issue of warrants to Promoters	5,063,832	5,063,832
Balance as on 31 March 2017	107,485,785	107,485,785

## B. OTHER EQUITY

Particulars	Capital Reserve	General Reserve	Investment subsidy	Securities Premium Reserve	Share Application Money Pending Allotment	ESOP Outstanding Account	Retained Earnings	Foreign currency translation reserve	Total Equity attributable to Equity holders
Opening Balance as at 1 April 2015	69,919,556	249,804,979	400,000	4,285,501,775	-	-	1,544,842,733	-	6,150,469,043
Deferred Tax on Indexation of free-hold land	-	7,113,711	-	-	-	-	-	-	7,113,711
Provision & Deferred Tax on leave encashment	-	(217,231)	-	-	-	-	-	-	(217,231)
Provision & Deferred Tax on ECL	-	(2,253,909)	-	-	-	-	-	-	(2,253,909)
Opening Balance as at 1 April 2015	69,919,556	254,447,550	400,000	4,285,501,775	-	-	1,544,842,733	-	6,155,111,614
Profit for the Year	-	-	-	-	-	-	83,197,296	-	83,197,296
Dividend tax and Interim Dividend	-	-	-	-	-	-	(24,427,762)	-	(24,427,762)
Deferred tax expense/income	-	-	-	-	-	-	(5,274,947)	-	(5,274,947)
Employees Gratuity and Leave encashment	-	-	-	-	-	-	(1,069,270)	-	(1,069,270)
Assets Write-Off	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)
Provision for Doubtful debts	-	-	-	-	-	-	(2,103,393)	-	(2,103,393)
Deferred tax expense - OCI	-	-	-	-	-	-	(155,388)	-	(155,388)
Employee benefit expense - OCI	-	-	-	-	-	-	(51,867)	-	(51,867)
Actuarial gains/loss - OCI	-	-	-	-	-	-	538,096	-	538,096
ESOP Expense	-	-	-	-	-	8,287,130	(8,287,130)	-	-
Share Application Money	-	-	-	-	84,674,992	-	-	-	84,674,992
Closing Balance as at 31 March 2016	69,919,556	254,447,550	400,000	4,285,501,775	84,674,992	8,287,130	1,557,208,368	-	6,260,439,371
Balance as at 1 April 2016	69,919,556	254,447,550	400,000	4,285,501,775	84,674,992	8,287,130	1,557,208,368	-	6,260,439,371
Profit for the Year	-	-	-	-	-	-	(6,288,217)	-	(6,288,217)
Other Comprehensive income	-	-	-	-	-	-	548,925	-	548,925
Remeasurement of ESOP provision	-	370,117	-	-	-	874,478	-	-	1,244,595
Share application money	-	-	-	-	128,633,994	-	-	-	128,633,994
Issue of Equity shares	-	-	-	190,487,769	(171,511,992)	-	-	-	18,975,777
ESOP Expense	-	-	-	-	-	18,999,368	-	-	18,999,368
Foreign currency translation	-	-	-	-	-	-	-	(124,391,133)	(124,391,133)
Closing Balance as at 31 March 2017	69,919,556	254,817,667	400,000	4,475,989,544	41,796,994	28,160,976	1,551,469,076	(124,391,133)	6,298,162,681

Notes forming part of the financial Statements

As per our report attached

For Ramasamy Koteswara Rao & Co

Chartered Accountants

Firm Regn. No. 010396S

For and on behalf of the Board of Directors

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Hyderabad

May 18, 2017



# CASH FLOW STATEMENT

for the year ended March 31, 2017

Particulars	(in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	(15,131,599)	98,662,613
Adjusted for :		
Depreciation	110,551,022	29,814,576
Interest & other income received	(19,596,184)	(4,682,187)
Other expenses	19,797,246	39,356,404
Loss on sale of / discarded assets (net)	291,319,885	2,407,064
Provision for doubtful debts	1,870,994	83,845,911
Operating profits before working capital charges	<b>388,811,364</b>	<b>249,404,381</b>
<b>Changes in current assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	(293,476,670)	(87,545,661)
(Increase)/Decrease in financial and non-financial assets	(216,925,225)	(120,178,174)
Increase/(Decrease) in financial and non-financial liabilities	(6,269,063)	(2,225,285)
Increase/(Decrease) in Trade payables & other liabilities	773,056,067	146,865,768
Cash generated from operations	<b>645,196,475</b>	<b>186,321,028</b>
Income taxes paid	-	-
<b>Net cash generated from operating activities</b>	<b>645,196,475</b>	<b>186,321,028</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(64,804,402)	(44,221,170)
Proceeds on sale of fixed assets	-	1,500,000
Sale/Investments in subsidiaries	4,380,589	(17,571,568)
Interest & other income received	19,596,184	4,682,187
<b>Net cash used in investing activities</b>	<b>(40,827,630)</b>	<b>(55,610,551)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share warrants	128,633,994	84,674,992
Proceeds from issue of ESOPs	24,981,969	-
Dividends and dividend tax paid during the year	-	(24,427,762)
<b>Net Cash generated from financing activities</b>	<b>153,615,963</b>	<b>60,247,230</b>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>757,984,808</b>	<b>190,957,707</b>
<b>E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>440,692,439</b>	<b>249,734,732</b>
<b>F CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,198,677,247</b>	<b>440,692,439</b>
Notes forming part of the financial statements		

As per our report of even date attached

For Ramasamy Koteswara Rao &amp; Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

For and on behalf of the Board of Directors

Sd/-

D. Uday Kumar Reddy

Chairman &amp; Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal &amp; Secretarial

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

Tanla Solutions limited (hereinafter referred to as "Tanla") ('the Company') is the largest A2P messaging platform provider globally. The Company was incorporated on July 28th, 1995 in Hyderabad and listed on BSE and NSE. Tanla has its headquarters and development facilities in Hyderabad, India and serves a global customer base through its subsidiaries and a branch in Dubai. Tanla's range of services include product development and implementation in wireless telephony industry, aggregator services and offshore development services.

The Standalone financial statements for the year ended 31st March, 2017 were approved by the Board of Directors and authorised for issue on May 18, 2017.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

These standalone financial statements have been prepared in accordance Indian Accounting Standards (Ind As) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from April 1, 2016.

Previous periods have been restated to Ind AS and In accordance with Ind AS 101-First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of Standalone financial statements under Accounting Standards for the year ended 31st March, 2016, the Company had earlier prepared and presented its Standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (Indian GAAP). Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given.

### 2.2 Use of Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent

liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### 2.3 Revenue recognition

Revenue from messaging services is recognized based on the no. of messages delivered on a fixed price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability. Revenue from Telecom Value Added Services, net of credit notes, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract. Interest Income is recognised on an accrual basis.

### 2.4 Property, plant and equipment & Capital work-in-progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

### 2.5 Depreciation and Goodwill

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. In respect of the following categories of assets in whose case the life of certain assets has been assessed under based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.,

Type of Asset	Useful life
Buildings	60 years
Computers & Software	3 to 6 years
Office Equipment	05 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Assets costing ₹ 5,000/- and below are depreciated over a period of one year

## 2.6 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment if any. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible asset is as follows:

Type of Asset	Useful life
Other Intangible Assets	5 to 10 Years

## 2.7 Investment Property

Investment property is property held in the form of land is mainly for the purpose of capital appreciation, but not for sale in the ordinary course of business. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less impairment losses, if any.

## 2.8 Employee Benefits

### Defined Contribution Plans

#### a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee salary and the tenure of employment. Liability with regard to the Gratuity Plan are determined

by actuarial valuation as of the balance sheet date, based upon which, the Company contributes the ascertained liabilities to the Tanla Solutions Limited Employees Gratuity Scheme Trust (the "Trust") managed by the Life Insurance Corporation of India.

#### b. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Regional Provident Fund Commissioner equal to a specified percentage of the covered employee's salary.

#### c. Employee State Insurance Fund:

Eligible employees (whose gross salary is less than ₹ 15,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred.

## 2.9 Foreign Currency Transactions

The Company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

## 2.10 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognized

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) **Current income tax:** Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax:** Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 2.11 Earning Per Share (EPS)

In determining earnings per share, the Company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares used in outstanding during the period.

## 2.12 Investments

Long term quoted investments are stated at cost & all other investments are carried at lower of cost or fair value.

## 2.13 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of

economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 2.14 Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

### Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### Subsequent Measurement

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding if any.

#### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collectiong contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

## Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

## Investment in Subsidiaries

Investment in Subsidiaries are measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

## De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

## Impairment

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss

for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

### Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

### Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

### Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## 2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### **3 FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARD (IND AS)**

These standalone financial statements of Tanla Solutions Limited for the year ended 31st March, 2017 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the standalone financial statements, disclosures in the notes thereto and

accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended 31st March, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the standalone Balance Sheet and Statement of Profit and Loss, is set out in notes given below.

#### **Reconciliations :**

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (i) Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015

	Note	As at 31 March 2016		As at 1 April 2015		(in ₹)
		I GAAP	Effect of transition to Ind AS	Ind AS	I GAAP	
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
(a) Property, Plant and Equipment	A	288,987,644	(38,537,395)	250,450,249	308,488,113	269,950,718
(b) Capital work in progress	B	30,000,000	(30,000,000)	-	-	-
(c) Investment Property	A	-	38,537,395	38,537,395	-	38,537,395
(d) Financial Assets		-	-	-	-	-
(i) Investments		5,331,366,375	-	5,331,366,375	5,313,794,806	5,313,794,806
(e) Deferred Tax Assets(Net)	F	52,063,912	2,870,475	54,934,387	55,513,142	63,813,952
(f) Other Non-Current Assets		69,598,755	-	69,598,755	54,152,422	54,152,422
		<b>5,772,016,686</b>	<b>(27,129,525)</b>	<b>5,744,887,161</b>	<b>5,731,948,483</b>	<b>5,740,249,293</b>
<b>Current Assets</b>						
(a) Financial Assets		-	-	-	-	-
(i) Trade Receivables	C	659,911,036	(5,440,046)	654,470,990	584,328,597	580,991,944
(ii) Cash and Cash Equivalents		440,692,439	-	440,692,439	249,734,731	249,734,731
(iv) Loans		474,606	-	474,606	326,000	326,000
(b) Other Current Assets		70,879,742	-	70,879,742	88,487,477	88,487,477
		<b>1,171,957,823</b>	<b>(5,440,046)</b>	<b>1,166,517,777</b>	<b>922,876,805</b>	<b>919,540,152</b>
		<b>6,943,974,508</b>	<b>(32,569,571)</b>	<b>6,911,404,937</b>	<b>6,654,825,288</b>	<b>6,659,789,445</b>
<b>TOTAL ASSETS</b>						
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share Capital		101,479,593	-	101,479,593	101,479,593	101,479,593
(b) Other Equity	D	6,293,913,569	(33,474,198)	6,260,439,371	6,150,469,043	6,155,111,614
		6,395,393,162	(33,474,198)	6,361,918,964	6,251,948,636	6,256,591,207
<b>Liabilities</b>						
<b>Non-Current Liabilities</b>						
(a) Financial Liabilities		-	-	-	-	-
(i) Other Financial Liabilities		757,020	-	757,020	959,943	959,943
(b) Provisions	E	-	884,011	884,011	-	300,973
(c) Other Non-Current Liabilities		160,000	-	160,000	60,000	60,000
		<b>917,020</b>	<b>884,011</b>	<b>1,801,031</b>	<b>1,019,943</b>	<b>1,320,916</b>
<b>Current liabilities</b>						
(a) Financial Liabilities		-	-	-	-	-
(i) Trade Payables		415,925,415	-	415,925,415	331,436,303	331,436,303
(ii) Other Financial Liabilities		54,305,189	-	54,305,189	-	-
(b) Other Current Liabilities		70,079,257	-	70,079,257	70,420,406	70,420,406
(c) Provisions	E	-	20,616	20,616	-	20,613
(d) Current Tax Liabilities(Net)		7,354,465	-	7,354,465	-	-
		<b>547,664,326</b>	<b>20,616</b>	<b>547,684,942</b>	<b>401,856,709</b>	<b>401,877,322</b>
		<b>6,943,974,508</b>	<b>(32,569,571)</b>	<b>6,911,404,937</b>	<b>6,654,825,288</b>	<b>6,659,789,445</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (ii) Reconciliation of Net Profit from Indian GAAP to Ind AS:

Particulars	Note	(in ₹) Year ended March 31, 2016
Net Profit/(Loss) under Indian GAAP		83,197,296
Details of Ind - AS Adjustments:		
Recognition of expected credit loss	C	(2,103,393)
Recognition of provision for employee benefits as per actuarial valuation	B	(1,069,270)
Recognition of stock compensation cost	F	(8,287,130)
Capital work in progress written off	D	(30,000,000)
Recognition of deferred tax on above adjustments		(6,132,200)
Recognition of deferred tax on indexation of land		857,254
<b>NET PROFIT/(LOSS) UNDER IND-AS</b>		<b>36,462,557</b>
Recognition of actuarial gains/(loss) on employee benefits		486,229
Recognition of deferred tax on actuarial gain/(loss)		(155,388)
<b>Net Comprehensive Income /(Loss) under Ind-AS</b>		<b>36,793,397</b>

### Notes to reconciliations between Previous GAAP and Ind AS :

- A. Under Ind AS, Land held for capital appreciation has been grouped under Investment Property.
- B. Under Ind AS, Assets written off on reassessment of useful life.
- C. Under the Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection
- D. Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles
- E. Deferred tax adjustments include deferred tax impact on account of differences between Indian GAAP and Ind AS
- F. Under the Previous GAAP, actuarial gains and losses on defined benefit obligations were recognized in the statement of profit and loss. Under Ind AS, these are recognized in other comprehensive income. This difference has resulted in an increase in net income for the year ended 31st March, 2016
- G. Provision for ESOP compensation cost has been recognized under Ind AS 102 principles

### iii. Reconciliation of statement of Cash flow

There are no material adjustments to the statement of cash flows as reported under previous GAAP.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**4. PROPERTY, PLANT AND EQUIPMENT:**

The changes in the carrying value of Property, Plant and Equipment is as follows:

Description	Land	Buildings	Furniture	Computers & Software	Office Equipment	Vehicles	Air-conditioners	Total
<b>Gross carrying amount</b>								
Cost as at 01 April 2016	76,570,150	88,685,601	23,099,191	53,488,743	8,848,807	7,482,440	22,089,891	280,264,823
Additions	-	27,546,500	4,213,883	22,618,572	934,119	8,323,768	1,167,560	64,804,402
Disposals	-	-	-	-	-	(7,072,950)	-	(7,072,950)
Cost as at 31 March 2017	<b>76,570,150</b>	<b>116,232,101</b>	<b>27,313,074</b>	<b>76,107,315</b>	<b>9,782,926</b>	<b>8,733,258</b>	<b>23,257,451</b>	<b>337,996,275</b>
<b>Accumulated Depreciation</b>								
Accumulated depreciation as at April 1, 2016	-	2,310,926	6,555,729	10,625,560	2,213,023	2,100,439	6,008,898	29,814,575
Additions	-	2,303,888	5,948,473	9,271,666	1,839,549	1,719,517	6,273,237	27,356,329
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at Mar 31, 2017	-	4,614,814	12,504,202	19,897,226	4,052,572	3,819,955	12,282,135	57,170,904
<b>NET CARRYING AMOUNT AS AT 31 MARCH 2017</b>	<b>76,570,150</b>	<b>111,617,287</b>	<b>14,808,872</b>	<b>56,210,089</b>	<b>5,730,354</b>	<b>4,913,303</b>	<b>10,975,316</b>	<b>280,825,371</b>
<b>Gross carrying amount</b>								
Cost as at 01 April 2015	76,570,150	88,685,601	23,099,191	46,863,573	3,103,976	9,538,335	22,089,891	269,950,717
Additions	-	-	-	6,625,170	5,744,831	1,851,169	-	14,221,170
Disposals	-	-	-	-	-	(3,907,064)	-	(3,907,064)
Cost as at 31 March 2016	<b>76,570,150</b>	<b>88,685,601</b>	<b>23,099,191</b>	<b>53,488,743</b>	<b>8,848,807</b>	<b>7,482,440</b>	<b>22,089,891</b>	<b>280,264,823</b>
<b>Accumulated Depreciation</b>								
Accumulated depreciation as at April 1, 2015	-	-	-	-	-	-	-	-
Additions	-	2,310,926	6,555,729	10,625,560	2,213,023	2,100,439	6,008,898	29,814,575
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at Mar 31, 2016	-	2,310,926	6,555,729	10,625,560	2,213,023	2,100,439	6,008,898	29,814,575
<b>NET CARRYING AMOUNT AS AT 31 MARCH 2016</b>	<b>76,570,150</b>	<b>86,374,675</b>	<b>16,543,462</b>	<b>42,863,183</b>	<b>6,635,784</b>	<b>5,382,001</b>	<b>16,080,993</b>	<b>250,450,248</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 5. INTANGIBLE ASSETS

(in ₹)

Description	As at March 31, 2017
<b>Gross carrying amount</b>	
Cost as at 01 April 2016	-
Additions	4,953,878,845
Disposals	(703,374,016)
<b>Cost as at 31st March, 2017</b>	<b>4,250,504,829</b>
Accumulated Depreciation	
Accumulated depreciation as at April 01, 2016	-
Amortization expense	83,194,693
Disposals	-
Accumulated depreciation as at 31st March, 2017	83,194,693
<b>Net Carrying amount as at 31st March, 2017</b>	<b>4,167,310,136</b>

Description	As at March 31, 2016
<b>Gross carrying amount</b>	
Cost as at 01 April 2015	-
Additions	-
Disposals	-
<b>Cost as at 31st March, 2016</b>	<b>-</b>
Accumulated Depreciation	
Accumulated depreciation as at April 01, 2015	-
Amortization expense	-
Disposals	-
Accumulated depreciation as at 31st March, 2016	-
<b>Net Carrying amount as at 31st March, 2016</b>	<b>-</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>6 (i) Investments in Equity Instruments</b>			
(a) Subsidiaries			
Tanla Corporation Pvt Ltd, India 1,148,648 (1,148,648) equity shares of ₹ 10 each, fully paid-up	486,097,268	486,097,268	486,097,268
Tanla Solutions (UK) Ltd, UK* Nil (2,659,000) equity shares of GBP.1 each, fully paid-up	-	295,028,353	282,386,758
Tanla Mobile Asia Pacific Pte Ltd, Singapore 750,001 (750,001) Equity shares of SGD.1 each, fully paid-up	30,928,918	30,928,916	30,928,916
(b) Joint Ventures			
TZ Mobile Pvt Ltd, India 103,490 (103,490) Equity shares of ₹ 10 each, fully paid-up	10,349,000	10,349,000	10,349,000
<b>(ii) Subsidiaries - Investments in Preference Shares</b>			
Tanla Mobile Asia Pacific Pte Ltd, Singapore# Nil (147,357,894) Preference shares of SGD.1 each, fully paid-up	-	4,508,962,838	4,504,032,864
<b>TOTAL</b>	<b>527,375,186</b>	<b>5,331,366,375</b>	<b>5,313,794,806</b>

\*Ceased to be a subsidiary w.e.f. 30.09.2016

#Pursuant to approval received from Accounting and Corporate Regulatory Authority (ACRA), Singapore, for reduction in share capital of Tanla Mobile Asia Pacific Pte Ltd., on September 06, 2016.

<b>7 DEFERRED TAX</b>			
(a) Deferred tax asset on account of depreciation	64,605,249	54,934,387	63,813,952
<b>TOTAL</b>	<b>64,605,249</b>	<b>54,934,387</b>	<b>63,813,952</b>

## Deferred tax assets/(liabilities):

Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
<b>For the year ended 31st March, 2016</b>				
Property, plant & Equipment and Intangible assets	63,813,952	(8,724,177)	-	55,089,775
Other items giving rise to temporary differences	-	-	(155,388)	(155,388)
	<b>63,813,952</b>	<b>(8,724,177)</b>	<b>(155,388)</b>	<b>54,934,387</b>
<b>For the year ended 31st March, 2017</b>				
Property, plant & Equipment and Intangible assets	55,089,775	8,843,382	-	63,933,157
ESOP cost	1,244,595	-	-	1,244,595
Other items giving rise to temporary differences	(155,388)	-	(417,115)	(572,503)
<b>TOTAL</b>	<b>56,178,982</b>	<b>8,843,382</b>	<b>(417,115)</b>	<b>64,605,249</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>8 OTHER NON-CURRENT ASSETS</b>			
(a) Security Deposits	4,470,001	4,108,408	8,759,442
(b) Advance service tax paid under protest	19,368,932	19,368,932	19,368,932
(c) Advance income tax and TDS	52,879,039	46,121,415	26,024,048
<b>TOTAL</b>	<b>76,717,972</b>	<b>69,598,755</b>	<b>54,152,422</b>
<b>9 TRADE RECEIVABLES</b>			
<b>Unsecured</b>			
Considered good	954,660,164	659,312,500	419,538,985
Considered doubtful	598,536	598,536	164,789,612
	<b>955,258,700</b>	<b>659,911,036</b>	<b>584,328,597</b>
Less:			
Allowances for doubtful debts	(7,311,040)	(5,440,046)	(3,336,653)
<b>TOTAL</b>	<b>947,947,660</b>	<b>654,470,990</b>	<b>580,991,944</b>

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, or director or a member.

<b>10 CASH AND CASH EQUIVALENTS</b>			
(a) Balances with Banks			
- Current Accounts	850,048,758	117,586,360	112,217,718
- Deposit Accounts	250,582,534	300,013,642	-
- Cash on Hand	183,972	76,217	112,740
	<b>1,100,815,264</b>	<b>417,676,219</b>	<b>112,330,458</b>
(b) Other bank balances			
(i) Unclaimed Dividends	742,657	774,978	977,901
(ii) Balances under deposits *	97,119,326	22,241,242	136,426,372
	97,861,983	23,016,220	137,404,273
<b>TOTAL</b>	<b>1,198,677,247</b>	<b>440,692,439</b>	<b>249,734,731</b>

Deposits with a carrying amount of ₹ 9.71 Crs (March 2016 - ₹ 2.2 Crs) are towards margin money given for bank guarantees given to Telcos.

### Specified Bank Notes Disclosures (SBNs):

In accordance with MCA notification G.S.R. 308(E) dated March 30, 2017 details of specified bank notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(in ₹)

Particulars	SBNs	ODNs	Total
<b>Closing cash on hand as on November 8, 2016</b>	31,500	180,469	211,969
(+) Permitted receipts	-	-	-
(-) Permitted payments	31,500	163,532	195,032
(-) Amounts deposited in Banks	-	-	-
<b>Closing cash on hand as on December 30, 2016</b>	<b>-</b>	<b>16,937</b>	<b>16,937</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>11 LOANS AND ADVANCES</b>			
<b>Unsecured, Considered Good</b>			
Loans to employees	1,554,000	474,606	326,000
<b>TOTAL</b>	<b>1,554,000</b>	<b>474,606</b>	<b>326,000</b>
<b>12 OTHER CURRENT ASSETS</b>			
Advance tax & TDS	30,320,549	48,249,169	58,419,658
Deposits and other advances	16,191,049	22,630,573	27,933,566
Other receivable	174,173,298	-	2,134,253
<b>TOTAL</b>	<b>220,684,896</b>	<b>70,879,742</b>	<b>88,487,477</b>
<b>13 EQUITY SHARE CAPITAL</b>			
(i) Authorised 120,000,000 Equity shares of ₹ 1 each	120,000,000	120,000,000	120,000,000
(ii) Issued Subscribed and fully paid up: 107,485,785 (101,479,593) Equity Shares of ₹ 1 each fully paid-up	107,485,785	101,479,593	101,479,593
<b>TOTAL</b>	<b>107,485,785</b>	<b>101,479,593</b>	<b>101,479,593</b>

## i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	(in ₹)	No. of Shares	(in ₹)	No. of Shares	(in ₹)
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	6,006,192	6,006,192	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	107,485,785	107,485,785	101,479,593	101,479,593	101,479,593	101,479,593

## ii) Terms/Rights and restrictions attached to the equity shares:

The Company has only one class of equity shares having a face value of ₹ 1/-. Each share holder is eligible for one vote per share held.

## iii) The details of shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	in %	No. of Shares	in %	No. of Shares	in %
D Uday Kumar Reddy	17,028,409	15.84%	14,496,493	14.29%	14,496,493	14.29%
D Tanuja Reddy	11,851,187	11.03%	9,319,271	9.18%	9,319,271	9.18%
Gautam Sabharwal	7,330,600	6.82%	7,361,600	7.25%	7,361,600	7.25%

## iv) Details of shares issued under Employee Stock Options Scheme Plan of the Company. Refer Note 35.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>14 OTHER EQUITY</b>			
(i) Capital Reserve	69,919,556	69,919,556	69,919,556
(ii) General Reserve			
Opening balance	254,447,550	254,447,550	254,447,550
Transferred from retained earnings	370,117	-	-
	<b>254,817,667</b>	<b>254,447,550</b>	<b>254,447,550</b>
(iii) Investment subsidy	400,000	400,000	400,000
(iv) Securities Premium Reserve	4,475,989,544	4,285,501,775	4,285,501,775
(v) Share Application Money Pending Allotment	41,796,994	84,674,992	-
(vi) Employee Stock Options Outstanding Account	28,160,976	8,287,130	-
(vii) Retained Earnings			
Opening	1,557,208,368	1,544,842,733	1,514,149,361
Profit for the year/quarter	(5,739,292)	36,793,397	30,693,372
Less: Dividend Tax	-	(4,131,843)	-
Interim dividend for the year	-	(20,295,919)	-
	1,551,469,076	1,557,208,368	1,544,842,733
(viii) Currency translation reserve			
Opening	-	-	-
Addition/deduction during the year	(124,391,133)	-	-
	(124,391,133)	-	-
<b>TOTAL</b>	<b>6,298,162,680</b>	<b>6,260,439,371</b>	<b>6,155,111,614</b>
<b>15 OTHER FINANCIAL LIABILITIES</b>			
Unclaimed Dividend	724,699	757,020	959,943
<b>TOTAL</b>	<b>724,699</b>	<b>757,020</b>	<b>959,943</b>
<b>16 LONG-TERM PROVISIONS</b>			
Provision for Leave Encashment - Long Term	518,856	411,503	300,973
Provision for Gratuity - Long Term	1,210,383	472,508	-
<b>TOTAL</b>	<b>1,729,239</b>	<b>884,011</b>	<b>300,973</b>
<b>17 OTHER LIABILITIES</b>			
Other Security Deposits	210,000	160,000	60,000
<b>TOTAL</b>	<b>210,000</b>	<b>160,000</b>	<b>60,000</b>
<b>18 TRADE AND OTHER PAYABLES</b>			
Trade Payables	1,222,459,259	408,309,896	324,088,776
Salaries Payables	-	5,129,424	4,949,043
Outstanding expenses	1,350,000	2,486,095	2,398,484
<b>TOTAL</b>	<b>1,223,809,259</b>	<b>415,925,415</b>	<b>331,436,303</b>
<b>19 OTHER FINANCIAL LIABILITIES</b>			
Other liabilities	47,173,219	54,305,189	-
<b>TOTAL</b>	<b>47,173,219</b>	<b>54,305,189</b>	<b>-</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>20 OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities	31,414,780	51,999,321	43,051,521
Other Liabilities	3,836,700	18,079,936	27,368,885
<b>TOTAL</b>	<b>35,251,480</b>	<b>70,079,257</b>	<b>70,420,406</b>
<b>21 SHORT TERM PROVISIONS</b>			
Provision for Leave Encashment - Short Term	20,616	20,616	20,613
<b>TOTAL</b>	<b>20,616</b>	<b>20,616</b>	<b>20,613</b>
<b>22 LIABILITIES FOR CURRENT TAX</b>			
Provision for Income Tax	7,354,465	7,354,465	-
<b>TOTAL</b>	<b>7,354,465</b>	<b>7,354,465</b>	<b>-</b>

(in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>23 REVENUE FROM OPERATIONS</b>		
Overseas	452,376,726	305,871
Domestic : India	4,534,773,502	2,799,154,631
<b>TOTAL</b>	<b>4,987,150,228</b>	<b>2,799,460,502</b>
<b>24 OTHER INCOME</b>		
Interest on Fixed deposits	17,125,896	4,638,633
Interest received from subsidiaries/others	-	43,554
Profit on sale of assets	78,936	-
Miscellaneous Income	6,771,940	217,367
<b>TOTAL</b>	<b>23,976,772</b>	<b>4,899,554</b>
<b>25 COST OF SERVICES</b>		
Cost of Services	4,414,230,345	2,401,177,524
<b>TOTAL</b>	<b>4,414,230,345</b>	<b>2,401,177,524</b>
<b>26 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries & Wages	83,034,789	67,364,024
Employee Stock Option Cost	18,999,368	8,287,130
Contribution to Provident and Other Funds	4,470,140	3,833,374
Staff Welfare Expenses	12,161,116	7,861,288
<b>TOTAL</b>	<b>118,665,413</b>	<b>87,345,816</b>
<b>27 TRAVELLING EXPENSES</b>		
Travelling expenses	13,038,379	18,292,637
Conveyance	556,800	585,551
<b>TOTAL</b>	<b>13,595,179</b>	<b>18,878,188</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>28 CONNECTIVITY AND BANDWIDTH CHARGES</b>		
Data Centre & Hosting Charges	6,147,000	4,660,422
Internet and Cloud Computing Charges	9,669,374	2,179,251
<b>TOTAL</b>	<b>15,816,374</b>	<b>6,839,673</b>
<b>29 OTHER EXPENSES</b>		
Communication expenses	1,210,897	1,730,238
Repairs & maintenance expenses	7,928,264	7,350,634
Advertisement Charges	2,180,319	3,721,431
Rent, rates & taxes	14,633,987	4,173,347
Postage & Courier	596,096	716,153
Printing & stationery	2,440,752	2,464,098
Office maintenance expenses	3,969,437	1,465,996
Power & fuel	3,356,362	4,019,635
General expenses	2,487,978	2,724,084
Insurance	896,027	853,730
Listing Fees to Stock Exchanges	1,340,451	1,311,970
Professional charges	9,139,529	5,012,800
R&D Expenses	1,741,025	1,351,661
Exchange Fluctuation	1,948,678	457,197
Auditors remuneration	2,001,745	1,500,000
Bank Charges	2,553,515	2,108,389
Interest on loans	1,434,328	4,427,328
Allowance for doubtful debts	1,870,994	83,845,911
Loss on sale of assets	291,319,885	2,407,064
Assets write-off	-	30,000,000
Corporate Social Responsibility expenses	350,000	-
<b>TOTAL</b>	<b>353,400,267</b>	<b>161,641,666</b>

## 30 TAXES

### (a) Income tax expenses

(in ₹)

SI No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>(i)</b>	<b>Profit or loss section</b>		
	Current tax	-	53,475,880
	Deferred tax	(8,843,382)	8,724,177
	Total income tax expense recognised in Statement of Profit & Loss	<b>(8,843,382)</b>	<b>62,200,057</b>
<b>(ii)</b>	<b>OCI Section</b>		
	Deferred Tax Asset recognized on employees gratuity	(417,115)	(155,388)
	Income tax charged to OCI	<b>(417,115)</b>	<b>(155,388)</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (b) Reconciliation of effective tax rate:

		(in ₹)	
Sl No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	<b>Profit/(loss) before tax</b>	(15,131,599)	98,662,613
	Enacted tax rate in India	34.608%	34.608%
	Expected tax expenses	-	34,145,157
	<b>Tax at statutory income tax rate</b>	-	<b>34,145,157</b>
(ii)	<b>Tax effected adjustments to reconcile expected income tax expense to reported income tax expenses</b>		
	Effect of non-deductible expenses	-	28,054,900
	Others	(8,843,382)	-
	<b>Income tax expense</b>	<b>(8,843,382)</b>	<b>62,200,057</b>
	Effective tax rate	-	63.04%

During the year, there is a loss and hence tax liability does not arise.

## 31 FINANCIAL INSTRUMENTS

		(in ₹)		
Sl No	Particulars	Carrying value as at		
		March 31, 2017	March 31, 2016	April 01, 2015
(i)	<b>Financial Assets:</b>			
	Amortised cost			
	Non-current Investment	527,375,186	5,331,366,375	5,313,794,806
	Trade Receivables	947,947,660	654,470,990	580,991,944
	Cash and bank balances	1,198,677,247	440,692,439	249,734,731
	Other financial assets	1,554,000	474,606	326,000
	<b>TOTAL FINANCIAL ASSETS</b>	<b>2,675,554,092</b>	<b>6,427,004,410</b>	<b>6,144,847,481</b>
(ii)	<b>Financial Liabilities:</b>			
	Amortised cost			
	Trade Payables	1,223,809,259	415,925,415	331,436,303
	Other financial liabilities	47,897,918	55,062,209	959,943
	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,271,707,177</b>	<b>470,987,624</b>	<b>332,396,246</b>

## FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from the financial instruments

- Market Risk
- Liquidity Risk
- Credit Risk

### (i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

### (i) Foreign currency risk

The Company operates in Dubai through its branch and is exposed to foreign currency rate risk through operating activities.

The foreign currency risks from financial instruments is as follows:

	(in ₹)		
	AED	USD	EURO
<b>As at 31st March, 2017</b>			
<b>Financial Assets</b>			
Trade Receivables	22,649,212	285,580,087	1,531,481
Cash and Cash equivalents	25,981,510	794,482	-
<b>TOTAL</b>	<b>48,630,722</b>	<b>286,374,569</b>	<b>1,531,481</b>
<b>Financial Liabilities</b>			
Trade Payables	7,595,255	197,382,587	-
<b>TOTAL</b>	<b>7,595,255</b>	<b>197,382,587</b>	<b>-</b>
<b>As at 31st March, 2016</b>	AED	USD	Euro
<b>Financial Assets</b>			
Trade Receivables	-	305,871	-
Cash and Cash equivalents	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>305,871</b>	<b>-</b>
<b>Financial Liabilities</b>			
Trade Payables	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>

## (b) Liquidity Risk

The Company's principle source of liquidity are cash and cash equivalents and the cash flow is generated from operations. The Company is a debt free Company since inception. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

	(in ₹)		
	Due in 1 year	1 - 2 years	3-5 years
<b>As at 31st March, 2017</b>			
<b>Financial Liabilities</b>			
Trade Payables	1,223,809,259	-	-
Other financial liabilities	47,371,734	236,815	307,327
<b>TOTAL</b>	<b>1,271,180,993</b>	<b>236,815</b>	<b>307,327</b>
<b>As at 31st March, 2016</b>			
Trade Payables	415,925,415	-	-
Other financial liabilities	54,412,430	232,407	307,327
<b>TOTAL</b>	<b>470,337,845</b>	<b>232,407</b>	<b>307,327</b>
<b>As at April 01, 2015</b>			
Trade Payables	331,436,303	-	-
Other financial liabilities	202,923	107,241	667,737
<b>TOTAL</b>	<b>331,639,226</b>	<b>107,241</b>	<b>667,737</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (c) Credit Risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

### Trade receivables

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management

Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with the assessment and outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 9479.47 lakhs (31st March, 2016 - ₹ 6544.70 lakhs, April 01, 2015 - ₹ 5809.92 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(in ₹)	
	March 31, 2017	March 31, 2016
<b>Allowance for doubtful debts</b>		
Opening balance	5,440,046	3,336,653
Impairment loss recognised/(reversed)	1,870,994	2,103,393
<b>Closing balance</b>	<b>7,311,040</b>	<b>5,440,046</b>

## 32 GRATUITY

The Company has a defined benefit gratuity plan and governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation of India. The following table summarise net benefit expense recognized in the statement of Profit and Loss, the status of funding and the amount recognised in the balance sheet for the gratuity plan.

### Defined Benefit Plans

	(in ₹)		
Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>A Net Employee Benefit Expense</b>			
<b>(Recognised in Employee Benefit Expense)</b>			
Current Service Cost	513,669	424,129	379,520
Interest Cost	696,774	653,603	-
Expected Return on Plan Assets	-	-38,730	-
Net Employee Benefit Expense	<b>1,210,443</b>	<b>1,039,002</b>	<b>379,520</b>
Actual Return on Plan Assets	-	-38,730	-
<b>B Amount recognised in Balance Sheet</b>			
Defined benefit obligation	10,926,946	8,709,672	8,170,035
Fair value of plan assets	8,296,946	8,296,946	-
	<b>2,630,000</b>	<b>412,726</b>	<b>8,170,035</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>C Changes in the present value of the defined benefit obligation</b>			
Opening defined benefit obligation	8,709,672	8,170,035	7,790,515
current service cost	513,669	424,129	379,520
Interest cost	696,774	653,603	-
Benefits paid	-	-	-
Net Actuarial (gains)/losses on obligation for the year recognised under OCI	1,006,831	-538,095	-
<b>Closing defined benefit obligation</b>	<b>10,926,946</b>	<b>8,709,672</b>	<b>8,170,035</b>
<b>D Changes in the fair of plan assets</b>			
Opening fair value of plan assets	8,296,946	255,329	255,329
expected return on plan assets	-	38,730	-
contributions	-	47,057	-
Benefits paid	-	-	-
Equitable transfer	-	7,974,489	-
Premium expenses	-	-18,659	-
Actuarial (gain)/Loss on plan assets	-	-	-
<b>Closing fair value of plan assets</b>	<b>8,296,946</b>	<b>8,296,946</b>	<b>255,329</b>

### 33 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

(a) **Gross amount required to be spent by the Company during the year is ₹ 3,45,000/-**

(in ₹)

Sl No	Particulars	in Cash	yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	350,000	-	350,000

### 34 DIVIDENDS

On May 18, 2017, the Board of Directors of the Company has proposed a final dividend of ₹ 0.25 per equity share in respect of the year ending 31st March, 2017 subject to the approval of the Shareholders at the Annual General Meeting.

If approved, the dividend would result in a cash outflow of ₹ 323.42 lakhs inclusive of dividend distribution tax of ₹ 54.70 lakhs.

### 35 EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company instituted the Tanla ESOP Plan 2015, in which 5,000,000 stock options were approved by the Shareholders at 19th AGM i.e, September 16, 2015.

#### Tanla ESOP Plan :

Options under this program has been granted to eligible employees at an grant price of ₹ 26.51/-.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Details of the grant/issue as at 31st March, 2017 are given below:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	No. of share options	Weighted average exercise price in ₹	No. of share options	Weighted average exercise price in ₹
Options outstanding at the beginning of the year	3,087,000	26.51	-	-
Granted during the year	3,087,000	26.51	3,087,000	26.51
Vested during the year	1,006,110	26.51	-	-
Exercised during the year	942,360	26.51	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	699,790	26.51	-	-
Options outstanding at the end of the year	1,444,850	26.51	3,087,000	26.51
Options vested and exercisable at the end of the year	1,444,850	26.51	3,087,000	26.51

## 36 CONTINGENT LIABILITIES

- i) Total Guarantees outstanding as of 31st March, 2017 amounting to ₹ 2490.00 lakhs (31st March, 2016 – ₹ 280.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to mobile operators against their receivable from the Company. The balance contingent liabilities are in respect of subjudice matters and represent the probable liability on account of service tax matters under appeal.
- ii) Claims against the Company not acknowledged as debt:

S.No.	Particulars	For the Year 2016-17	For the Year 2015-16
1	Outstanding guarantees given by the company	249,000,000	28,000,000
2	Claims against company, not acknowledged as debts	164,622,062	164,622,062
3	Claims made by company, not acknowledged as debts	-	-
4	Corporate Guarantee given to subsidiary companies	-	-

Unless otherwise stated, the Management believes that, based on legal advice, the outcome of these contingencies will be favourable and that loss is not a probable.

## 37 SEGMENT REPORTING

Refer Note 37 to the notes of the Consolidated Financial Statements

## 38 RELATED PARTY DISCLOSURES:

A) List of Related Parties:

Name of the Related Party	Country	Relationship with the Entity
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corportion Private Limited	India	Wholly-owned subsidiary of Tanla Solutions Limited
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## B) Related party Transactions for the year ended 31st March, 2017:

(in ₹)

Sale of Services	Transactions		Balance Outstanding	
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
Tanla Mobile Asia Pacific Pte Ltd, Singapore	126,149,769	-	95,168,132	-
Reimbursement of Expenses				
Tanla Corporation Pvt. Ltd	7,136,970	(60,732,507)	(47,173,219)	(54,305,189)
Tanla Solutions UK Ltd, UK	9,042,086	(40,534)	-	9,042,086
Tanla Mobile Middle East FZ LLC, Dubai	7,193,249	3,493,249	-	7,193,249
<b>Advance received/(Paid) to:</b>				
Tanla Mobile Middle East FZ LLC, Dubai	3,950,942	-	-	3,950,942
Tanla Mobile Asia Pacific Pte Ltd, Singapore	-	-	(3,418,330)	(3,418,330)

## C) List of Transactions with key management personnel

(in ₹)

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D. Uday Kumar Reddy - Chairman & Managing Director	12,637,164	637,164	-	13,274,328
Srinivas Gunupudi Kamoji - Chief Financial Officer	3,642,089	154,673	-	3,796,762
Seshanuradha Chava - VP Legal & Secretarial	1,934,374	107,118	-	2,041,492
<b>Total</b>	<b>18,213,627</b>	<b>898,955</b>	<b>-</b>	<b>19,112,582</b>

### Remuneration to non-executive directors

Name	Sitting Fees	Committee Fees	Total
Padmabhusan Ram Narain Agarwal - Director	80,000	45,000	125,000
Dr. A G Ravindranath Reddy - Director	100,000	60,000	160,000
N Kalpana	100,000	60,000	160,000
<b>Total</b>	<b>280,000</b>	<b>165,000</b>	<b>445,000</b>

## 39 FOREIGN EXCHANGE EARNED AND OUTGO :

### a. Imports (Cost, insurance and freight basis):

(in ₹)

Particulars	2016-17	2015-16
Import of capital goods	-	-
<b>b. Activity in foreign currency</b>		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	167,850,599	305,871
Cash outflow	146,837,408	-
<b>Net earnings in foreign exchange</b>	<b>21,013,191</b>	<b>305,871</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 40 EARNINGS PER SHARE:

Particulars	2016-17	2015-16
Net profit after tax	(6,288,217)	36,462,556
Weighted average number of equity shares of ₹ 1 each	102,074,908	101,479,593
Nominal value of shares	₹ 1	₹ 1
Earnings per share (basic/diluted)	-0.06	0.36

**41** Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosures.

As per our report of even date attached

**For Ramasamy Koteswara Rao & Co**

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

**C.V. Koteswara Rao**

Partner

Membership No. 028353

Hyderabad

May 18, 2017

For and on behalf of the Board of Directors

Sd/-

**D. Uday Kumar Reddy**

Chairman & Managing Director

Din : 00003382

Sd/-

**Srinivas Kamoji Gunupudi**

Chief Financial Officer

Sd/-

**Seshanuradha Chava**

VP - Legal & Secretarial

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**TANLA SOLUTIONS LIMITED**

## **REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

We have audited the accompanying Consolidated Ind AS financial statements of **Tanla Solutions Limited** ("the Holding Company") and its subsidiaries ("the Holding Company and its Subsidiaries together referred to as the group"), which comprise the consolidated Balance Sheet as at 31st March, 2017, the Statement of consolidated Profit and Loss, including consolidated Other Comprehensive Income, the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Ind AS financial statements").

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements by Board of Directors of the Holding Company that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the other auditors on separate financial statements the Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally



accepted in India, of the state of consolidated affairs of the Company as at 31st March, 2017, its consolidated Profit including consolidated other comprehensive income, its consolidated cash flows and the changes in equity for the year ended on that date.

### OTHER MATTERS

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 19,46,30,090/- as at 31st March, 2017, total revenues of ₹ 50,82,96,467/- and net profit amounting to ₹ 9,60,73,214/- for the year ended on that date, as considered in the consolidated Ind AS financial statements. These consolidated Ind AS financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of the above matter.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143 (3) of the Act, we report, to the extent applicable, 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 it appears from our examination of those books;
- c) The Consolidated Balance Sheet, Statement of Consolidated Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors Group companies, its associate companies incorporated in India is disqualified as on 31st March, 2017 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 A" to this report;
- g) 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 does not have any pending litigations on its financial position in its Consolidated Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ramasamy Koteswara Rao & Co,  
Chartered Accountants  
Firm Registration Number: 010396S

Sd/-  
(C.V. Koteswara Rao)  
Partner  
Membership No.028353

Hyderabad  
May 18, 2017

## **Annexure A to the Independent Auditor's report of even date on the Consolidated Financial Statements of Tanla Solutions Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **TO THE MEMBERS OF TANLA SOLUTIONS LIMITED**

We have audited the internal financial controls over financial reporting of **Tanla solutions limited** ("the holding company"), its subsidiaries ("the holding Company and its subsidiaries together referred to as the group") as of march 31, 2017 in conjunction with our audit of the Consolidated 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. 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 the 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 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 31st March, 2017, 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.

For Ramasamy Koteswara Rao & Co,  
Chartered Accountants  
Firm Registration Number: 010396S

Sd/-  
(C.V. Koteswara Rao)  
Partner  
Membership No.028353

Hyderabad  
May 18, 2017

**BALANCE SHEET**

as at March 31, 2017

(in ₹)

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	4	451,663,954	483,101,014	882,678,252
(b) Capital work-in-progress		244,974,148	3,591,333,778	2,874,637,314
(c) Investment Property		38,537,395	38,537,395	38,537,395
(d) Other Intangible assets	5	4,167,310,136	-	-
(e) Goodwill	6	4,674,000	29,791,920	29,791,920
(f) Intangible assets under development		-	1,400,319,128	771,967,924
(g) Deferred tax assets (net)	7	69,053,461	49,065,925	59,871,094
(h) Other non-current assets	8	178,389,305	191,901,145	64,552,952
<b>Total non current assets</b>		<b>5,154,602,399</b>	<b>5,784,050,304</b>	<b>4,722,036,851</b>
<b>(2) Current Assets</b>				
(a) Inventories	9	220,928,638	292,486,919	266,177,755
(b) Financial Assets				
(i) Trade receivables	10	1,136,278,752	828,318,399	1,407,945,687
(ii) Cash and cash equivalents	11	1,333,018,081	508,989,652	299,028,741
(iii) Loans and advances	12	1,554,000	474,606	326,000
(c) Other current assets	13	62,931,882	117,578,016	85,479,994
<b>Total current assets</b>		<b>2,754,711,354</b>	<b>1,747,847,591</b>	<b>2,058,958,177</b>
<b>TOTAL ASSETS</b>		<b>7,909,313,753</b>	<b>7,531,897,895</b>	<b>6,780,995,029</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity share capital	14	107,485,785	101,479,593	101,479,593
(b) Other equity	15	6,455,519,503	6,446,787,480	6,114,368,438
<b>Total equity</b>		<b>6,563,005,288</b>	<b>6,548,267,073</b>	<b>6,215,848,031</b>
<b>(2) Non current liabilities</b>				
(a) Financial liabilities				
(i) Other financial liabilities	16	724,699	757,020	959,943
(b) Provisions	17	1,729,239	884,011	1,185,756
(c) Other non-current liabilities	18	210,000	160,000	-
<b>Total Non Current Liabilities</b>		<b>2,663,938</b>	<b>1,801,031</b>	<b>2,145,699</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	19	1,233,766,318	881,882,411	457,188,274
(b) Other current liabilities	20	97,965,315	92,592,915	105,792,412
(c) Liabilities for current tax (net)	21	11,912,894	7,354,465	20,613
<b>Total Current liabilities</b>		<b>1,343,644,526</b>	<b>981,829,791</b>	<b>563,001,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,909,313,753</b>	<b>7,531,897,895</b>	<b>6,780,995,029</b>
Notes forming part of the Financial Statements	1 - 40			

As per our report attached

For Ramasamy Koteswara Rao &amp; Co

Chartered Accountants

Firm Regn. No. 010396S

For and on behalf of the Board of Directors

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Sd/-

D. Uday Kumar Reddy

Chairman &amp; Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal &amp; Secretarial

Hyderabad

May 18, 2017

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(in ₹)			
Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>REVENUE</b>			
I. Revenue from Operations	22	5,793,000,426	4,315,535,142
II. Other income	23	24,920,295	10,588,406
<b>III. TOTAL INCOME (I+II)</b>		<b>5,817,920,721</b>	<b>4,326,123,548</b>
<b>IV. EXPENSES</b>			
Cost of Services	24	4,945,497,200	3,165,449,901
Employee Benefits Expenses	25	144,408,095	120,653,882
Depreciation and Amortization Expenses	4	195,913,273	529,523,739
Travel Expenses	26	25,677,239	28,003,451
Connectivity & related expenses	27	20,298,174	15,622,833
Other Expenses	28	96,152,673	330,334,988
<b>TOTAL EXPENSES (IV)</b>		<b>5,427,946,655</b>	<b>4,189,588,793</b>
<b>V. Profit/(loss) before Tax (III - IV)</b>		389,974,066	136,534,754
<b>VI. Tax expense:</b>			
1. Current Tax		4,537,813	53,475,880
2. Deferred Tax		(19,160,056)	10,649,721
Less: MAT credit entitlement		(4,537,813)	-
<b>VII. Profit for the year (V - VI)</b>		<b>409,134,122</b>	<b>72,409,153</b>
<b>VIII. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of gratuity provision		1,006,832	538,096
Remeasurement of leave encashment on employee benefits		(40,792)	(51,867)
		<b>966,040</b>	<b>486,229</b>
(ii) Income tax relating to items that will not be reclassified to profit or loss		(417,115)	(155,388)
<b>TOTAL OTHER COMPREHENSIVE INCOME NET OF TAXES</b>		<b>548,925</b>	<b>330,841</b>
<b>IX. Total comprehensive income for the period (VII + VIII)</b>		<b>409,683,047</b>	<b>72,739,994</b>
<b>X. Total Comprehensive income for the year attributable to</b>			
Equity holders of the Company		409,683,047	72,739,994
<b>Non-controlling interest</b>			
		-	-
<b>XI. Earnings per equity share</b>			
1. Basic		4.01	0.72
2. Diluted		4.01	0.72
Notes forming part of the financial statements	1 - 40		

As per our report of even date attached

For Ramasamy Koteswara Rao & Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

For and on behalf of the Board of Directors

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

## A. EQUITY SHARE CAPITAL

Particulars	Number	in ₹
Balance as on 1 April 2015	101,479,593	101,479,593
Changes in equity share capital during the year	-	-
Balance as on 31 March 2016	101,479,593	101,479,593
Issued during the year - ESOPs	942,360	942,360
Issue of warrants to Promoters	5,063,832	5,063,832
Balance as on 31 March 2017	107,485,785	107,485,785

## B. OTHER EQUITY

Particulars	(in ₹)								
	Capital Reserve	General Reserve	Investment subsidy	Share Premium	Share Application Money Pending Allotment	ESOP Outstanding Account	Retained Earnings	Foreign currency translation reserve	Total Equity attributable to Equity holders
Opening Balance as at 1 April 2015	69,919,556	249,804,978	400,000	4,295,889,975	-	-	241,863,828	1,251,847,529	6,109,725,867
Deferred Tax on Indexation of free-hold land	-	7,113,711	-	-	-	-	-	-	7,113,711
Provision & Deferred tax on leave encashment	-	(217,231)	-	-	-	-	-	-	(217,231)
Provision & Deferred Tax on ECL	-	(2,253,909)	-	-	-	-	-	-	(2,253,909)
Opening Balance as at 1 April 2015	69,919,556	254,447,549	400,000	4,295,889,975	-	-	241,863,828	1,251,847,529	6,114,368,438
Profit for the Year	-	-	-	-	-	-	119,143,894	-	119,143,894
Dividend tax and Interim Dividend	-	-	-	-	-	-	(24,427,762)	-	(24,427,762)
Deferred tax expense/income	-	-	-	-	-	-	(5,274,947)	-	(5,274,947)
Employees Gratuity and Leave encashment	-	-	-	-	-	-	(1,069,270)	-	(1,069,270)
Assets Write-Off	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)
Provision for Doubtful debts	-	-	-	-	-	-	(2,103,393)	-	(2,103,393)
Deferred tax expense - OCI	-	-	-	-	-	-	(155,388)	-	(155,388)
Employee benefit expense - OCI	-	-	-	-	-	-	(51,867)	-	(51,867)
Actuarial gains/loss - OCI	-	-	-	-	-	-	538,096	-	538,096
ESOP Expense	-	-	-	-	-	8,287,130	(8,287,130)	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	191,144,687	191,144,687
Share Application Money	-	-	-	-	84,674,992	-	-	-	84,674,992
Closing Balance as at 31 March 2016	69,919,556	254,447,549	400,000	4,295,889,975	84,674,992	8,287,130	290,176,061	1,442,992,216	6,446,787,480
Balance as at 1 April 2016	69,919,556	254,447,549	400,000	4,295,889,975	84,674,992	8,287,130	290,176,061	1,442,992,216	6,446,787,480
Profit for the Year	-	-	-	-	-	-	409,134,122	-	409,134,122
Other Comprehensive income	-	-	-	-	-	-	548,925	-	548,925
Remeasurement of ESOP provision	-	370,117	-	-	-	-	874,478	-	1,244,595
Share application money	-	-	-	-	128,633,994	-	-	-	128,633,994
Issue of Equity shares	-	-	-	190,487,769	(171,511,992)	-	-	-	18,975,777
ESOP cost	-	-	-	-	-	18,999,368	-	-	18,999,368
Foreign currency translation	-	-	-	-	-	-	-	(568,804,759)	(568,804,759)
Share Application Money	-	-	-	-	-	-	-	-	-
Closing Balance as at 31 March 2017	69,919,556	254,817,667	400,000	4,486,377,744	41,796,994	28,160,976	699,859,108	874,187,457	6,455,519,503

Notes forming part of the financial Statements

As per our report attached

For Ramasamy Koteswara Rao & Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

For and on behalf of the Board of Directors

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

# CASH FLOW STATEMENT

for the year ended March 31, 2017

Particulars	(in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	389,974,066	136,534,754
Adjusted for :		
Depreciation	195,913,273	529,523,738
Interest & other income received	(24,920,295)	(4,682,187)
Other expenses	19,797,246	41,459,794
Exchange Fluctuation	2,940,885	-
Loss on sale of / discarded assets (net)	149,485	35,432,761
Provision for doubtful debts	1,870,994	83,359,424
Operating profits before working capital charges	<b>585,725,654</b>	<b>821,628,285</b>
<b>Changes in current assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	(307,960,354)	(579,057,196)
(Increase)/Decrease in financial and non-financial assets	75,640,597	502,232,045
Increase/(Decrease) in financial and non-financial liabilities	10,793,736	(187,563,589)
Increase/(Decrease) in Trade payables & other liabilities	351,883,907	369,742,264
Cash generated from operations	<b>716,083,539</b>	<b>926,981,809</b>
Income taxes paid	-	-
<b>Net cash generated from operating activities</b>	<b>716,083,539</b>	<b>926,981,809</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(70,591,368)	(732,656,305)
Interest & other income received	24,920,295	4,682,187
<b>Net cash used in investing activities</b>	<b>(45,671,073)</b>	<b>(727,974,118)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share warrants	128,633,994	84,674,992
Proceeds from issue of ESOPs	24,981,969	-
Dividends and dividend tax paid during the year	-	(24,427,762)
<b>Net Cash generated from financing activities</b>	<b>153,615,963</b>	<b>60,247,230</b>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>824,028,429</b>	<b>259,254,920</b>
<b>E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>508,989,652</b>	<b>249,734,732</b>
<b>F CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,333,018,081</b>	<b>508,989,652</b>
Notes forming part of the financial statements		

As per our report attached

For Ramasamy Koteswara Rao & Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

For and on behalf of the Board of Directors

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

Tanla Solutions Limited ("the Company") and its Subsidiaries (hereinafter collectively referred to as "the Group") is the largest A2P messaging platform provider globally. The Company was incorporated on July 28th, 1995 in Hyderabad and listed on BSE and NSE. Tanla has its headquarters and development facilities in Hyderabad, India and serves a global customer base through its subsidiaries and a branch in Dubai. Tanla's range of services include product development and implementation in wireless telephony industry, aggregator services and offshore development services.

The consolidated financial statements for the year ended 31st March, 2017 were approved by the Board of Directors and authorised for issue on May 18, 2017.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

These consolidated financial statements have been prepared in accordance Indian Accounting Standards (Ind As) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from April 1, 2016

Previous periods have been restated to Ind AS and in accordance with Ind AS 101-First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of consolidated financial statements under Ind As for the year ended 31st March, 2016, the Company had earlier prepared and presented its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (Indian GAAP). Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 3 (1)

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 27 "Consolidated and Separate Financial Statements". The Consolidated financial statements comprise the financial statements of the

Company and its subsidiaries. Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hither to in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the consolidated financial statements. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the financial statements of the Company and its subsidiaries. All material inter-Company balances and transactions are eliminated on consolidation. Assets and liabilities of foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and Expenses are translated into Indian Rupees at average of the opening and closing rates.

### 2.2 USE OF ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of consolidated financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### 2.3 Revenue recognition

Revenue from messaging services is recognized based on the no. of messages delivered on a fixed price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability. Revenue from Telecom Value Added Services, net of credit notes, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract. Interest Income is recognised



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

on an accrual basis. Revenue from sale of plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

## 2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

## 2.5 Depreciation and Goodwill

a) Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

Type of Asset	Useful life
Buildings	60 years
Computers & Software	3 to 6 years
Office Equipment	05 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of property, plant and equipment and Intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

b) On the fixed assets of Tanla Mobile Asia Pacific Pte Ltd, Singapore and Tanla Corporation Pvt Ltd., India, depreciation is provided on Straight Line Method. The applicable rates are based on the local laws and practices of the respective countries. c) Goodwill has been recognized on consolidation of investment in Tanla Corporation Pvt. Ltd. with the parent company.

## 2.6 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment if any. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number

of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible asset is as follows:

Type of Asset	Useful life
Other Intangible Assets	5 to 10 years

## 2.7 Investment Property

Investment property is property held in the form of land is mainly for the purpose of capital appreciation, but not for sale in the ordinary course of business. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less impairment losses, if any.

## 2.8 Inventories

Inventories are valued at lower of cost and net realisable

## 2.9 Employee Benefits

### Defined Contribution Plans

#### a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee salary and the tenure of employment. Liability with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes the ascertained liabilities to the Tanla Solutions Limited Employees Gratuity Scheme Trust (the "Trust") managed by the Life Insurance Corporation of India.

#### b. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Company make monthly contributions to the Regional Provident Fund Commissioner equal to a specified percentage of the covered employee's salary.

**c. Employee State Insurance Fund:**

Eligible employees (whose gross salary is less than ₹ 15,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred.

## 2.10 Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated on straight-line method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule II to the Companies Act, 2013.

## 2.11 Foreign Currency Transactions

The Company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

## 2.12 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) **Current income tax:** Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable

income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

- b) **Deferred tax:** Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- c) MAT credit is recognized as an asset only, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Mat credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

## 2.13 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments for which separate financial information are available and operating profit/loss there from are evaluated regularly by the anagement for allocation of resources and assessment of performance. Revenue, expenses, assets and liabilities which

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

relate to the Company as a whole which are not allocable to segments on direct and/or reasonable basis have been included under “unallocated revenue/expenses/assets/liabilities”.

## 2.14 Earning Per Share (EPS)

In determining earnings per share, the Company considers the net profit after tax expense. The number of shares used in computing basic earnings per is the weighted average shares used in outstanding during the period.

## 2.15 Investments

Long term quoted investments are stated at cost & all other investments are carried at lower of cost or fair value.

## 2.16 Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss. Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

## 2.17 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 2.18 Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

### Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### Subsequent Measurement

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding if any.

#### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collectiong contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

#### Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

## Investment in Subsidiaries

Investments in subsidiaries are measured at cost less impairment.

## De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

## Impairment

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

### Impairment of financial assets

Intangible assets and Property, Plant and Equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

## Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash

and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

## Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors."

## 2.19 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company and the group are segregated.

## 3 FIRST TIME ADOPTION OF IND AS

These consolidated financial statements of Tanla Solutions Limited and its subsidiaries for the year ended 31st March, 2017 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and IGAAP as the previous GAAP

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended 31st March, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's consolidated Balance Sheet and Statement of Profit and Loss, is set out in notes.

## Reconciliations :

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**(i) Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015**

Balance Sheet	Note	As at 31 March 2016		As at 1 April 2015			
		I GAAP	Effect of transition to Ind AS	I GAAP	Effect of transition to Ind AS		
(in ₹)							
<b>I. ASSETS</b>							
<b>(1) Non-Current Assets</b>							
(a) Property, Plant and Equipment	A	521,638,409	(38,537,395)	483,101,014	921,215,647	(38,537,395)	882,678,252
(b) Capital work-in-progress	B	3,621,333,778	(30,000,000)	3,591,333,778	2,874,637,314	-	2,874,637,314
(c) Investment Property	A	-	38,537,395	38,537,395	-	38,537,395	38,537,395
(d) Other Intangible assets		-	-	-	-	-	-
(e) Goodwill		29,791,920	-	29,791,920	29,791,920	-	29,791,920
(f) Intangible assets under development		1,400,319,128	-	1,400,319,128	771,967,924	-	771,967,924
(g) Deferred tax assets (net)	E	46,195,450	2,870,475	49,065,925	51,570,284	8,300,810	59,871,094
(h) Other non-current assets		191,901,145	-	191,901,145	64,552,952	-	64,552,952
<b>TOTAL NON CURRENT ASSETS</b>		<b>5,811,179,829</b>	<b>(27,129,525)</b>	<b>5,784,050,304</b>	<b>4,713,736,041</b>	<b>8,300,810</b>	<b>4,722,036,851</b>
<b>(2) Current Assets</b>							
(a) Inventories		292,486,919	-	292,486,919	266,177,755	-	266,177,755
(b) Financial Assets		-	-	-	-	-	-
(i) Trade receivables	C	833,758,445	(5,440,046)	828,318,399	1,411,282,340	(3,336,653)	1,407,945,687
(ii) Cash and cash equivalents		508,989,652	-	508,989,652	299,028,741	-	299,028,741
(iii) Loans and advances		474,606	-	474,606	326,000	-	326,000
(c) Other current assets		1,17,578,016	-	1,17,578,016	85,479,994	-	85,479,994
<b>Total current assets</b>		<b>1,753,287,637</b>	<b>(5,440,046)</b>	<b>1,747,847,591</b>	<b>2,062,294,830</b>	<b>(3,336,653)</b>	<b>2,058,958,177</b>
<b>TOTAL ASSETS</b>		<b>7,564,467,466</b>	<b>(32,569,570)</b>	<b>7,531,897,895</b>	<b>6,776,030,872</b>	<b>4,964,157</b>	<b>6,780,995,029</b>
<b>II. EQUITY AND LIABILITIES</b>							
<b>(1) Equity</b>							
(a) Equity share capital		101,479,593	-	101,479,593	101,479,593	-	101,479,593
(b) Other equity		6,480,261,678	(33,474,197)	6,446,787,480	6,109,725,867	4,642,571	6,114,368,438
<b>Total equity</b>		<b>6,581,741,271</b>	<b>(33,474,197)</b>	<b>6,548,267,073</b>	<b>6,211,205,460</b>	<b>4,642,571</b>	<b>6,215,848,031</b>
<b>(3) Non current liabilities</b>							
(a) Financial Liabilities		-	-	-	-	-	-
(ii) Other Financial Liabilities		757,020	-	757,020	1,185,756	-	1,185,756
(c) Provisions	D	-	884,011	884,011	-	-	-
(b) Other Non-Current Liabilities		160,000	-	160,000	959,943	-	959,943
<b>Total Non Current Liabilities</b>		<b>917,020</b>	<b>884,011</b>	<b>1,801,031</b>	<b>2,145,699</b>	<b>-</b>	<b>2,145,699</b>
<b>(2) Current liabilities</b>							
(a) Financial liabilities		-	-	-	-	-	-
(i) Trade payables		881,882,411	-	881,882,411	457,188,274	-	457,188,274
(b) Other current liabilities		92,592,915	-	92,592,915	105,491,439	300,973	105,792,412
(c) Liabilities for current tax (net)	D	7,333,849	20,616	7,354,465	-	20,613	20,613
<b>Total Current liabilities</b>		<b>981,809,175</b>	<b>20,616</b>	<b>981,829,791</b>	<b>562,679,713</b>	<b>321,586</b>	<b>563,001,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,564,467,466</b>	<b>(32,569,570)</b>	<b>7,531,897,895</b>	<b>6,776,030,871</b>	<b>4,964,157</b>	<b>6,780,995,029</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (ii) Reconciliation of Net Profit between IGAAP and Ind AS:

Particulars	Note	(in ₹) Year ended March 31, 2016
<b>Net Profit/(Loss) under Indian GAAP</b>		<b>119,143,834</b>
Details of Ind - AS Adjustments:		
Recognition of expected credit loss	C	(2,103,393)
Recognition of provision for employee benefits as per actuarial valuation	F	(1,069,270)
Recognition of stock compensation cost	G	(8,287,130)
Capital work in progress written off	B	(30,000,000)
Recognition of deferred tax on above adjustments	E	(6,132,200)
Recognition of deferred tax on indexation of land		857,254
<b>Net Profit/(Loss) under Ind-AS</b>		<b>72,409,153</b>
Recognition of actuarial gains/(loss) on employee benefits		486,229
Recognition of deferred tax on actuarial gain/(loss)		(155,388)
<b>Net Comprehensive Income /(Loss) under Ind-AS</b>		<b>72,739,994</b>

## Notes to reconciliations between Previous GAAP and Ind AS:

- A. Under Ind AS, Land held for capital appreciation has been grouped under Investment Property.
- B. Under Ind AS, Assets written off on reassessment of useful life.
- C. Under the Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection
- D. Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles
- E. Deferred tax adjustments include deferred tax impact on account of differences between Indian GAAP and Ind AS
- F. Under the Previous GAAP, actuarial gains and losses on defined benefit obligations were recognized in the statement of profit and loss. Under Ind AS, these are recognized in other comprehensive income. This difference has resulted in an increase in net income for the year ended 31st March, 2016
- G. Provision for ESOP compensation cost has been recognized under Ind AS 102 principles

## iii. Reconciliation of statement of Cash flow

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT:

Description	Land	Buildings	Leasehold improvements	Furniture	Computers & Software	Office Equipment	Vehicles	Air-conditioners	License Manager Software	Total
<b>Gross carrying amount</b>										(in ₹)
Cost as at 01 April 2016	76,570,150	88,685,601	15,279,502	23,099,191	68,051,092	11,218,416	14,528,894	27,978,883	52,816,239	378,227,968
Additions	-	27,546,500	2,101,853	4,213,883	227,895,640	934,119	9,972,350	1,167,560	-	273,831,905
Disposals	-	-	-	-	-	-	(7,072,950)	-	-	(7,072,950)
Cost as at 31 March 2017	<b>76,570,150</b>	<b>116,232,101</b>	<b>17,381,355</b>	<b>27,313,074</b>	<b>295,946,732</b>	<b>12,152,535</b>	<b>17,428,294</b>	<b>29,146,443</b>	<b>52,816,239</b>	<b>644,986,923</b>
<b>Accumulated Depreciation</b>										
Accumulated depreciation as at 01 April 2016	-	2,310,926	-	6,555,729	20,585,514	2,789,340	2,840,122	8,729,436	36,793,322	80,604,389
Additions	-	2,303,888	5,793,785	5,948,473	68,737,998	2,392,037	2,525,708	8,993,775	16,022,917	112,718,580
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2017	-	4,614,814	5,793,785	12,504,202	89,323,512	5,181,377	5,365,829	17,723,211	52,816,239	193,322,969
<b>NET CARRYING AMOUNT AS AT 31 MARCH 2017</b>	<b>76,570,150</b>	<b>111,617,287</b>	<b>11,587,570</b>	<b>14,808,872</b>	<b>206,623,220</b>	<b>6,971,158</b>	<b>12,062,465</b>	<b>11,423,232</b>	<b>-</b>	<b>451,663,954</b>

Description	Land	Buildings	Leasehold improvements	Furniture	Computers & Software	Office Equipment	Vehicles	Air-conditioners	License Manager Software	Total
<b>Gross carrying amount</b>										(in ₹)
Cost as at 01 April 2015	76,570,150	88,685,601	-	23,099,191	246,903,357	5,473,585	16,584,789	27,978,883	52,816,239	538,111,795
Additions	-	-	15,279,502	-	6,625,170	5,744,831	1,851,169	-	-	29,500,672
Disposals	-	-	-	-	-	-	(3,907,064)	-	-	(3,907,064)
Cost as at 31 March 2016	<b>76,570,150</b>	<b>88,685,601</b>	<b>15,279,502</b>	<b>23,099,191</b>	<b>253,528,527</b>	<b>11,218,416</b>	<b>14,528,894</b>	<b>27,978,883</b>	<b>52,816,239</b>	<b>563,705,403</b>
<b>Accumulated Depreciation</b>										
Accumulated depreciation as at 01 April 2016	-	-	-	-	-	-	-	-	-	-
Additions	-	2,310,926	-	6,555,729	20,585,514	2,789,340	2,840,122	8,729,436	36,793,322	80,604,389
Disposals	-	-	-	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION AS AT 31 MARCH 2017	-	<b>2,310,926</b>	-	<b>6,555,729</b>	<b>20,585,514</b>	<b>2,789,340</b>	<b>2,840,122</b>	<b>8,729,436</b>	<b>36,793,322</b>	<b>80,604,389</b>
<b>NET CARRYING AMOUNT AS AT 31 MARCH 2016</b>	<b>76,570,150</b>	<b>86,374,675</b>	<b>15,279,502</b>	<b>16,543,462</b>	<b>232,943,014</b>	<b>8,429,076</b>	<b>11,688,772</b>	<b>19,249,447</b>	<b>16,022,917</b>	<b>483,101,014</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 5. INTANGIBLE ASSETS

Description	(in ₹)
	As at March 31, 2017
	Intangible Assets
<b>Gross carrying amount</b>	
Cost as at 01 April 2016	
Additions	4,953,878,845
Disposals	(703,374,016)
<b>Closing Gross carrying amount</b>	<b>4,250,504,829</b>
Accumulated Depreciation	
Opening accumulated depreciation	-
Amortization expense	83,194,693
Disposals	-
Closing Gross carrying amount	83,194,693
<b>Net Carrying amount as at 31 March 2017</b>	<b>4,167,310,136</b>

Description	(in ₹)
	As at March 31, 2016
	Intangible Assets
<b>Gross carrying amount</b>	
Cost as at 01 April 2015	-
Additions	-
Disposals	-
<b>Cost as at 31 March 2016</b>	<b>-</b>
Accumulated Depreciation	
Accumulated depreciation as at 01 April 2015	-
Amortization expense	-
Disposals	-
Accumulated depreciation as at 31 March 2016	-
<b>Net Carrying amount as at 31 March 2016</b>	<b>-</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(in ₹)			
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	
<b>6 GOODWILL</b>				
(i) on account of Tanla Corporation Pvt Ltd	4,674,000	4,674,000	4,674,000	
(ii) on account of Tanla Solutions (UK) Ltd	-	25,117,920	25,117,920	
<b>TOTAL</b>	<b>4,674,000</b>	<b>29,791,920</b>	<b>29,791,920</b>	
<b>7 DEFERRED TAX</b>				
(a) Deffered Tax Liability on account of depreciation	-	(5,868,462)	-	
(b) Deffered Tax Asset on account of depreciation	69,053,461	54,934,387	59,871,094	
<b>TOTAL</b>	<b>69,053,461</b>	<b>49,065,925</b>	<b>59,871,094</b>	
<b>Deferred tax assets/(liabilities):</b>				
Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
<b>For the year ended 31st March, 2016</b>				
Property, plant & Equipment and Intangible assets	59,871,094	(10,649,721)	-	49,221,373
Other items giving rise to temporary differences	-	-	(155,388)	(155,388)
	<b>59,871,094</b>	<b>(10,649,721)</b>	<b>(155,388)</b>	<b>49,065,925</b>
<b>For the year ended 31st March, 2017</b>				
Property, plant & Equipment and Intangible assets	49,221,373	19,160,056	-	68,381,429
Esop cost	1,244,595	-	-	1,244,595
Other items giving rise to temporary difference	(155,388)	-	(417,115)	(572,503)
<b>TOTAL</b>	<b>50,310,580</b>	<b>19,160,056</b>	<b>(417,115)</b>	<b>69,053,461</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>8 (I) OTHER NON-CURRENT ASSETS</b>			
(a) Advance service tax under protest	19,368,932	19,368,932	19,368,932
(b) Other Advances	106,141,334	126,410,798	19,159,972
(c) Advance income tax and TDS	52,879,039	46,121,415	26,024,048
<b>TOTAL</b>	<b>178,389,305</b>	<b>191,901,145</b>	<b>64,552,952</b>
<b>9 INVENTORIES</b>			
(a) Stock in trade (land)	220,928,638	292,486,919	266,177,755
<b>TOTAL</b>	<b>220,928,638</b>	<b>292,486,919</b>	<b>266,177,755</b>
<b>10 TRADE RECEIVABLES</b>			
<b>Unsecured</b>			
Considered good	1,142,991,257	859,960,288	1,026,033,858
Considered doubtful	598,536	59,260,974	385,248,482
<b>Sub-total</b>	<b>1,143,589,792</b>	<b>919,221,262</b>	<b>1,411,282,340</b>
Less:			
Allowance for doubtful debts	(7,311,040)	(90,902,863)	(3,336,653)
<b>TOTAL</b>	<b>1,136,278,752</b>	<b>828,318,399</b>	<b>1,407,945,687</b>

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, or director or a member.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>11 CASH AND CASH EQUIVALENTS</b>			
(a) Balances with Banks			
- Current Accounts	944,450,385	144,198,712	161,498,275
- Deposit Accounts	290,516,987	341,692,040	-
- Cash on Hand	188,726	82,680	126,193
	<b>1,235,156,098</b>	<b>485,973,432</b>	<b>161,624,468</b>
(b) Other bank balances			
(i) Unclaimed Dividends	742,657	774,978	977,901
(ii) Balances under deposits *	97,119,326	22,241,242	136,426,372
	97,861,983	23,016,220	137,404,273
<b>TOTAL</b>	<b>1,333,018,081</b>	<b>508,989,652</b>	<b>299,028,741</b>

\* Deposits with a carrying amount of ₹ 9.71 Crs (March 2016 - ₹ 2.22 Crs) are towards margin money given for Bank Guarantees given to Telcos.

### Specified Bank Notes Disclosures (SBNs):

In accordance with MCA notification G.S.R. 308(E) dated March 30, 2017 details of specified bank notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	SBNs	ODNs	Total
<b>Closing cash on hand as on November 8, 2016</b>	31,500	180,469	211,969
(+) Permitted receipts	-	-	-
(-) Permitted payments	31,500	163,532	195,032
(-) Amounts deposited in Banks	-	-	-
<b>Closing cash on hand as on December 30, 2016</b>	<b>-</b>	<b>16,937</b>	<b>16,937</b>

(in ₹)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>12 LOANS AND ADVANCES</b>			
(i) Loans to employees	1,554,000	474,606	326,000
<b>TOTAL</b>	<b>1,554,000</b>	<b>474,606</b>	<b>326,000</b>
<b>13 OTHER CURRENT ASSETS</b>			
(i) Other advances	8,802,604	57,426,156	41,303,633
(ii) Advance Income tax & TDS	49,591,466	60,151,860	44,176,362
(iii) Mat Credit Entitlement	4,537,813	-	-
<b>TOTAL</b>	<b>62,931,882</b>	<b>117,578,016</b>	<b>85,479,994</b>
<b>14 EQUITY SHARE CAPITAL</b>			
(i) Authorised			
120,000,000 Equity shares of ₹ 1 each	120,000,000	120,000,000	120,000,000
(ii) Issued Subscribed and fully paid up			
107,485,785 (101,479,593) Equity Shares of ₹ 1/- each fully paid-up	107,485,785	101,479,593	101,479,593
<b>TOTAL</b>	<b>107,485,785</b>	<b>101,479,593</b>	<b>101,479,593</b>

**i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	(in ₹)	No. of Shares	(in ₹)	No. of Shares	(in ₹)
Equity Shares:						
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	6,006,192	6,006,192	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	107,485,785	107,485,785	101,479,593	101,479,593	101,479,593	101,479,593

**ii) Terms/Rights and restrictions attached to the equity shares:**

The Company has only one class of equity shares having a face value of ₹ 1/-. Each share holder is eligible for one vote per share held.

**iii) The details of shareholder holding more than 5% shares in the Company:**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	in %	No. of Shares	in %	No. of Shares	in %
D Uday Kumar Reddy	17,028,409	15.84%	14,496,493	14.29%	14,496,493	14.29%
D Tanuja Reddy	11,851,187	11.03%	9,319,271	9.18%	9,319,271	9.18%
Gautam Sabharwal	7,330,600	6.82%	7,361,600	7.25%	7,361,600	7.25%

**iv) Details of shares issued under Employee Stock Options Scheme Plan of the Company. Refer Note 34**

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>15</b>			
<b>(i) Other reserves</b>			
- Capital Reserve	69,919,556	69,919,556	69,919,556
- General Reserve	254,817,667	254,447,550	254,447,550
- Investment subsidy	400,000	400,000	400,000
- Securities Premium Reserve	4,486,377,744	4,295,889,975	4,295,889,975
- Share Application Money Pending Allotment	41,796,994	84,674,992	-
- Employee Stock Options Outstanding Account	28,160,976	8,287,130	-
<b>(ii) Retained Earnings</b>			
Opening	290,176,061	241,863,828	211,018,006
Profit for the year/quarter	409,683,047	72,739,994	30,845,822
Less: Interim dividend for the year	-	(20,295,919)	-
Dividend Tax	-	(4,131,843)	-
	699,859,108	290,176,060	241,863,828
<b>(iii) Currency Translation reserve</b>	874,187,458	1,442,992,216	1,251,847,529
<b>TOTAL</b>	<b>6,455,519,503</b>	<b>6,446,787,480</b>	<b>6,114,368,438</b>
<b>16 OTHER FINANCIAL LIABILITIES</b>			
Unclaimed Dividend	724,699	757,020	959,943
<b>TOTAL</b>	<b>724,699</b>	<b>757,020</b>	<b>959,943</b>
<b>17 PROVISIONS</b>			
Provision for Leave Encashment - Long Term	518,856	411,503	-
Provision for Gratuity - Long Term	1,210,383	472,508	-
<b>TOTAL</b>	<b>1,729,239</b>	<b>884,011</b>	<b>-</b>
<b>18 OTHER NON-CURRENT LIABILITIES</b>			
Other Security Deposits and Advances	210,000	160,000	-
<b>TOTAL</b>	<b>210,000</b>	<b>160,000</b>	<b>-</b>
<b>19 TRADE AND OTHER PAYABLES</b>			
Trade Payables	1,233,766,318	875,103,450	457,188,274
Salaries Payables	-	5,129,424	-
Outstanding Expenses	-	1,649,537	-
<b>TOTAL</b>	<b>1,233,766,318</b>	<b>881,882,411</b>	<b>457,188,274</b>
<b>20 OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities	32,024,599	52,137,646	43,051,521
Other Liabilities	65,940,715	40,455,269	62,740,891
<b>TOTAL</b>	<b>97,965,315</b>	<b>92,592,915</b>	<b>105,792,412</b>
<b>21 LIABILITIES FOR CURRENT TAX</b>			
Provision for Income Tax	11,912,894	7,354,465	20,613
<b>TOTAL</b>	<b>11,912,894</b>	<b>7,354,465</b>	<b>20,613</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>22 REVENUE FROM OPERATIONS</b>		
Overseas	834,523,424	1,368,907,816
Domestic : India	4,958,477,001	2,946,627,326
<b>TOTAL</b>	<b>5,793,000,426</b>	<b>4,315,535,142</b>
<b>23 OTHER INCOME</b>		
Interest on Deposits with Banks	17,158,683	4,638,633
Exchange Fluctuation	5,217,114	211,212
Profit on sale of assets	78,936	-
Miscellaneous income	2,465,562	5,738,561
<b>TOTAL</b>	<b>24,920,295</b>	<b>10,588,406</b>
<b>24 COST OF SERVICES</b>		
Cost of Services	4,945,497,200	3,165,449,901
<b>TOTAL</b>	<b>4,945,497,200</b>	<b>3,165,449,901</b>
<b>25 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries & Wages	107,927,471	100,672,090
Employee stock option cost	18,999,368	8,287,130
Contribution to provident and other funds	4,470,140	3,833,374
Staff welfare expenses	13,011,116	7,861,288
<b>TOTAL</b>	<b>144,408,095</b>	<b>120,653,882</b>
<b>26 TRAVELLING EXPENSES</b>		
Travelling expenses	25,120,439	27,420,700
Conveyance	556,800	582,751
<b>TOTAL</b>	<b>25,677,239</b>	<b>28,003,451</b>
<b>27 CONNECTIVITY AND BANDWIDTH CHARGES</b>		
Internet and Cloud Computing Charges	4,152,007	2,179,251
Data Centre & Hosting Charges	16,146,167	13,443,582
<b>TOTAL</b>	<b>20,298,174</b>	<b>15,622,833</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>28 OTHER EXPENSES</b>		
Advertisement & promotions	12,951,438	111,593,725
Communication expenses	1,838,542	2,428,059
Repairs & maintenance expenses	9,849,412	11,514,157
Rent, rates & taxes	33,377,461	16,440,801
Postage & Courier	620,612	801,093
Printing & stationery	2,445,770	2,947,742
Office maintenance	5,341,376	2,410,216
Power & fuel	3,356,362	4,019,635
General expenses	2,520,514	2,825,762
Insurance expenses	896,027	1,021,480
Professional charges	9,340,405	8,166,659
Research & Development Expenses	1,741,025	1,351,661
Exchange Fluctuation	2,940,885	2,027,919
Auditors remuneration	3,001,382	6,688,204
Finance & bank charges	3,560,983	5,202,297
Allowance for doubtful debts	1,870,994	85,462,817
Loss on sale of assets	149,485	35,432,761
Assets write-off	-	30,000,000
Corporate social responsibility expense	350,000	-
<b>TOTAL</b>	<b>96,152,673</b>	<b>330,334,988</b>

## 29 TAXES

### (a) Income tax expenses

(in ₹)

SI No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>(i)</b>	<b>Profit or loss section</b>		
	Current tax	4,537,813	53,475,880
	Deferred tax	(19,160,056)	10,649,721
	Mat credit entitlement	(4,537,813)	
	Total income tax expense recognised in Statement of Profit & Loss	<b>(19,160,056)</b>	<b>64,125,601</b>
<b>(ii)</b>	<b>OCI Section</b>		
	Deferred Tax Asset recognized on employees gratuity	(417,115)	(155,388)
	Income tax charged to OCI	<b>(417,115)</b>	<b>(155,388)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Reconciliation of effective tax rate:

		(in ₹)	
Sl No	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	<b>Profit/(loss) before tax</b>	389,974,066	136,534,754
	Indian Statutory income tax rate	34.608%	34.608%
	Expected tax expenses	134,962,225	47,251,948
	<b>Tax at statutory income tax rate</b>	<b>134,962,225</b>	<b>47,251,948</b>
(ii)	<b>Tax effected adjustments to reconcile expected income tax expense to reported income tax expenses</b>		
	Undistributed earnings in branch & subsidiaries	(140,198,969)	(13,106,791)
	Effect of non-deductible expenses	24,396,800	29,980,444
	<b>Income tax expense</b>	<b>19,160,056</b>	<b>64,125,601</b>
	Effective tax rate	4.91%	46.97%

## 30 FINANCIAL INSTRUMENTS

		(in ₹)		
Sl No	Particulars	Carrying value as at		
		March 31, 2017	March 31, 2016	April 01, 2015
(i)	<b>Financial Assets:</b>			
	Amortised cost			
	Trade Receivables	1,136,278,752	828,318,399	1,407,945,687
	Cash and bank balances	1,333,018,081	508,989,652	299,028,741
	Other financial assets	1,554,000	474,606	326,000
	<b>TOTAL FINANCIAL ASSETS</b>	<b>2,470,850,833</b>	<b>1,337,782,657</b>	<b>1,707,300,428</b>
(ii)	<b>Financial Liabilities:</b>			
	Amortised cost			
	Trade Payables	1,233,766,318	881,882,411	457,188,274
	Other financial liabilities	724,699	757,020	959,943
	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,234,491,017</b>	<b>882,639,431</b>	<b>458,148,217</b>

## FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from the financial instruments

- Market Risk
- Liquidity Risk
- Credit Risk

(i) **Risk management framework**

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

(a) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (i) Foreign currency risk

The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling, United Arab Emirate Dirhams, Singapore Dollars and Euros).

	(in ₹)				
	AED	USD	EURO	SGD	GBP
<b>As at 31st March, 2017</b>					
<b>Financial Assets</b>					
Trade Receivables	22,649,212	470,565,070	4,740,319	79,914,307	8,820,850
Cash and Cash equivalents	25,981,510	31,289,893	17,540,271	380,081	12,769
	<b>48,630,722</b>	<b>501,854,963</b>	<b>22,280,589</b>	<b>80,294,388</b>	<b>8,833,619</b>
<b>Financial Liabilities</b>					
Trade Payables	7,595,255	240,204,924	1,119,505	82,781,077	-
	<b>7,595,255</b>	<b>240,204,924</b>	<b>1,119,505</b>	<b>82,781,077</b>	<b>-</b>
<b>As at 31st March, 2016</b>	AED	USD	EURO	SGD	GBP
<b>Financial Assets</b>					
Trade Receivables	3,199,699	45,640,762	49,966,245	391,591	43,843,958
Cash and Cash equivalents	2,176,521	39,664,562	19,183,220	432,912	1,071,155
	<b>5,376,220</b>	<b>85,305,323</b>	<b>69,149,465</b>	<b>824,503</b>	<b>44,915,114</b>
<b>Financial Liabilities</b>					
Trade Payables	-	363,455,906	2,703	17,004,000	1,841,069
	<b>-</b>	<b>363,455,906</b>	<b>2,703</b>	<b>17,004,000</b>	<b>1,841,069</b>

The Company's principle source of liquidity are cash and cash equivalents and the cash flow is generated from operations. The Company is a debt free Company since inception. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

	(in ₹)		
	Due in 1 year	1 - 2 years	3-5 years
<b>As at 31st March, 2017</b>			
<b>Financial Liabilities</b>			
Trade Payables	1,233,766,318	-	-
Other financial liabilities	198,515	236,815	307,327
<b>TOTAL</b>	<b>1,233,964,833</b>	<b>236,815</b>	<b>307,327</b>
<b>As at 31st March, 2016</b>			
Trade Payables	881,882,411	-	-
Other financial liabilities	107,241	232,407	307,327
<b>TOTAL</b>	<b>881,989,652</b>	<b>232,407</b>	<b>307,327</b>
<b>As at April 01, 2015</b>			
Trade Payables	457,188,274	-	-
Other financial liabilities	202,923	107,241	667,737
<b>TOTAL</b>	<b>457,391,197</b>	<b>107,241</b>	<b>667,737</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## (c) Credit Risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

### Trade receivables

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with the assessment and outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 9479.47 lakhs (31st March, 2016 - ₹ 6544.70 lakhs, April 01, 2015 - ₹ 5809.92 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	March 31, 2017	March 31, 2016
	(in ₹)	
<b>Allowance for doubtful debts</b>		
Opening balance	5,440,046	3,336,653
Impairment loss recognised/(reversed)	1,870,994	2,103,393
<b>Closing balance</b>	<b>7,311,040</b>	<b>5,440,046</b>

## 31 GRATUITY

The Company has a defined benefit gratuity plan and governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation of India. The following table summarise net benefit expense recognized in the statement of Profit and Loss, the status of funding and the amount recognised in the balance sheet for the gratuity plan.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Defined Benefit Plans

(in ₹)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>A Net Employee Benefit Expense</b>			
<b>(Recognised in Employee Benift Expense)</b>			
Current Service Cost	513,669	424,129	379,520
Interest Cost	696,774	653,603	-
Expected Return on Plan Assets	-	-38,730	-
Net Employee Benefit Expense	<b>1,210,443</b>	<b>1,039,002</b>	<b>379,520</b>
Actual Return on Plan Assets	-	-38,730	-
<b>B Amount recognised in Balance Sheet</b>			
Defined benefit obligation	10,926,946	8,709,672	8,170,035
Fair value of plan assets	8,296,946	8,296,946	-
	<b>2,630,000</b>	<b>412,726</b>	<b>8,170,035</b>
<b>C Changes in the present value of the defined benefit obligation</b>			
Opening defined benefit obligation	8,709,672	8,170,035	7,790,515
current service cost	513,669	424,129	379,520
Interest cost	696,774	653,603	-
Benefits paid	-	-	-
Net Actuarial(gains)/losses on obligation for the year recognised under OCI	1,006,831	-538,095	-
<b>Closing defined benefit obligation</b>	<b>10,926,946</b>	<b>8,709,672</b>	<b>8,170,035</b>
<b>D Changes in the fair of plan assets</b>			
Opening fair value of plan assets	8,296,946	255,329	255,329
expected return on plan assets	-	38,730	-
contributions	-	47,057	-
Benefits paid	-	-	-
Equitable transfer	-	7,974,489	-
Premium expenses	-	-18,659	-
Actuarial (gain)/Loss on plan assets	-	-	-
<b>Closing fair value of plan assets</b>	<b>8,296,946</b>	<b>8,296,946</b>	<b>255,329</b>

## 32 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

**(a) Gross amount required to be spent by the Company during the year is ₹ 3,45,000/-**

(in ₹)

SI No	Particulars	in Cash	yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	350,000	-	350,000

## 33 DIVIDENDS

On May 18, 2017, the Board of Directors of the Company has proposed a final dividend of ₹ 0.25 per equity share of ₹ 1/- each in respect of the year ending 31st March, 2017 subject to the approval of the Shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 323.42 lakhs inclusive of dividend distribution tax of ₹ 54.70 lakhs.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 34 EMPLOYEE STOCK OPTION PLAN (ESOP) :

The Company instituted the Tanla ESOP Plan 2015, in which 5,000,000 stock options were approved by the Shareholders at 19th AGM i.e, September 16, 2015

### Tanla ESOP Plan :

Options under this program has been granted to eligible employees at an grant price of ₹ 26.51/-.  
Details of the grant/issue as at 31st March, 2017 are given below:

Name of the entity	Share in Profit or loss for the year ended March 31, 2017		Net Assets i.e., total assets minus total liabilities	
	No. of share options	Weighted average exercise price in ₹	No. of share options	Weighted average exercise price in ₹
<b>Options outstanding at the beginning of the year</b>	3,087,000	26.51	-	-
Granted during the year	3,087,000	26.51	3,087,000	26.51
Vested during the year	1,006,110	26.51	-	-
Exercised during the year	942,360	26.51	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	699,790	26.51	-	-
Options outstanding at the end of the year	1,444,850	26.51	3,087,000	26.51
Options vested and exercisable at the end of the year	1,444,850	26.51	3,087,000	26.51

## 35 STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in Profit or loss for the year ended March 31, 2017		Share in other comprehensive income year ended March 31, 2017		Share in Other Comprehensive income for the year ended March 31, 2017	
	As% of Consolidated net assets	Amount ₹ in lakhs	As% of Consolidated net assets	Amount ₹ in lakhs	As% of Consolidated net assets	Amount ₹ in lakhs	As% of Consolidated net assets	Amount ₹ in lakhs
<b>Holding Company</b>								
Tanla Solutions Limited	89.8%	58,912	61%	2,488	100%	5	61%	2,493
<b>Foreign Subsidiaries</b>								
Tanla Mobile Asia Pacific Pte Ltd	2.5%	1,628	31%	1,278	-	-	31%	1,278
<b>Indian Subsidiaries</b>								
Tanla Corporation Pvt Ltd	7.7%	5,072	8%	326	-	-	8%	326
<b>Joint Venture in India</b>								
TZ Mobile Pvt Ltd	0.03%	18	0%	(0.14)	-	-	-	(0.14)
	100%	65,630	100%	4,091	100%	5	100%	4,097

## 36 CONTINGENT LIABILITIES

- Total Guarantees outstanding as of 31st March, 2017 amounting to ₹ 2490.00 lakhs (31st March, 2016 – ₹ 280.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to mobile operators against their receivable from the Company. The balance contingent liabilities are in respect of subjudice matters and represent the probable liability on account of service tax matters under appeal.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ii) Claims against the Company not acknowledged as debt:

		(in ₹)	
S.No. Particulars	For the Year 2016-17	Year ended March 31, 2016	
1	Outstanding guarantees given by the company	249,000,000	28,000,000
2	Claims against company, not acknowledged as debts	164,622,062	164,622,062
3	Claims made by company, not acknowledged as debts	-	-
4	Corporate Guarantee given to subsidiary companies	-	-

Unless otherwise stated, the Management believes that, based on legal advice, the outcome of these contingencies will be favourable and that loss is not a probable.

## 37 SEGMENT REPORTING (CONSOLIDATED) :

Reporting of Segment wise Revenue, Results and Capital Employed :

		(₹ in lakhs)	
		Consolidated Results	
S.No. Particulars	For the Year 2016-17	For the Year 2015-16	
1	<b>Segment Revenue</b>		
	(a) Mobile VAS & Software Development	55,630.00	41,755.35
	(b) Property Development	2,300.00	1,400.00
	Total Sales/Income from Operations	57,930.00	43,155.35
	Less: Inter Segment Revenue	-	-
	<b>Net Sales/Income from operations</b>	<b>57,930.00</b>	<b>43,155.35</b>
2	<b>Segment Results - Profit(+)/Loss(-) before other income and tax</b>		
	(a) Mobile VAS & Software Development	2,837.04	637.46
	(b) Property Development	813.50	622.00
	Total Segment Results - Profit(+)/Loss(-) before other income and tax	3,650.54	1,259.46
	Less: Other Income	(249.20)	(105.88)
	<b>Profit before Tax</b>	<b>3,899.74</b>	<b>1,365.34</b>
3	<b>Segment Assets:</b>		
	(a) Mobile VAS & Messaging Services	72,741.13	69,277.94
	(b) Property Development	5,614.73	5,252.46
	Total Segment Assets	78,355.86	74,530.40
	<b>Segment Liabilities:</b>		
	(a) Mobile VAS & Messaging Services	12,856.68	9,389.01
	(b) Property Development	587.01	447.29
	<b>TOTAL SEGMENT LIABILITIES</b>	<b>13,443.69</b>	<b>9,836.30</b>

## 38 RELATED PARTY DISCLOSURES:

### A) List of Related Parties:

Name of the Related Party	Country	Relationship with the Entity
Tanla Solutions Limited	India	Holding Company
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corporation Private Limited	India	Wholly-owned subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## B) Related party Transactions for the year ended 31st March, 2017:

Refer Note 38(B) of notes to Standalone Financial Statements

## C) List of Transactions with key management personnel

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D. Uday Kumar Reddy - Chairman & Managing Director	12,637,164	637,164	-	13,274,328
Srinivas Gunupudi Kamoji - Chief Financial Officer	3,642,089	154,673	-	3,796,762
Seshanuradha Chava - VP Legal & Secretarial	1,934,374	107,118	-	2,041,492
<b>Total</b>	<b>18,213,627</b>	<b>898,955</b>	<b>-</b>	<b>19,112,582</b>

## Remuneration to non-executive directors

Name	Sitting Fees	Committee Fees	Total
Mr. Ram Narain Agarwal	80,000	45,000	125,000
Dr. A G Ravindranath Reddy	100,000	60,000	160,000
N Kalpana	100,000	60,000	160,000
<b>Total</b>	<b>280,000</b>	<b>165,000</b>	<b>445,000</b>

## 39 EARNINGS PER SHARE:

Particulars	For the Year 2016-17	For the Year 2015-16
Net profit after tax	409,134,122	72,409,153
Weighted average number of equity shares of ₹ 1 each	102,074,908	101,479,593
Nominal value of shares	₹ 1	₹ 1
Earnings per share (basic/diluted)	4.01	0.71

## 40 Previous year figures have been recast/reclassified wherever necessary to correspond with the current year's classification/disclosures.

As per our report attached

For Ramasamy Koteswara Rao & Co

Chartered Accountants

Firm Regn. No. 010396S

Sd/-

C.V. Koteswara Rao

Partner

Membership No. 028353

Hyderabad

May 18, 2017

For and on behalf of the Board of Directors

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF INDUSTRY

Cloud enterprise communications or simply Cloud Communications, integrates enterprise communications technology with cloud computing and Internet technologies. While ensuring the traditional enterprise-level service standard, cloud communications features quick delivery, pay on demand, flexible deployment, self-service, and open application programming interfaces (APIs) and provides enterprises with cloud enterprise communications services of a fully-connected network, in-depth integration, and value innovation, helping enterprises unleash the technological dividend of digital transformation.

Cloud is accelerating customer migration from on-premises solutions to Unified Communication as a Service (UCaaS) or Communication Platform as a Service (CPaaS) solutions. The cloud portion of the worldwide unified communications and collaboration

market is expected to grow to \$22.5 billion in 2020, with a five-year CAGR of 13.9% for the 2016-2020 period.

The worldwide cloud communications market, fueled by the demand for cutting edge technologies from enterprises, is growing at a phenomenal pace and there are several companies vying for a share of the market pie.

Tanla has made a strategic entry into cloud communications during FY 2017 and is poised to make a mark by offering a single API for all mobile communications viz., messaging, voice, video and Internet of Things (IoT).

## FY 2017 AT A GLANCE

The year under review has been an outstanding growth story at Tanla with revenues up by 34%, PBT up by 186%, PAT up by 465% and EPS up by 460%.

## MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULT OF OPERATIONS

Particulars	₹ in crores				
	Mar '17	% of Revenue	Mar '16	% of Revenue	% Change
Revenues	579.30	100	431.55	100.0%	34%
Overseas	83.45	14.4%	136.89	31.7%	-39%
Domestic	495.85	85.6%	294.66	68.3%	68%
<b>Expenses</b>					
Cost of Services	494.55	85.4%	316.54	73.4%	56%
Employee benefits	14.44	2.5%	12.07	2.8%	20%
Other operating expenses	14.21	2.5%	37.40	8.7%	-62%
<b>TOTAL EXPENSES</b>	523.20	90.3%	366.01	84.8%	43%
Operating Profit (EBITDA)	56.10	9.7%	65.55	15.2%	-14%
Depreciation & Amortization expense	19.59	3.4%	52.95	12.3%	-63%
Other Income	2.49	0.4%	1.06	0.2%	135%
<b>Profit before Tax</b>	39.00	6.7%	13.65	3.2%	186%
Tax expense	(1.92)	-0.3%	6.41	1.5%	-130%
<b>Profit after Tax</b>	40.91	7.1%	7.24	1.7%	465%
EPS (₹)	4.01		0.72		460%

Revenue growth was driven by a 68% growth in domestic business revenues comprising predominantly of messaging revenues due to quality of service offerings of Tanla, that have set industry standards in the messaging vertical. Banks, Financial Institutions and E-commerce companies are the key recipients of Tanla's services in the Domestic market. Many of the Fortune 500 companies and large social media companies are connected to Tanla's International Long Distance (ILD)

hub for delivering international messages into India. Tanla has consciously exited from certain segments of the mobile payments vertical as a result of regulatory risks in overseas markets. Voice, a new offering during the year, had a good traction and is steadily growing QoQ. Cloud Communications continues to be the driver at Tanla and is poised to delight customers with a range of new solutions, an integrated approach to technology and a glowing outlook for the future.

Other Income includes interest income earned on deposits with banks.

### GROSS MARGIN

Gross margin stood at ₹ 84.7 crore during FY 2017 compared with ₹ 115 crore during FY 2016, the drop, a result of a change in product mix in favour of lower-

margin high-volume messaging. While we maintain margins in different verticals, Tanla's efforts are directed at increasing domestic on-net traffic in comparison to off-net traffic to improve margin realizations. As a result of exit from certain segments of the mobile payments vertical, margins have been slightly impacted.

### EMPLOYEE BENEFITS

Particulars	₹ in crores				
	Mar '17	% of Revenue	Mar '16	% of Revenue	% Change
Salaries, incentives & allowances	10.79	1.9%	10.07	2.3%	7%
Employee stock options cost	1.90	0.3%	0.83	0.2%	129%
Contributions to provident fund & other funds	0.45	0.1%	0.38	0.1%	17%
Staff welfare expenses	1.30	0.2%	0.79	0.2%	66%
<b>TOTAL</b>	<b>14.44</b>	<b>2.5%</b>	<b>12.07</b>	<b>2.8%</b>	<b>20%</b>

At 2.5% of total revenues, employee benefits expense includes fixed component comprising of monthly salaries and variable component comprising of performance incentives and stock options. We have been able to maintain a balance between new talent and existing resources which has resulted in an average increase of 7% on overall salaries paid to employees. To strengthen the Cloud Communications team and expand operations into new geographics, we have

recruited a senior resource in Q4 FY 2017, which has also contributed to the increase in Salaries. During FY18, new resources at various levels shall be brought on board in Sales, Business Development and Technology functions, which would result in a growth in overall employee cost for FY 18.

ESOP cost represents the annual charge to statement of comprehensive income as per the prevailing Ind AS 102.

### OTHER OPERATING EXPENSES

Particulars	₹ in crores				
	Mar '17	% of Revenue	Mar '16	% of Revenue	% Change
Travel expenses	2.57	0.4%	2.80	0.6%	-8%
Connectivity & related expenses	2.03	0.4%	1.56	0.4%	30%
Advertisement, Promotion & Hosting	1.30	0.2%	11.16	2.6%	-88%
Provision for bad debts	0.19	0.0%	8.55	2.0%	-98%
Other expenses	8.13	1.4%	13.33	3.1%	-39%
<b>TOTAL</b>	<b>14.21</b>	<b>2.5%</b>	<b>37.40</b>	<b>8.7%</b>	<b>-62%</b>

While exit from mobile payments segments mainly on account of regulatory changes in International markets has impacted revenues, it has also resulted in 88% reduction in advertisement, promotion and hosting charges during FY 2017 as the spend on these activities saw a decline.

Provision for bad debts decreased by 98% due to disciplined treasury management and a strong collection mechanism put in place for follow-up with debtors. Tanla does not have any collection defaults. However, provision of ₹ 0.19 Cr for FY 2017 is made as

per Ind AS 109, wherein Expected credit loss (ECL) is recognized based on assessment of risk of default and timing of collection.

Other expenses comprise of loss on sale of assets of ₹ 3.5 crore and assets write off of ₹ 3 crore during FY 2017 which does not have an impact in FY 2017. Other major components of Other Expenses for FY 2017 include Rent, Rates and Taxes ₹ 3.33 crore, Repairs & Maintenance ₹ 1.52 crore and Power and Fuel ₹ 0.34 crore.

## DEPRECIATION & AMORTIZATION EXPENSE

Particulars	Mar '17		Mar '16		₹ in crores
		% of Revenue		% of Revenue	% Change
Depreciation & amortization expense	19.59	3.4%	52.95	12.3%	-63%

Depreciation & amortization expense decreased from ₹ 52.9 crores in FY 2016 to ₹ 19.6 crores in FY 2017. During FY 2017, assets whose useful life was exhausted have been removed from the books, while the remaining assets have been re-assessed based on their useful life, thereby resulting in a saving in depreciation.

Intangible assets and Property, Plant and Equipment are assessed for impairment at the end of each financial year where events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets and the impairment loss is recognized in Statement of Comprehensive Income.

## FINANCIAL POSITION - CONSOLIDATED

Particulars	₹ in crores	
	As at March 2017	As at March 2016
<b>Equity and Liabilities</b>		
Shareholder's funds	656.30	654.83
Non-current liabilities	0.27	0.18
Current liabilities	134.36	98.18
<b>TOTAL</b>	<b>790.93</b>	<b>753.19</b>
<b>Assets</b>		
Property, plant and equipment	486.39	547.48
Goodwill	0.47	2.98
Other non-current assets	23.31	23.34
Inventories	22.09	29.25
Trade receivables	113.63	82.83
Cash and bank balances	133.30	50.90
Current Assets	11.74	16.42
<b>TOTAL</b>	<b>790.93</b>	<b>753.19</b>

## SHARE CAPITAL

Particulars	₹ in crores	
	As at March 2017	As at March 2016
<b>Authorised</b>		
120,000,000 equity shares of ₹ 1/- each	12.00	12.00
<b>Issued, Subscribed and fully paid-up</b>		
107,485,785 equity Shares of ₹ 1/- each (101,479,593 equity shares as at 31st March, 2016)	10.75	10.15
<b>TOTAL</b>	<b>10.75</b>	<b>10.15</b>

The Company has one class of equity shares of ₹ 1/- each fully paid-up. As on 1st January, 2017 the paid-up share capital of the Company was ₹ 10,14,79,593. The Company allotted 9,42,360 fully paid-up equity shares

of ₹ 1/- each on January 27, 2017 to eligible employees under the Tanla ESOP Plan 2015. On 1st March, 2017 the Company allotted 50,63,832 fully paid-up equity shares of ₹1/- each to promoters pursuant to conversion of preferential warrants into equity. As on 31st March, 2017 the paid-up share capital of the Company is ₹ 10,74,85,785.

## RESERVES & SURPLUS

Particulars	₹ in crores	
	As at March 2017	As at March 2016
Capital Reserve	6.99	6.99
Investment Subsidy	0.04	0.04
Share Premium	448.64	429.59
General Reserve	25.48	25.44
Foreign Currency Translation Reserve	87.42	144.30
Retained Earnings	69.99	29.02
<b>TOTAL</b>	<b>638.56</b>	<b>635.38</b>

Reserves and Surplus at the end of FY 2017 stood at ₹ 638.56 crores against ₹ 635.38 crores in FY 2016.

Share Premium represents the surplus of issue price over the face value of equity shares, at the time of issue of shares. During FY 2017 share premium increased by ₹ 19.05 crores by virtue of allotment of preferential shares to promoters @ ₹ 33.87 per share and ESOPs to employees @ ₹ 26.51 per share.

In line with Ind-AS 21, The Effects of Changes in Foreign Exchange Rates, for consolidation of financials of foreign subsidiaries with those of the holding company, income and expenses of the subsidiaries in foreign currencies are translated at average rate of exchange of



the respective foreign currency, while assets and liabilities are translated at the closing rate of exchange. Use of different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve.

The balance in retained earnings represents the surplus in profit and loss account after payment of dividend if any and transfers to reserves. We have utilized ₹ 7.06 crores towards capex during FY 2017 to meet hardware and software requirements of new deployments in cloud communications.

## CURRENT & NON-CURRENT LIABILITIES

Particulars	₹ in crores	
	As at March 2017	As at March 2016
Trade Payables	123.38	87.51
Statutory Liabilities	3.20	5.21
Outstanding expenses	6.69	4.82
Provision for Income tax & others	1.36	0.82
<b>TOTAL</b>	<b>134.63</b>	<b>98.36</b>

Trade payables, representing payables towards messaging and mobile payments services to Telcos and Content providers have increased in absolute terms to ₹ 123.4 crores as at 31st March, 2017 from ₹ 87.5 crores as at 31st March, 2016, however, creditor days have come down from 101 during FY 2016 to 91 during FY 2017 based on timely payments to creditors to maintain an impeccable credit record.

## PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Particulars	₹ in crores					
	Gross block as at March 2017	Gross block as at March 2016	Accumulated Depreciation as at March 31, 2017	Accumulated Depreciation as at March 31, 2016	Net block as at March 2017	Net block as at March 2016
Buildings:						
Land	7.66	7.66	-	-	7.66	7.66
Buildings	11.62	8.87	0.46	0.23	11.16	8.64
Leasehold Improvements	1.74	1.53	0.58	-	1.16	1.53
Furniture & fixtures	2.73	2.31	1.25	0.66	1.48	1.65
Computers & Software	29.59	6.81	8.93	2.06	20.66	4.75
Intangible Assets	425.05	-	8.32	-	416.73	-
Office Equipment	1.22	1.12	0.52	0.28	0.70	0.84
Vehicles	1.74	1.45	0.54	0.28	1.21	1.17
Air Conditioners	2.91	2.80	1.77	0.87	1.14	1.92
License Manager Software	5.28	5.28	5.28	3.68	-	1.60
<b>TOTAL</b>	<b>489.55</b>	<b>37.82</b>	<b>27.65</b>	<b>8.06</b>	<b>461.90</b>	<b>29.76</b>

During FY 2017, assets in the nature of Software Licenses, Stacks and Software development kits for unified solution platforms aggregating to ₹ 425.05 crore were deployed in Cloud Communications business wherein the Company expects to generate a sizable portion of future revenues. These assets are disclosed under the head "Intangible Assets" in the statement of financial position.

Note no 2.5 and 2.6 to the consolidated financial statements give the details of the rates and method of depreciation on property, plant and equipment and Intangible assets.

## GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess of purchase consideration over net asset value of the acquired subsidiary. The goodwill on consolidation of Tanla Corporation Pvt Ltd amounted to ₹ 0.47 crore as on 31st March, 2017 (₹ 2.98 crore as at 31st March, 2016). The change in goodwill as compared to FY 2016 is due to disposal of Tanla Solutions UK Ltd, UK during FY 2017.

## TRADE RECEIVABLES

Particulars	₹ in crores			
	Mar '17	% of Revenue	Mar '16	% of Revenue
Trade Receivables	113.63	19.6%	82.83	19.2%

As a percentage of revenue, Trade Receivables increased marginally to 19.6% as at 31st March, 2017 from 19.2% as at 31st March, 2016. The Company monitors Trade Receivables closely and follows-up on collections through timely escalations to appropriate levels with customers. We have maintained the same debtor days during the FY 2016-17, however market dynamics may impact the debtor days going forward though we will constantly put efforts to collect in time.

## CURRENT AND NON-CURRENT ASSETS

Particulars	₹ in crores		Particulars	₹ in crores	
	As at March 2017	As at March 2016		As at March 2017	As at March 2016
Investment Property	3.85	3.85	INR	34.77	32.31
Inventories	22.09	29.25	SGD	3.99	4.09
Cash & Cash equivalents	133.30	50.90	Sub-total	38.76	36.39
Other advances	18.72	24.93	<b>GRAND TOTAL</b>	<b>133.21</b>	<b>50.81</b>
Advance income tax & TDS	5.41	6.02			
<b>TOTAL</b>	<b>183.38</b>	<b>114.95</b>			

Inventories represent the stock of unsold plots held as at 31st March, 2017. The decrease is on account of the cost apportionment of plots sold during the year.

Cash and cash equivalents represent the balances held by the Company with various banks in the form of deposits and in current accounts. The break-up of the holding of cash and cash equivalents is as below :

## CASH AND CASH EQUIVALENTS

Particulars	₹ in crores	
	As at March 2017	As at March 2016
Current Accounts	94.45	14.42
Deposit Accounts	38.76	36.39
<b>TOTAL</b>	<b>133.21</b>	<b>50.81</b>
<b>Current Accounts:</b>		
INR	90.79	12.22
USD	-	0.26
GBP	-	0.11
SGD	0.96	1.84
AED	2.70	-
Sub-total	94.45	14.42
<b>Deposit Accounts</b>		

Cash generated from operations of ₹ 71.6 crore, net of investing activities of ₹ (4.57) crore and cash from increase in equity of ₹ 15.3 crore has resulted in increase in cash and cash equivalents to ₹ 133 crore in FY 2017.

Cash and Cash equivalents are normally used in the business to fund working capital requirements as the Company has been debt-free since inception. Short-term surpluses are used to provide Margin money for bank guarantees or are parked in deposits with the respective banks for periods ranging between 7 to 15 days and yield a return of 5% - 6% per annum in the case of domestic deposits whereas the yield is nil in overseas deposits.

## SUMMARIZED CASH FLOW STATEMENT

Particulars	₹ in crores	
	As at March 2017	As at March 2016
Net cash provided by/ (used in)		
Operating activities	71.61	92.70
Investing activities	(4.57)	(72.80)
Financing activities	15.36	6.02
Net increase in cash and cash equivalents	<b>82.40</b>	<b>25.93</b>

Net increase in Cash and Cash equivalents is ₹ 56.50 crores which is a result of savings in capex and inflow from issue of fresh equity, which has more than compensated for the decrease in cash from operations. Cash has also increased on account of better debtors realization.

### INTERNAL CONTROLS AND THEIR ADEQUACY

The CEO and CFO Certification provided in the relevant section of the annual report discusses the adequacy of our internal control systems and procedures. The Auditors have also independently audited the internal financial controls over financial reporting as of 31st March, 2017 and have opined that we have adequate internal controls over financial reporting and such controls were operating effectively.

### DIVIDEND

Tanla has consistently paid dividend for a period of 8 years from FY2004 to FY2011 during which it generated a profit. Cash generated annually is being used to fund working capital requirements and expansion plans and during profitable years for payment of dividend to shareholders. Our policy is to maintain a steady and increasing dividend payout over the years.

To this end, Tanla has paid an interim and final dividend of ₹ 0.20 per equity share of ₹ 1/- each in FY 2016 with a cash outflow of ₹ 244.27 lakhs including dividend distribution tax of ₹ 41.3 lakhs.

For FY 2017, the Board of Directors of the Company at their meeting on May 18, 2017 has recommended a final dividend of ₹ 0.25 per equity share of ₹ 1/- each, subject to the approval of the Shareholders at the ensuing Annual General Meeting. The recommended dividend would result in a cash outflow of ₹ 323.42 lakhs inclusive of dividend distribution tax of ₹ 54.70 lakhs.

### INVESTOR RELATIONS

It is our endeavor to have best practices communication program in place, where information sharing is both transparent and process driven. Accordingly, we have been communicating material events and developments to the shareholders, including in the form of a comprehensive investor update on a quarterly basis, a practice that will remain ongoing. We have also been sharing important reminders through text messages. Quarter upon Quarter, our investors are actively participating in our earnings call and are getting direct updates from Members of the Management. We encourage all our shareholders to share their email ids and mobile numbers @ investorhelp@tanla.com in order to be updated on all future communication from us.

# RISK MANAGEMENT

Risk management plan helps the business to determine what their risks are, to reduce their likelihood and provides a means for better decision-making to avoid the risk. Proper risk management implies control of possible future events and is proactive rather than reactive thereby reducing the likelihood of occurrence of an event and the magnitude of its impact.

The risk management team of the Company operates with the objectives of (1) identifying and highlighting risk to the respective stakeholder (2) evaluating significant risk exposures of the Company and assessing actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning etc.) (3) ensuring that the team/function is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities .

The risk management team provides management at all levels with the information required to make informed decisions on critical issues and risks identified. This course of action saves the Company time, money, and physical resources and allows teams to spend more time working at tasks that are related to the business.

Business, Finance, Regulatory and Operational Risk have been explained in detail in the following sections:

## **BUSINESS RISK:**

**Client Concentration:** Number of clients in our target market are limited and most of these clients are connected to our platform thereby resulting in concentration of revenue. Constantly changing client's need for a cost-effective end-user engagement model by maintaining the quality of service in the form of stringent SLAs are resulting in emergence of new age engagement models requiring constant upgradation of technology and products.

**Geography Concentration:** Domestic business has grown by 68% in FY 2017 thereby making the Company's revenue dependent on the economic, regulatory and other social conditions in India.

**Partner Concentration:** We are connected to major telecom operators in India. Any change in the business plan or initiation of a corporate action impacting the ownership or functioning of these telecom operators would impact our business relationship resulting in a decrease in revenue.

**Mitigation:** The Company has initiated action to expand its customer base and presence in countries outside India. To address the client's requirement of a new-age customer engagement model, the Company will offer Cloud Communication wherein the Client can choose its customer engagement model from a single API without having to switch between different service providers. Cloud platform will be provided to the clients by leveraging on the existing software assets of Tanla without incurring any additional capex.

## **INDUSTRY CHALLENGES:**

Rapidly changing technological upgrades, introduction of 3G, 4G and constantly changing consumer behavior including the most aggressive plans announced by an incumbent during FY 2017 have resulted in a general decline in the revenues of all telecom operators forcing these Telecom companies to pass on the impact to their partners and service providers.

**Mitigation:** The Company is closely observing these changes and is gearing up to meet the technology requirements of the Telco.

## **OPERATIONAL RISKS**

3 attributes namely, speed of delivery, uptime of platform and % of delivery, determine the operational efficiency of the Platform deployed for delivery of mission-critical messages, such as OTPs. Non-achievement of agreed SLAs w.r.t. these attributes would be detrimental to customer engagement.

**Mitigation:** The Company has deployed a robust state-of-the-art technology that delivers 85% messages in less than 5 seconds and maintains a 99% platform uptime. Tanla constantly upgrades its system to achieve better than industry standards.

## **FINANCIAL RISK**

The Company operates with huge volumes and lower margins thereby necessitating timely collections with nil bad debts.

**Mitigation:** The Company has well- defined processes in place for ensuring timely collection of receivables, this process is regularly revisited to check for any corrective action required.

## **REGULATORY RISK**

The Company operates in a dynamic, regulated industry and thus exposes the Company to regulatory non-compliances, which might disrupt the Company's operations.

**Mitigation:** The Company constantly engages with Consultants and Regulators to ensure compliance with all statutes. Internal teams responsible for compliance are periodically trained to monitor regulatory changes and adhere to these regulations.

### HR RISK

Losing employees to competition and new opportunities makes it imperative to keep recruiting and training the employees to meet business needs.

**Mitigation:** Employee engagement activities like periodic townhall meetings to help the employees understand the business achievements, driving organization culture with Feed- forward system, employee- friendly policies, robust rewards & recognition like Spot recognition are being practised.

### LEGAL RISKS

Oral arrangements, implied understanding and non-documentation of the commercial terms between the parties leads to conflicts thereby resulting in reduced productivity and loosing time to non-business activities. Non-renewal of agreements that expire while the services are being rendered/procured would impair the Company's ability to proceed legally in case of non-performance either by the vendor /customer.

### MITIGATION:

Client boarding and invoicing is supported by a legal agreement. No Client/ customer/ vendor is boarded without either an agreement or a Purchase Order in support of the transaction. A standard operating procedure describes the process for entering into an agreement and maintaining the agreement calendar.

### INTERNAL CONTROLS & ADEQUACY:

The Company has adequate internal controls commensurate with the size and industry in which the Company operates. These controls have been designed to provide assurance regarding recording and providing reliable financial and operational information, complying with applicable statutes safeguarding assets and systems from unauthorized use and access thereby resulting in losses. Access is granted with proper authorization and permission. The Company has well defined operating procedures for recording and approving revenue and cost. These standard operating procedures are being vetted by KPMG India, to ensure compliance with industry best practices. KPMG the internal auditor for FY 2016-17, has carried quarterly internal audits and submitted reports to the

Audit Committee for review and discussion. The Audit Committee and the Statutory Auditors in, their meeting with the internal auditors, have reviewed the reports and suggested certain corrective actions to the Company which have been acted upon.

The auditors have also independently audited the internal financials controls on financial reporting as on March 31st, 2017 and have opined that adequate controls over financial reporting exist and that such controls were operating effectively.

### HUMAN RESOURCES:

HR's success will be measured by our ability to align and integrate processes.

Moving forward, HR focus area has been High Performance and High Employee Satisfaction. This approach will help us strengthen our corporate culture. The organization has focused on actively engaging employees in all people processes, practices and policies. This has gone hand in hand with an increased focus on robust controls and greater personal accountability.

We have focused on adopting a balanced approach for talent acquisition by relying on leveraging the skills and experience already available within the organization, and bringing in the necessary capabilities. A detailed career development plan was created for the employees so that they can align their development goals with that of the business, thereby creating an engaged, empowered and satisfied workforce.

Another key aspect of our hiring strategy is to ensure a steady pipeline of junior talent, including permanent hires and interns, and investment in this area will continue. To help new joiners understand the culture and to have smooth assimilation, various initiatives have been introduced.

Our key focus has been the increased investment in training and development for all the employees, enabling them to maximize their potential and meet client expectations. This was in the form of the mandated training hours across all levels in the organization.

Diversity is embedded in our people processes – from recruitment to leadership development – and reflected in all HR-related offerings – coaching, succession planning, robust rewards and recognition initiatives like spot rewards, education policy, quarantine leave , diversity programme and increasing the ratio of women workforce.

# NOTICE OF 21<sup>ST</sup> ANNUAL GENERAL MEETING

**Notice**, is hereby given that the Twenty First Annual General Meeting of the Members of Tanla Solutions Limited will be held on Monday, 18th September, 2017 at 11:30 AM at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081, to transact the following business:

## **ORDINARY BUSINESS**

### **1. To receive, consider and adopt:**

a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2017, the Report of the Board of Directors and the Report of the Auditors thereon; and

b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017 together with the Report of the Auditors thereon.

### **2. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT a final dividend for the year ended 31st March, 2017 of ₹0.25/- per fully paid up equity share of ₹1/- each be and is hereby declared and paid."

### **3. To appoint a Director:**

Mr. D. Uday Kumar Reddy (DIN: 00003382), who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if deemed fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for the reappointment of Mr. D. Uday Kumar Reddy (DIN: 00003382) as Director, to the extent that he is required to retire by rotation and continuation as Managing Director of the Company as per the approval accorded by the Members at the 20th Annual General Meeting of the Company held on September 12, 2016 and as revised/amended from time to time."

### **4. To appoint the Statutory Auditors:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. M.N.Rao & Associates, Chartered Accountants (Firm Registration No.005386S), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of 21st Annual General Meeting (AGM) till the conclusion of the 22nd AGM of the Company to be held in the year 2018, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

## **SPECIAL BUSINESS**

### **5. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

"RESOLVED THAT, pursuant to Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Part II of Schedule V of the Companies Act, 2013, Mr. D. Uday Kumar Reddy, Chairman & Managing Director, be and is hereby paid a remuneration of ₹120.00 lakhs per annum as recommended by the Nomination & Remuneration Committee in its meeting dated July 28, 2017 for a period of three years from the month of October 2017 excluding other benefits, allowances, perquisites."

"RESOLVED FURTHER THAT, Mr. D. Uday Kumar Reddy, Chairman & Managing Director would be eligible for the following perks as recommended by the Nomination & Remuneration Committee in its meeting dated July 28, 2017 in addition to the above mentioned remuneration, as per Section 197 read with Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any Statutory modification(s) or re-enactment thereof:

a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.

b. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

c. Encashment of leave as per the Company's rules at the end of tenure."

"RESOLVED FURTHER THAT for the purpose of giving effect to the payment of remuneration, the Company Secretary of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, things and matters as may be deemed expedient or desirable to give effect to the above said resolution."

Your Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution.

Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.57% of the paid up capital of the Company as on July 28, 2017.

for Tanla Solutions Limited

Hyderabad  
July 28, 2017

Sd/-  
Seshanuradha Chava  
Company Secretary &  
VP – Legal & Secretarial

**Registered Office:**  
Tanla Solutions Limited  
Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad – 500 081.

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company.

The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. A person can act as a proxy on behalf of members upto and not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Brief profile of Mr. D. Uday Kumar Reddy, Chairman & Managing Director proposed to be re-appointed along with names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and his relationship with other directors inter-se as stipulated under Regulations of the Listing Agreement with the Stock Exchange(s), are provided in the Report on Corporate Governance forming part of the Annual Report.
4. An Explanatory Statement under Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Meeting is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from September 11, 2017 to September 18, 2017 (both days inclusive) for the purpose of AGM and Payment of Dividend.
6. Pursuant to the provisions of Section 124 of the Companies Act 2013, the amount of dividend remaining unclaimed up to the financial year 2008-09 has been transferred, from time to time on due dates, to the Investors Education & Protection

Fund. Details of unpaid/unclaimed dividends lying with the Company as on the last Annual General Meeting of the Company is available on the website of the Company. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund. The seven year period of "Unpaid and Unclaimed dividend for the year 2009-10" which amounts to ₹198,335/- (Rupees One Lakh Ninety Eight Thousand Three Hundred and Thirty Five only) expires on October 09, 2017 and the same will be transferred to the "Investor Education and Protection Fund".

7. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
11. Non-Resident Indian Members are requested to inform Karvy, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
12. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
14. In terms of Section 72 of the Companies Act, 2013, a member of the Company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
15. Any director himself or any member intending to propose any person as a director other than a retiring director, has to give a notice as to his intention to propose him/her as a candidate for that office not less 14 (fourteen) days before the meeting along with deposit of ₹1,00,000 (Rupees One Lakh only).
16. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure,



members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following: [evoting@karvy.com](mailto:evoting@karvy.com)

The Annual Report for the year ending 31st March, 2017 and Notice of the AGM inter-alia indicating the manner and process of e-voting along with the Attendance Slip and Proxy Form are being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

17. Members may also note that the Notice of the 21st AGM and the Annual Report for 2017 will also be available on the Company's website [www.tanla.com](http://www.tanla.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during the normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's email id: [investorhelp@tanla.com](mailto:investorhelp@tanla.com).

#### 18. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide the members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited. The procedure for participating in the e-voting is given below:

##### E-Voting Instructions:

- A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:

- i. Launch internet browser by typing the **URL: <https://evoting.karvy.com>**.
- ii. Enter the login credentials (i.e. **User ID and password**). In case of physical folio, User ID will be EVENT NO. 3360 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., Tanla Solutions Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated

as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm; else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [kritika.s112@gmail.com](mailto:kritika.s112@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Tanla – 21st AGM".

B. (1) In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants (s)]

- i. **E-Voting** (EVENT NO. 3360), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

(2) Voting at AGM: The Members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements (e-voting/ballot) in this regard at the AGM Venue. Members, who cast their votes by e-voting prior to AGM may attend the AGM, but will not be entitled to cast their votes again.

**Other Instructions:**

- i. In case of any queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy website) or call KCPL on Toll Free No.1800 3454 001.
- ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iii. The e-voting period commences on **Friday, September 15, 2017 (9:00 a.m. IST) and ends on Sunday, September 17, 2017 (5:00 p.m. IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., September 08, 2017, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- iv. Any person, who becomes a member of the Company after the dispatch of the notice of the meeting and holding shares as on the cut-off date i.e. **September 08, 2017** may write to [e-voting@karvy.com](mailto:e-voting@karvy.com) or to the Company at [investorhep@tanla.com](mailto:investorhep@tanla.com) requesting for User ID and password. On receipt of User ID and password the steps from (i) to (xi) mentioned above should be followed for casting their vote, if the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

- v. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date **September 08, 2017**.
- vi. The Board of Directors has appointed Ms. Kritika Sharma, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three(3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.
- viii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- ix. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website [www.tanla.com](http://www.tanla.com) and on the website of KARVY at <https://evoting.karvy.com>, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

## **EXPLANATORY STATEMENT**

**Pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act") read with section 110 of the Companies Act, 2013**

### **Item No. 5**

The members are being informed that Mr. D. Uday Kumar Reddy was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from January 14, 2015 at the Annual General Meeting of the Company held on September 16, 2015.

The Board of Directors of the Company considered the nature of services and on the recommendation and resolution passed by Nomination and Remuneration Committee at its meeting held on July 28, 2017 considered for continuation in remuneration payable to Mr. D. Uday Kumar Reddy, Chairman & Managing Director from existing annual remuneration of ₹120 lakhs P.A. payable for a further period of three years (i.e., from October 01, 2017 to September 30, 2020).

Statement as required under Part II of Section II of Schedule V to the Companies Act, 2013:

### **I. General Information:**

- (1) Nature of Industry: The Company is telecom products & solutions providing Company that specializes in pioneering communication roadmaps and integrating various systems of communication for mobile technology.
- (2) Date or expected date of commencement of commercial production: Certificate of commencement of business certificate was issued by ROC in July 1995.
- (3) In case of new companies, expected date of commencement of activities: N.A.
- (4) Financial performance based on given indicators:

Particulars	(Amount in ₹)	
	FY 2016-17	FY 2015-16
Paid up Capital	107,485,785	101,479,593
Reserves & Surplus	6,298,162,680	6,209,238,576
Income from operations	4,987,150,228	2,804,360,056
EBIDTA	71,442,650	123,577,635
Profit before Tax	-15,131,599	98,662,613
Profit after Tax	-6,288,217	36,462,556

(5) Foreign investments or collaborations, if any:

Particulars	As on	
	March 31 2017 (No. of Shares)	March 31 2016 (No. of Shares)
Foreign Portfolio Investors	670,490	-
Non Resident Indians	3,449,921	2,432,628
Foreign Nationals	85,886	85,886

The explanatory statement may also be regarded as an abstract of Memorandum under Section 190 of the Companies Act, 2013 (corresponding Section 302 of the Companies Act, 1956) and disclosure under the regulations of the Listing Agreement.

Pursuant to Section 198 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, approval of members is required by way of Special Resolution for payment of aforesaid remuneration to Mr. D. Uday Kumar Reddy, Chairman & Managing Director of the Company.

Your Directors recommend that the said resolution for your approval.

Except Mr. D. Uday Kumar Reddy and Mrs. D. Tanuja Reddy, being his relative none of the Directors/ Key Managerial Personnel of the Company/their relatives are, in any way concerned or interested, financially or otherwise, in the above resolution set out in the Notice except to the extent of their shareholding.

## II. Information about the appointee:

### (1) Background details

Mr. D Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of Tanla Solutions Limited. He is the chief architect of the company, besides being responsible for its meteoric rise from a mere products-based solution provider to

one of the largest publicly traded Mobile VAS software company, specializing in wireless data services for mobile messaging and billing. The Company has also launched its cloud communication platform in October 2016.

### (2) Past remuneration

The shareholders in the 18th AGM approved an annual remuneration of ₹ 120.00 lakhs for a period of 3 years from October 2014.

### (3) Recognition or awards:

Not applicable

### (4) Job Profile and his suitability

Uday's keen business acumen and a sharp focus on innovation combined with an urge to set new milestones in business and technology have been the key drivers of the Company's success. An active member in the M&A community, he has been leading discussions across the globe regarding potential alliances and M&A opportunities. It is little wonder that within a decade of its inception, he has led Tanla to dizzying heights as one of the most successful young IT companies in India with a global presence.

### (5) Remuneration Proposed

The Nomination and Remuneration Committee in its meeting held on July 28, 2017 proposed an Annual Remuneration of ₹120.00 lakhs for a period of 3 years

## NOTICE

from October 2017 subject to the approval of members by passing Special Resolution in the ensuing 21st Annual General Meeting.

### **(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

The indicative salary range for this role, based on the study conducted by the Company is ₹150.00 lakhs to ₹450.00 lakhs which includes annual cash and bonus, as applicable. Considering the current financial position of the Company, the Board has deemed it fit to approve an annual remuneration of ₹120.00 lakhs, excluding perquisites mentioned in Schedule V of the Companies Act 2013.

### **(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

There is no pecuniary relationship either directly or indirectly with the company, or relationship with the managerial personnel except with Mrs. D. Tanuja Reddy, the co-promoter of Tanla Solutions Limited. In addition Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.57% of the paid up capital of the Company. Mrs. D. Tanuja Reddy holds 1,28,35,342 equity shares constituting 11.57% of the paid up capital of the Company as on July 28, 2017.

### **III. Other information:**

#### **(1) Reasons of loss or inadequate profits:**

Net loss in FY 2017 in standalone Financials in on account of one-off expenditure charged to statement of comprehensive income towards sale of assets due to technological obsolescence.

For the year ended on 31st March, 2017, the Company reported loss of ₹ 62.88 lakhs the total remuneration payable to all the Managerial personnel cannot exceed ₹ 60.00 lakhs per annum as per Part II of Schedule V of the Companies Act, 2013, this limit can be doubled if the shareholders' pass a special resolution in the ensuing Annual General Meeting. Nomination and Remuneration Committee has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under Section 197

read with Schedule V of Companies Act, 2013. The Nomination and Remuneration Committee thus met on July 28, 2017 and passed a resolution approving the proposed salary payable.

#### **(2) Steps taken or proposed to be taken for improvement:**

The Company has launched its cloud communication platform apart from its solution for A2P messaging which is slated to increase the market share going forward. The Company has partnered with leading telecom service providers in India and this is expected to result in substantial growth in revenues and margin. The Company has diversified into m-commerce and tied up with leading payment gateway in US which is expected to generate revenues in the coming quarters.

#### **(3) Expected increase in productivity and profits in measurable terms:**

The Company expects to generate increased revenues in the coming years.

Your Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution.

Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.57% of the paid up capital of the Company as on July 28, 2017.

for Tanla Solutions Limited

Hyderabad  
July 28, 2017

**Registered Office:**  
Tanla Solutions Limited  
Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad - 500 081.

Sd/-  
Seshanuradha Chava  
Company Secretary &  
VP - Legal & Secretarial





# TANLA SOLUTIONS LIMITED

**CIN: L72200TG1995PLC021262**

Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.

Phone: + 91-40-40099999, Fax: +91-40-23122999

E-mail: investorhelp@tanla.com Website: www.tanla.com

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**21<sup>st</sup> Annual General Meeting - Monday, 18th September 2017 at 11.30 AM**

## ATTENDANCE SLIP

Folio No./DP ID & Client ID:

No. of shares held:

Name and address of  
First/Sole Member:

I certify that I am a member/proxy/authorised representative for the member of the company.

I, hereby record my presence at the 21st annual general meeting of the Company held on Monday, 18th September 2017 at 11.30 AM at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.



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Name of the member/  
proxy(in BLOCK letters)

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Signature of the member/proxy

### Notes:

- 1) Only member/proxy can attend the meeting. No minors would be allowed at the meeting.
- 2) Member/proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- 3) Member/proxy should bring his/her copy of the annual report for reference at the meeting.





# TANLA SOLUTIONS LIMITED

**CIN: L72200TG1995PLC021262**

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## FORM NO. MGT- 11 PROXY FORM

**[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s):

No. of Shares:

Folio No./Client ID:

DP ID:

I / We being the holder of ..... Shares of Tanla Solutions Limited, hereby appoint:

1) Mr./Ms..... having email id ..... or failing him

2) Mr./Ms.....having email id ..... and

whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Monday, September 18, 2017 at 11.30 a.m. at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081, and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No	Subject Matter of the Resolution	For	Against
1	To receive, consider and adopt the financial statements (standalone and consolidated) of the Company for the year ended 31 March 2017, including the audited Balance Sheet as at 31 March 2017 and the Statement of Profit and Loss of the Company for the year ended on that date, along with the reports of the board of directors and auditors thereon.		
2	To declare final dividend of 25% for the financial year 2016-17		
3	Re-appointment of Mr. D. Uday Kumar Reddy who retires by rotation.		
4	Appointment of M/s. M.N.Rao & Associates, Chartered Accountants as the Statutory Auditors.		
5	Approval of Remuneration payable to Mr. D. Uday Kumar Reddy, Chairman & Managing Director.		

Signed this .....day of .....2017.

\_\_\_\_\_  
Signatures of the member(s)

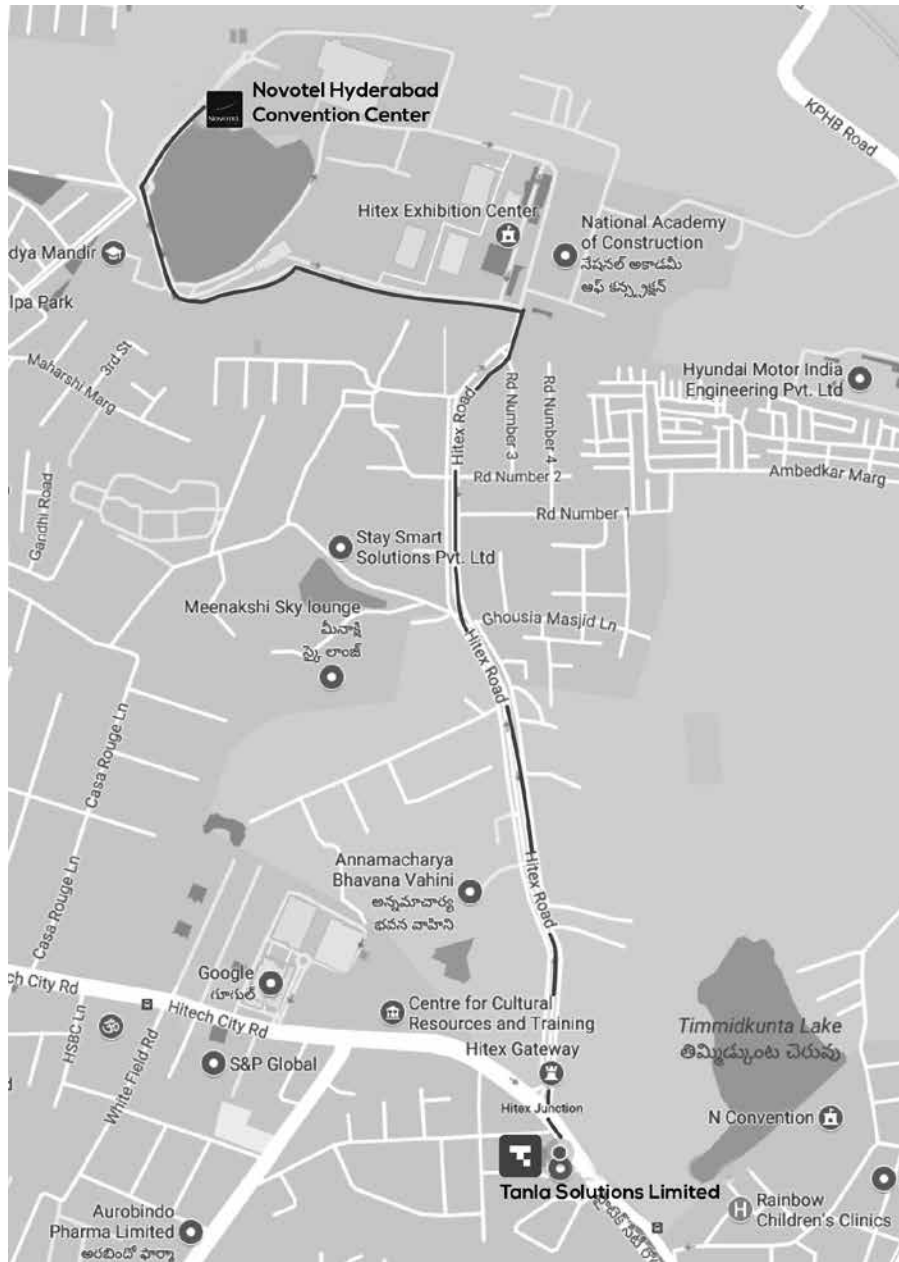
\_\_\_\_\_  
Signature of the proxy holder(s)

### Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.

Affix a  
₹1/-  
Revenue  
Stamp

In terms of the requirements of the Secretarial Standards on general meetings (SS-2) issued by the Institute of Company Secretaries of India, route map for the location of the venue of the 21st annual general meeting is as under:



# CORPORATE INFORMATION

## Board of Directors / KMP

Mr. D Uday Kumar Reddy  
Chairman & Managing Director

Mr. Gautam Sabharwal\*  
Director

Mr. Ram Narain Agarwal  
Director – Independent

Dr. A.G.Ravindranath Reddy  
Director – Independent

Ms. N. Kalpana Reddy  
Director – Independent

Mr. Srinivas Kamoji Gunupudi  
Chief Financial Officer

Ms. Seshanuradha Chava  
Company Secretary & Compliance  
Officer

## Committees of the Board

### Audit Committee

Mr. Ram Narain Agarwal  
Chairman

Dr. A.G.Ravindranath Reddy  
Member

Ms. N. Kalpana Reddy  
Member

### Stakeholders Relationship Committee

Mr. Ram Narain Agarwal  
Chairman

Mr. D Uday Kumar Reddy  
Member

Dr. A.G.Ravindranath Reddy  
Member

## Nomination and Remuneration Committee

Mr. Ram Narain Agarwal  
Chairman

Dr. A.G.Ravindranath Reddy  
Member

Ms. N. Kalpana Reddy  
Member

## Corporate Social Responsibility Committee

Mr. D Uday Kumar Reddy  
Chairman

Mr. Ram Narain Agarwal  
Member

Dr. A.G.Ravindranath Reddy  
Member

## Statutory Auditors

Ramasamy Koteswara Rao & Co.,  
Chartered Accountants  
Sri Ramchandra Arcade, # 8-2-293/82/  
JIII/M/1F, 1st Floor, Road No. 82,  
Jubilee Hills, Hyderabad,  
Telangana – 500033.

## Internal Auditors


KPMG  
8-2-618/2, Reliance Humsafar,  
4th Floor, Road No 11,  
Banjara Hills, Hyderabad,  
Telangana – 500034.

## Secretarial Auditors

R & A Associates  
Office No. T 202, Technopolis,  
1-10-74/B, Above Ratnadeep Super  
Market, Chikoti Gardens, Begumpet,  
Hyderabad, Telangana – 500016.

## Stock Exchanges where the Company's securities are listed

 NSE National Stock  
Exchange of India Ltd.

 BSE Bombay Stock  
Exchange Ltd.

## Registered Office Address

Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad – 500081  
Telangana, India.  
[www.tanla.com](http://www.tanla.com)  
CIN: L72200TG1995PLC021262

\*Mr. Gautam Sabharwal resigned as Director w.e.f. 31st May 2017

**Tanla Solutions Limited**

CIN: L72200TG1995PLC021262  
Tanla Technology Centre  
Madhapur, Hyderabad,  
India - 500081

Telephone: +91-40-40099999  
Fax: +91-40-23122999

**tanla.com**

**21<sup>st</sup> Annual General Meeting**

Time : 11:30am onwards  
Date : 18th September 2017, Monday  
Venue : Novotel Hyderabad Convention Centre,  
Madhapur, Hyderabad