



**Tanla Solutions Limited**  
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September 3, 2020

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: <b>532790</b>	National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: <b>TANLA</b>
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Dear Sir / Madam,

**Sub: 24<sup>th</sup> Annual Report of Tanla Solutions Limited (the “Company”).**

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find the enclosed herewith the 24<sup>th</sup> Annual Report of Tanla Solutions Limited for the financial year 2019-20 (the “Annual Report”).

The Annual Report is also available on the Company’s website at:

<https://www.tanla.com/investors.html>

Request you to take the same on record and oblige.

Thanking you,

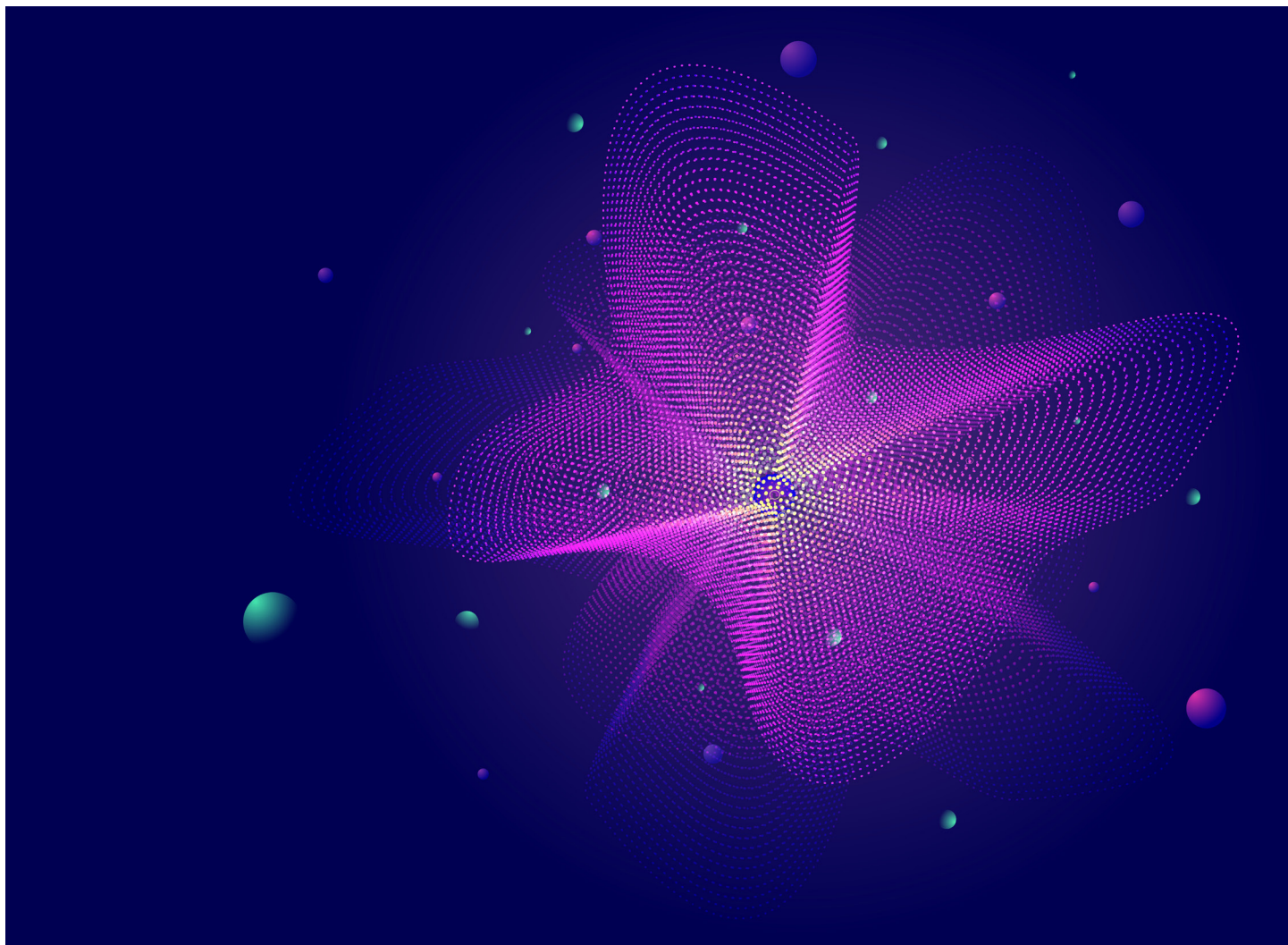
Yours faithfully,

For **TANLA SOLUTIONS LIMITED**

Seshanuradha Chava  
General Counsel & Chief Regulatory Officer  
ACS-15519

Encl: As above

# Annual Report 2020



# Welcome to our 2020 Annual Report

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## Chairman's Statement

Dear Fellow Shareholders,

The current calendar year is one for the record books, and widely acknowledged as "Annus Horribilus". The ongoing pandemic of biblical proportions has tested humanity like never before and brought to the forefront our deepest fears and misgivings. However, on a positive note, we collectively put our best foot forward with our latent indefatigable efforts to triumph over this crisis.

Tanla, in the early stages of the COVID pandemic, was quick off the block by setting up a COVID Fund for employees and their families to meet any medical expenses. The zeal and commitment shown by our team members during the transition to Work from Home and the resultant business continuity assurance is indeed praise worthy. This was evident from the ensuing Quarter's financial performance.

Tanla's platforms and products also performed yeoman service for the Government, broadcasting their public campaigns to combat the COVID crisis.

We remain hungry, we stay humble, and are customer focused.

If we maintain these ideals, Tanla is unstoppable!

- Uday Reddy  
Chairman & Managing Director



## REARVIEW

*Financial Year 2019-20 was a pivotal year for your company.*

We are close to the coveted figure of Rs.2000 Crores (Rs.1943 Crores) annual revenue, up 94% on a Year on Year (YOY) basis.

- » EBITDA for the year was Rs.241 Crores with a YOY growth of 148%.
- » EBITDA margins improved to 12.40% from 9.6% YOY.
- » Tanla and its subsidiaries remain debt free .

Cash and Cash equivalents stood at Rs.200 Crores as of the year ending 31st March 2020.

Our focus on a judicious use of free cash flows remains unwavering. Over the past 14 months, Tanla has utilised over Rs.366 Crores for strategic acquisitions, buyback, tax and debt repayment.

The Karix and Gamooga acquisitions had cash payout components of Rs.112 Crores and Rs.32 Crores respectively. The Loan Facility repayment amounted to an outgo of Rs.60 Crores while the stock buyback resulted in an outgo of Rs.165 Crores .

### **Business traction was good last year with strong growth momentum:**

Landmark volume of 200 Billion transactions were processed on our platform during Financial Year 2019-20, we serviced over 1500 Enterprise customers.

Your Company is a preferred partner across industry verticals with an established leadership position;

- » 9 out of top 10 Banking/E-commerce/Government/Aggregator enterprises use our Platform
- » 8 out of top 10 Financial services/IT, and
- » 7 out of 10 Healthcare/Consumer Goods/Social Media/Retail Corporate's, and
- » 6 out of 10 Utilities, chose us!

The tectonic shift to digital is irreversible and our combined entity is arguably one of the biggest globally.

## **Product development**

Tanla's position as a technology evangelist was reinforced with the launch of **Trubloq**. This first of a kind blockchain enabled platform is the world's first blockchain enabled commercial communication stack, capable of mitigating unsolicited commercial communication, spam and mobile fraud risks and additionally provides end users with the power of choice. The domestic commercial launch is imminent, while it has already got early adoption in the international markets. Trubloq is fast becoming the Gold standard in its space.

## **Mergers & Acquisitions**

The closure of the acquisitions of Karix and Gamooga in the last financial year resulted in an amalgamated behemoth in the digital and cloud communications space with 1500 plus enterprise customers from Banking, Insurance, Retail and E-Commerce sectors of Karix on the business side; and Gamooga's big data and AI driven omni-channel marketing automation platform, on the product side. This burgeoning segment enables businesses and Government to actively engage with their end-customers across channels through SMS, push-notifications, voice and e-mail. The above transactions were EPS accretive and have improved our Return on Equity and Investment.

## **Buyback**

In the midst of the COVID crisis and the financial market turmoil, your company announced a Buyback of shares via a Tender Offer. It provided an exit opportunity to the shareholders at large to tender their holdings at a Premium of over 55% of the prevalent market price (as of April 16,2020). The offer was successful with subscription levels of 87.17%.

## **People**

A nimble organisation is now no longer a matter of choice but a necessity. Your company's C suite appointments and elevations have been done with this objective and meeting the fast-paced requirements of our businesses. Tanla has earlier announced new leadership roles in Business, Customer, Technology and Legal. Our employee strength now stands at over 500 spread over multiple locations.

## **Board of Directors**

Mr. Rahul Khanna and Mr. Deepak Goyal, the Directors appointed during the year, bring on board vast experience spread over twenty years respectively in Investment Banking, Corporate Governance and Business transformation. With eminent people from diverse fields, your Directors bring with them gravitas. I sincerely thank them for their intellectual inputs.

## **Outlook**

Going forward Tanla will strive to position itself as the glue binding various facets of the digital and cloud ecosystem. The drivers would be:

## **Platform & Products:**

Transformational leap to a Platform & Products company will be a focal point.

Tanla has incorporated a new SEZ housed entity, Tanla Digital Labs Private Ltd. operating out of Hyderabad. This will be a Centre of Innovation for incubating and launching new products in the international markets. Platforms and products will be developed on new age technologies like Blockchain, Crypto currencies and AI & ML replicating our success in the domestic markets with some of the leading brands globally will be a Key Performance Indicator.

## **Brand Building:**

Building a global brand is as much of an aspiration as it is a strategic goal for Tanla. Validation from our customers of a job well done feeds into a virtuous cycle of brand building. Thought leadership from our management team in turn will fuel future revenue and profitability.

## **Customer Success:**

Tanla's obsession with Customer Success is second nature. Our investments in dedicated teams working on bespoke solutions for ultimate customer success will be a key driving force going forward. This sticky and symbiotic relationship has and will drive future business volumes and customer wallet share.

## **Talent:**

Your company's Talent pool of associates is invaluable. We remain focused on discerning recruitment policies, skill upgradation and high levels of employee engagement and motivation.

I strongly feel that a company that stays hungry, humble and customer focused makes it unstoppable!

Due to the present exceptional circumstances, I will miss meeting you personally. In the past our interactions have been engaging and at times animated. However, I would urge all shareholders to log in for the virtual AGM. Please stay safe and wish you and your family members good health now and always! This too shall pass and I would like to sign off in Telugu "**Manam andaram oka pedda kutumbam**" which means "**We are one large family**".

Warm regards,



**Uday Reddy**

Chairman & Managing Director

## Management Discussion and Analysis

### Overview

We are a leading cloud communications provider enabling businesses to communicate with their customers, stakeholders and intended recipients. Our cloud-based platforms provide ease of connectivity to enterprises and aggregators with a plug-and-play approach that shrinks delivery times of their end-user communications and continues to provide quality of services that have enabled us rise into leadership status in the cloud communication segment of telecom business.

*Our revenues flow from two main sources - platforms and enterprises.*

Our platforms are deployed with all major telecom operators in India providing us access to the entire subscriber base of the operators.

We serve enterprise customers spread across a diverse spectrum of businesses including but not limited to BFSI, social media, e-commerce, government sector and aggregators based on multi-year contracts with an automatic renewal clause, unless specified otherwise. The longevity of the contract represents the depth of the business relationship with the customers and their delight with the level and quality of our services.

We continue to add to the bouquet of our services by strategic organic growth (acquisition of Karix and Gamooga in FY 2019-20) and by launching advanced software platforms based on cutting edge technologies like blockchain and distributed ledger technology.

### Revenues

We receive Platform revenues from telecom operators in the form of revenue share measured at fixed value/percentage of the transaction rate applicable to each individual communication processed on their network by our customers.

We receive Enterprise revenues from enterprises for use of our platform at an agreed rate per communication, calculated on monthly basis, for the aggregate number of communications processed in a month.

The record of the number of communications to be billed in our business, is captured by the analytics module of the platform and requires the explicit/implicit acceptance as per the terms of agreement with the customer before a valid invoice can be raised.

Revenue is a function of the complexity and functionality of the communication services availed, is the subject matter of a rate card, and mail confirmations shared with the customer through an authorised representative.

For prepaid services, revenue is recognised for the volume of communications provided over the accounting period with the balance carried over as a deferred revenue in the balance sheet as at the end of the accounting period.

We also generate revenues through sales of our products to marquee customers to augment future business relationships. Product revenue is recognized on delivery and successful acceptance test at customer premises.

The revenues and costs for the previous year are not directly comparable as they do not include enterprise revenues, as acquisition of Karix and UniceL was completed in FY 2020

### Cost of Services and Gross Margin

Our cost of services for platforms business consists of hosting charges paid to data centres and bandwidth charges paid to telecom operators.

Cost of services for enterprise business comprise of transaction fees paid to third-party telecommunications providers/ telecom operators.

**Gross margin** % is the business revenue minus the cost of services expressed as a percentage of the business revenue.

## Operating Expenses

Operating expenses include, costs related to network operations, costs to maintain data centres, including co-location fees for the right to install our servers in data centres owned by third parties, related utilities and maintenance costs, personnel costs including share-based compensation expenses and customer care costs.

Our research and development efforts are focused on developing new and innovative products and expanded features for our existing platforms and services. Research and development expenses consist primarily of revenue cost such as personnel costs for employees involved in development projects, including share-based compensation expenses, purchase of software tools, product certification, costs incurred for patents and copyrights, and capital costs such as augmentation of hardware and software for innovations and intended for research and development. We expense research and development costs which are revenue in nature as incurred and capitalise costs of an enduring nature, upto the point the products start generating revenue.

Sales and marketing expenses are one of the largest component of our operating expenses and consist primarily of personnel costs for employees directly associated with our sales and marketing activities including share-based compensation expenses, internet advertising fees, travel expenses, marketing and promotional expenses.

General and administrative expenses comprise of employee costs including share-based compensation expenses, expenses incurred for day-to-day operations of our business such as rents of facilities, power and fuel charges for operating our facilities at various locations, internet and communication costs, and professional service fees.

## Earnings Before Interest Tax Depreciation & Amortisation (EBITDA)

EBITDA % is the absolute gross margin minus operating expenses expressed as a percentage of the business revenue.

**Depreciation and amortisation expenses** comprise of the cost of wear and tear on servers and other tangible assets and equipment, provided over the useful life of the assets in accordance with Ind-AS 16: Property, Plant and Equipment and amortisation of intangible assets over their estimated useful life and impairment costs of goodwill, if any, in accordance with Ind-AS 38: Intangible Assets.

## Other Income

Other income represents income generated from non-business transactions such as interest received on fixed deposits placed with banks from surplus funds and margin monies for bank guarantees, gains on investments in liquid mutual funds, interest on income tax refunds on completion of assessments and write back of liabilities no longer required.

## Profit Before Tax

PBT % is the absolute Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) plus other income, minus depreciation and amortisation expenses and finance cost expressed as a percentage of the business revenue.

Tax, more clearly, net taxes on income, comprise of current tax, deferred tax and tax credit, if any.

Current tax is calculated at the applicable rate on the taxable income arrived at in accordance with the tax laws of the respective geography.

Deferred taxes arise on account of timing differences in the allowability of deduction of expenses such as depreciation under income tax and companies act. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset / liability is realized. 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.

Tax credits arise on account of tax provisions which allow for availing a credit of tax paid in a certain accounting period against tax dues of subsequent accounting periods. Tax credits are allowed subject to conditions to be fulfilled and are usually available for finite periods.



## Key Business Metrics

In addition to financial measures such as total revenues, gross margin, profit before and after tax, we regularly review a number of key business metrics to evaluate growth trends, measure our performance and make strategic decisions.

For the year ended March 31, 2020, majority of our revenues were generated in India. However, we expect the percentage of our revenues derived outside India to grow as we continue to expand internationally.

## Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues:

Particulars	FY 2019-20		FY 2018-19		Growth %
	INR in Crore	% of Revenue	INR in Crore	% of Revenue	
Revenues					
Overseas	453.50	23.3%	186.42	18.6%	143
Domestic	1,489.34	76.7%	817.55	81.4%	82
Total Revenue	1,942.84	100.0%	1,003.96	100.0%	94
Direct Expenses					
Cost of Services	1,551.72	79.9%	860.66	85.7%	80
Gross Margin	391.12	20.1%	143.30	14.3%	173

## Revenues, Cost of Services & Gross Margin

FY20 revenues at INR 1942.8 Cr, grew by 94% from INR 1004.0 Cr in FY19. As explained earlier, while the numbers are not directly comparable, the increase is a combined result of the Karix and Gamooga acquisitions and acquisition of new customers and revenue from additional offerings to our existing customer base. Overseas revenue has shown a significant jump of 143% as Karix has substantial overseas business, which is now handled by Tanla Singapore.

FY20 Cost of services at INR 1551.7 Cr, grew by 80% from INR 860.6 Cr in FY19, a result of higher consolidated business volumes.

FY20 Gross Margin at INR 391.1 Cr, grew by 173% from INR 143.3 Cr in FY19 due to a combination of business growth and better margin realisations due to cost synergies of the consolidated entity.

## EBITDA

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
Gross Margin	391.1	20.1%	143.3	14.3%	173
Operating Expenses	206.1	10.6%	46.6	4.6%	342
<b>EBITDA</b>	<b>185.0</b>	<b>9.5%</b>	<b>96.7</b>	<b>9.6%</b>	<b>91</b>

The absolute increase in Gross Margin was offset by a substantial increase in operating expenses primarily employee benefits, other expenses and provision for bad debts. While this resulted in EBITDA margins remaining even, EBITDA in absolute terms doubled in line with revenue growth.

The above figure of EBITDA is not adjusted for One-off cost of Rs. 55.3 Cr comprising of employee share based expense of Rs. 41.1 Cr, Acquisition cost of Rs. 7.9 Cr, Marketing cost of Rs. 2.6 Cr and Provision for loss on investment in liquid Funds of Rs. 3.7 Cr

## Research & Development Expenses

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
R & D Expenses – Capex	30.3	1.6%	5.8	0.6%	426
R & D Expenses - Revenue	0.4	0.0%	0.2	0.0%	71
<b>Total</b>	<b>30.7</b>	<b>1.6%</b>	<b>6.0</b>	<b>0.6%</b>	<b>412</b>

Research and development expenses at INR 30.7 Cr for FY 2020 increased by 412% as compared to INR 6.0 Cr in FY 2019, comprising primarily of Capex increase of INR 24.5 Cr registering a growth over FY 2019 of 426%. We being a platform-based software company, innovate by new developing new platforms for the cloud communications segment by deploying hardware and software as and when necessary. Trubloq, our homegrown blockchain-based Distributed Ledger Technology platform is a prime example of the level of innovations that we make to stay ahead of the market. These platforms are based on cutting edge technologies that we employ for new offerings both to the existing and proposed clientele.

## Selling & Marketing Expenses

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
Employee Cost	63.3	3.3%	21.2	2.1%	199
Advertisement and Marketing expenses	5.3	0.3%	1.0	0.1%	441
Travel	6.4	0.3%	2.6	0.3%	144
<b>Total</b>	<b>74.9</b>	<b>3.9%</b>	<b>24.8</b>	<b>2.5%</b>	<b>202</b>

Sales and marketing expenses increased by INR 50.1 Cr, or 202%, during FY 2020 as compared to FY 2019, primarily due to increase in employee cost of INR 42.1 Cr, result of the one-off share-based compensation of INR 29.3 Cr awarded to employees in sales and marketing departments in recognition of their performance and to encourage their continued contribution to organisational goals. Advertising and marketing costs increased by INR 4.3 Cr up by 441% and travelling expenses increased by INR 3.8 Cr, registering a growth of 144% over FY 2020, to support higher volumes of business. The increases in sales and marketing cost is in line with our growth strategy to acquire new customers with a focus on larger customers, and to establish brand recognition to achieve greater penetration into domestic and international enterprise markets.

## General & Administration Expenses

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
Connectivity & related expenses	8.2	0.4%	2.7	0.1%	203
Provision for bad debts	19.6	1.0%	0.3	0.0%	7388
Other expenses	64.2	3.3%	8.3	0.4%	672
Employee Cost	45.6	2.3%	22.9	2.3%	99
<b>Total</b>	<b>137.6</b>	<b>7.1%</b>	<b>34.2</b>	<b>1.8%</b>	<b>302</b>

## Employee Cost

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
Salaries, incentives & allowances	40.3	2.1%	15.9	1.6%	153
Employee stock options cost	0.3	0.0%	5.0	0.5%	-93
Contributions to provident fund & other funds	2.0	0.1%	1.0	0.1%	110
Staff welfare expenses	3.0	0.2%	1.0	0.1%	206
<b>Total</b>	<b>45.6</b>	<b>2.3%</b>	<b>22.9</b>	<b>2.3%</b>	<b>99</b>

General and administrative expenses in absolute terms increased by INR 22.7 Cr or 99%, during FY 2020 as compared to FY 2019, primarily due to increases in salaries and allowances of INR 24.3 Cr due to the increased headcount post-acquisitions, while the ratio of personnel cost to revenues remained even. Professional fees increased to INR 15.9 Cr in FY 2020 against INR 3.6 Cr during FY 2019, costs incurred for acquisition of Karix and Gamooga, comprising professional fees paid to consultants for financial, legal and statutory advice increased by INR 3.5 Cr from INR 3.4 Cr in FY 2019, provision for doubtful debts increased to INR 19.6 Cr in FY 2020 against INR 0.3 Cr in FY 2019. Provision for doubtful debts is made on a conservative basis and is a result of a granular sifting of slow-moving and doubtful accounts aged 120 days and more from invoice date and for FY 2020 stands @ 1.01% of revenue. Slow-moving and doubtful debts are assessed for possibility of recovery, closely followed up at all levels before legal action is initiated, on assessment that the chances of recovery are slim and all other alternatives have been exhausted.

Other expenses also increased by INR 6.3 Cr during FY 2020 as compared to FY 2019, due to one-off costs namely Mobile World Congress (MWC) participation related cost of INR 2.6 Cr and Provision for loss of investment in liquid funds of INR 3.7 Cr. The provision for loss of investment in liquid funds was reversed in Q1 FY 2021 on realisation of principal along with a profit thereon of INR 1.78 Cr on 13<sup>th</sup> July 2020.

## Finance Cost

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue
Finance Cost	6.4	0.3%	0.3	0.0%

At acquisition in April 2019, Karix carried term loan of INR 59.9 Cr, as part of its long-term liabilities. The term loan was repaid in March 2020 and would not entail interest going forward. Finance cost of INR 6.4 Cr comprised primarily interest on term loan and commission paid for obtaining Bank Guarantees for Government customers.

## Depreciation & amortization

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue	Increase/ (Decrease) %
Depreciation & Amortization	377.8	19.4%	73.2	7.3%	416

## Depreciation

As per The Telecom Commercial Communications Customer Preference Regulations, 2018 (TCCCPR,2018) that were announced on July 19, 2018, by Telecom Regulatory Authority of India (TRAI), Commercial communication (voice and text) should be provided using block chain technology. This move to new technology and cloudification of services has resulted in the need for re-assessment of useful life of technology assets, leading to additional provision of accelerated depreciation. Management has assessed the net book value of such assets as on March 31, 2019 at INR 305.6 Cr and provided accelerated depreciation on such assets as and when the related platforms were moved to cloud during the

financial year FY 2020.

### Impairment of Goodwill and Amortisation of Intangible Assets

As per the Share Purchase Agreement (SPA) entered into between Tanla and the shareholders of Karix and its WOS Unicef, Tanla acquired Karix and Unicef for a purchase consideration of INR 236.97 Cr on April 10, 2019. The implied enterprise value of Karix as on that date was arrived at as INR 291.18 Cr after adjusting the purchase consideration paid for cash and bank balance taken over of INR 38.41 Cr, borrowings taken over INR 84.6 Cr and income tax refund received of INR 8.02 Cr (which was paid by Tanla to the sellers of Unicef in accordance with SPA), considering the numbers as at March 31, 2019. No significant difference was considered between the balance sheet as at March 31, 2020 and as at April 10, 2019.

A Big4 consulting firm was assigned with the task of identifying the Purchase Price Allocation and based on their analysis in line with Ind-AS 103, Business Combinations, the fair value of intangible assets were identified and valued as follows:

Particulars (INR in Cr)	Karix	Gamooga	Total	Useful Life in years	Impairment / Amortisation	Net Carrying value as at March 31,2020
(i) Goodwill	158.4	24.9	183.3	-	48.7	134.6
(ii) Intangible Assets:						
Customer Relationships	54.5	7.6	62.1	5	11.5	50.6
Brand	10.2	0.7	10.9	3	3.5	7.4
Technology	4.3	6.9	11.2	5	3.1	8.1
Non-Compete	0.8	4.3	5.1	2	0.6	4.5

For FY20, Intangible assets on acquisition of Karix have been amortised by an amount of INR 16.8 Cr and on acquisition of Gamooga by INR 1.9 Cr.

Management, with the help of an independent consultant, also made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020, basis which the Company has reduced the carrying value of investments in subsidiaries by INR 48.73 Cr and consequent impairment of goodwill in the consolidated results. The actual impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

### Other Income

Particulars (INR in Cr)	Mar '20	% of Revenue	Mar '19	% of Revenue	Increase/ (Decrease) %
Interest income	9.3	0.5%	2.6	0.3%	265
Gain on liquid funds	1.8	0.1%	7.4	0.7%	-76
Miscellaneous income	1.3	0.1%	0.7	0.1%	95
Total	12.4	0.6%	10.6	1.1%	17

Other income increased by 17% primarily due to increase in Interest income of INR 3.24 Cr on Income Tax refunds on completion of assessments for FY 2016-17. This was partially offset by the decrease in Gain on liquid funds by 76%. During FY 2019, funds for Karix and Gamooga acquisitions were carried in the form of liquid funds yielding average returns of 7 to 7.5% per annum. Post the cash payout for acquisition of Karix and Gamooga and to mitigate the credit risk, strategy was changed to investing in Fixed Deposits with a reputed private bank and a nationalised bank as an alternative to liquid funds. These FDs currently yield average annual returns of 2.5 to 3%. Miscellaneous income increased by 95% due to write back of creditor balances of earlier years as the liabilities are no longer required to be met.

## Financial Position

**Equity and Liabilities** comprise the liabilities side of the Balance Sheet.

**Equity** comprises of Shareholders' Funds represented by Share capital and Reserves and Surplus. Tanla has an Authorised Share Capital of INR 20.00 Cr represented by one class of equity shares of INR 1/- each.

**Reserves and surplus** primarily comprise of securities premium received from allotment of equity shares issued at a premium, retained earnings being accumulated profits or losses carried forward net of dividend, general reserve, capital reserve, unallotted balance of employee stock options, money received against share warrants issued to promoters, and foreign currency translation reserve being the net gain or loss on reinstated of foreign currency assets or liabilities into reporting currency at the currency conversion rates applicable as at the date of the balance sheet.

Liabilities comprise Non-current and Current Liabilities

**Non-current Liabilities** represent liabilities with maturity or payment date of more than 1 year as on the balance sheet. All other liabilities are **Current Liabilities**.

Assets side of the Balance sheet comprises

**Property, plant and equipment**, being the fixed assets used in conducting the business,

**Intangible Assets** namely customer relationships, brand, technology and non-compete agreements entered into with erstwhile promoters and key management personnel,

**Goodwill** arising on consolidation of financials of the group,

**Other non-current assets** namely Earnest Money and Rental Deposits having maturity of more than 1 year, Deferred Tax Assets expected to reverse after 1 year from the balance sheet date, advance tax and tax deducted at source with revenue authorities pending completion of assessments and due after 1 year from the balance sheet date,

**Cash and Cash Equivalents** being balances held in current accounts with banks and fixed deposits having maturity of 1 year or less, held with banks as on the date of the balance sheet and,

**Current Assets** being trade receivables, loans and advances, accrued income and, balances with revenue authorities pending assessment and due to be received or adjusted within 1 year from the balance sheet date

Financial Position	INR in Cr	
Particulars	As at March 2020	As at March 2019
<b>Equity and Liabilities</b>		
Shareholder's funds	701.73	725.54
Borrowings	-	59.88
Non-current liabilities	15.31	0.28
Current liabilities	482.64	321.17
<b>Total</b>	<b>1,199.69</b>	<b>1,106.88</b>
<b>Assets</b>		
Property, plant and equipment	35.91	349.71
Intangible Assets	95.14	5.76
Goodwill on Consolidation	134.56	-
Other non-current assets	156.66	38.88
Trade receivables	325.77	307.83
Cash and bank balances	200.57	228.79
Current Assets	251.08	175.90
<b>Total</b>	<b>1,199.69</b>	<b>1,106.88</b>

## Equity Share Capital

As on March 31, 2020, our paid-up share capital was INR 14.59 Cr up from INR 11.56 Cr as of March 31, 2019. During FY20, a total of 3,03,44,872 fully paid-up equity shares of INR 1/- each were allotted as follows :

Banyan Investments Private Ltd – 2,19,99,824 shares on acquisition of Karix and Unicef  
 Promoters of Gamooga – 21,19,688 shares on acquisition of Gamooga  
 Employee Stock Purchase Scheme - 60,00,000 shares to employees of Karix  
 Employee Stock Option Scheme – 2,25,360 to employees of TSL and TCPL

## Reserves and Surplus

Particulars (INR in Cr)	As at March 2020	As at March 2019	Increase/ (Decrease) %
Capital Reserve	7.0	7.0	0%
Share Premium	644.5	476.1	3536%
General Reserve	25.5	25.5	0%
Retained Earnings	(16.4)	200.9	-10815%
Foreign Currency Translation Reserve	15.9	(5.9)	-36888%
<b>Total</b>	<b>676.4</b>	<b>703.6</b>	<b>-386%</b>

Share premium as at March 31<sup>st</sup> 2020 increased by INR 168.4 Cr by virtue of issue of equity shares face value of Re. 1/- at a premium. The details of shares allotted during FY 2020 are provided above.

Retained earnings decreased by INR 217.3 Cr primarily on account of accelerated depreciation of INR 305.6 Cr provided on redundant technology assets on moving operations to cloud and to be in line with regulatory changes to move to block chain technology. Additionally, impairment of goodwill on management assessment of the impact of Covid-19, for an amount of INR 48.7 Cr also impacted retained earnings.

During Q2 of FY 2021, Tanla Solutions Limited, with a view to reward shareholders, offered to buyback 1,90,12,345 equity shares of INR 1/- each at a premium of INR 80/- per share. On the close of the offer on July 14, 2020, 1,66,92,752 shares representing 88% of the offer, were submitted by 3908 shareholders in response to the offer. The value of the buyback including the Tax thereon was INR 164.7 Cr. As a result of the buyback, the share capital of the company as on July 31, 2020 (close of the buyback and tax remittance) stood at INR 13.56 Cr.

## Non-Current Liabilities

Particulars (INR in Cr)	FY 2020	FY 2019	% Change
Financial liabilities			
(i) Borrowings	-	46.9	-100%
(ii) Lease liabilities	4.3	-	0%
(iii) Other financial liabilities	0.2	0.2	21%
Provisions	6.4	-	0%
Other non-current liabilities	4.3	0.1	4744%
<b>Total</b>	<b>15.3</b>	<b>47.2</b>	

## Debt (Borrowings)

Tanla as a group became debt free as at March 31, 2020 with the repayment of Karix Mobile Term Loan of INR 59.88 Cr to HDFC Bank.

## Lease Liabilities

Ind-AS 116 on Lease Accounting provides for recognition of the asset and liability in respect of leased assets in the books of lessee. This Accounting Standard is applicable from FY 2020 and hence the asset/liability in respect of leased office premises of the group companies has been quantified and disclosed under Non-Current and Current Assets/Liabilities for values accountable within 1 year and after one year.

## Other Financial Liabilities

The figure of INR 0.2 Cr represents amount held in Unclaimed Dividend Current Accounts with banks in respect of dividend warrants not encashed by shareholders over the years due to various reasons. The company has a registrar and the secretarial team overseeing this liability which is transferred to the Central Government's IEPF account at expiry of 7 years from the declaration of the dividend.

## Provisions

INR 6.4 Cr represents primarily, the liability in respect of Gratuity – INR 4.6 Cr and Leave Encashment INR 1.8 Cr payable to employees on retirement, resignation or superannuation, quantified and charged to expenses at the end of each accounting period. The company has availed a policy with Life Insurance Corporation of India to cover the liability as and when a claim arises.

## Other Non-current Liabilities

INR 4.3 Cr represents the long-term security deposits collected from customers, repayable on termination or non-renewal of the contract. These deposits carry no interest and are not repayable on demand and are solely for the purpose of securing receivables. The figures for the previous year are not directly comparable as they do not include the acquired subsidiaries.

## Current Liabilities

Particulars (INR in Cr)	FY 2020	FY 2019	% Change
Borrowings	-	13.0	-100%
Trade Payables	280.6	202.3	39%
Lease Liabilities	1.0	-	0%
Outstanding expenses	168.7	97.1	74%
Statutory Liabilities	20.1	16.8	20%
Short term provisions	0.9	-	0%
Liabilities for current tax (net)	11.3	4.9	130%
<b>Total</b>	<b>482.6</b>	<b>334.1</b>	

## Borrowings

As explained earlier the total component of borrowings has been repaid as at March 31,2020.

## Creditor Days

FY 2020 Days payables outstanding (DPO) stood at 66 days against 86 days in FY 2019. This is an indicator of timely payment to creditors, to maintain a good credit rating and to negotiate better pricing, for which, as a group we have endeavoured to pay vendors on time.

## Lease Liabilities

As explained under Non-current Liabilities.

## Outstanding Expenses

Outstanding expenses primarily consist of Cost of Services not yet billed on the company and accounted for the purpose of matching revenue and cost. Increase of INR 71.6 Cr or 74% is on account of the acquisition.

## Statutory Liabilities

Represent payables to revenue authorities of Tax Deducted at Source, GST, Provident Fund, Profession Tax and Employees State Insurance as at March 31, 2020. Increase of 20% over FY 2020 is on account of higher business volumes and increased payroll expenses.

## Provision for Current Tax

INR 11.3 Cr represents the consolidated tax payable for current year profits. For FY 2020, tax payable of INR 10.75 Cr arose on account of profit in Karix and net taxable income at the company level. This was as per regular income tax and the company has sufficient balance of Tax Deducted At Source, hence there was no immediate cash outflow. With the merger of Karix and UniceL with Tanla Corporation Private Limited as per NCLT order dated July 14, 2020, the tax provision was reversed in Q1 of FY 2021, as the merged entity has goodwill deduction and tax liability does not arise.

## Assets

### Property, Plant and Equipment

Particulars (INR in Cr)	Net block as at March 2020	Net block as at March 2019
Office building - Land	7.7	7.7
Buildings	3.8	12.3
Leasehold Improvements	-	0.8
Furniture & fixtures	0.4	1.6
Computers & Software	17.2	31.0
Platforms and Deployments*	-	305.7
Office Equipment	0.4	1.5
Vehicles	0.6	0.4
Air-conditioners	0.3	0.5
<b>Total</b>	<b>30.3</b>	<b>361.4</b>



Platforms are disclosed as a part of Intangible Assets in line with Ind-AS 38 disclosure requirements. The break-up of Intangible Assets as at March 31, 2020 is given below:

Particulars of Asset (INR in Cr)	Net block	
	As at March 31, 2020	As at March 31, 2019
Platforms under development	13.3	-
Platforms	11.3	-
Customer Relationships	50.6	-
Trade name	7.4	-
Technology	8.0	-
Non-Compete fee	4.5	-
Total	81.8	-

Net block of Property, plant and Equipment has decreased primarily on account of accelerated depreciation on redundant technology assets. As at March 31, 2020, net block of property stood at INR 30.3 Cr comprising primarily of corporate office building and appurtenant land of INR 11.5 Cr, computers and software representing servers, stacks, switches, software and peripheral devices of INR 17.2 Cr and other assets comprising furniture, office equipment and vehicles of INR 1.6 Cr.

Particulars (INR in Cr)	Mar '20	% of Revenue	Mar '19	% of Revenue
Goodwill on Consolidation	134.6	6.9%	-	-

Goodwill on consolidation as at March 31, 2020 after providing for impairment loss of INR 48.73 Cr, stands at INR 134.6 Cr as compared to Nil during FY 2019.

### Other Non-Current Assets

Particulars (INR in Cr)	FY 2020	FY 2019	% Change
Right-of-use Lease assets	5.0	-	0%
Financial assets	-	-	0%
(i) Investments	-	1.7	-100%
(ii) Loans and advances	3.9	-	0%
(iii) Other financial assets	0.6	-	0%
Deferred tax assets (net)	56.7	16.8	237%
Other non-current assets	90.4	20.4	344%
<b>Total</b>	<b>156.7</b>	<b>38.9</b>	

**Right-of-use Lease assets** represents the capitalised value of leased assets disclosed in the Balance Sheet pursuant to Ind-AS 116, applicable from FY 2020.

**Investments, Loans and Advances and Other financial assets** under non-current assets represent assets created in the normal course of business such as Earnest Money Deposits and fixed deposits maturing after March 31, 2021.

**Deferred tax Assets** arise on tax cover available for future years on assets where timing differences exist on depreciation between the tax regime and reported financials. These are classified under other non-current assets as the reversal of the timing differences are expected to occur after March 31, 2021. Deferred Tax assets have increased by INR 39.9 Cr or 237% over FY 2019 as a result of the accelerated depreciation provided on redundant technology assets while the same is available for deduction for tax computations after March 31, 2021.

**Other non-current assets** of INR 90.4 Cr as at March 31,2020 represent primarily, advance income tax and tax deducted at source of the group companies, by customers, which are available as tax credits against taxes due, if any.

Particulars (INR in Cr)	FY 2020	FY 2019	% Change
Cash & Cash equivalents	200.6	228.8	-12%
Other financial assets incl. Accrued Income	204.7	135.8	51%
Other current assets	46.4	40.1	16%
<b>Total</b>	<b>451.7</b>	<b>404.7</b>	

**Cash & Cash Equivalents** at INR 200.6 Cr decreased marginally by 12% from INR 228.8 Cr in FY 2020. The movement is more clearly explained in the section on cash flow analysis.

**Other financial assets** comprise of unbilled revenue (accrued income) as at end of financial year, which is reversed in the first quarter of the next financial year, when the billing is completed and recognised as sale. Interest accrued on fixed deposits and not yet credited to the deposit account by banks is recognised under other financial assets. Other financial assets have increased by 51% as compared to previous year on increased business volumes.

**Other current assets** of INR 46.4 Cr as at March 31,2020 represent primarily, advance income tax and tax deducted at source of the group companies of INR 29.9 Cr deducted by customers, which are available as tax credits against taxes due, if any. On completion of the tax assessments, the tax credit after adjustment of taxes due is refunded to the assessee. As a result of the concerted efforts of the company and the tax auditors, a total of INR 50.0 Cr was received as tax refund during Q1 and Q2 of FY 2021 on completion of income tax assessments for FY 2017-18 and FY 2018-19 inclusive of interest of INR 3.8 Cr. The number for previous year is not directly comparable. In addition INR 9.0 Cr in the form of GST input credit is available for group companies as at March 31, 2020 to discharge future GST liability without affecting cash flows. Advances for services and prepaid expenses amounting to INR 7.5 Cr constitute the remaining component of other current assets.

Other Current Assets of INR 46.4 Cr as at March 31,2020, registered a 16% increase over FY 2019

## Trade Receivables

Particulars (INR in Cr)	FY 2020	% of Revenue	FY 2019	% of Revenue
Trade Receivables	325.8	16.8%	307.8	30.7%

## Debtor Days

FY 2020 Days sales outstanding (DSO) stood at 61 days against 112 days in FY 2019. This is a result of close monitoring of collections and spreading the importance of collections as a key metric across the organisation. Incentives to sales teams are linked, in no less measure, to collections targets, as to sales targets.

## Summarised Cash Flow Statement

Particulars (INR in Cr)	FY 2020	FY 2019
Net cash provided by/(used in)		
Operating activities	239.2	(30.4)
Investing activities	(126.3)	(53.7)
Financing activities	(67.3)	73.7
Net increase in cash and cash equivalents	<b>45.6</b>	<b>(10.5)</b>
Cash and cash equivalents at the beginning of year	<b>155.0</b>	<b>165.5</b>
Cash and cash equivalents closing balance	<b>200.6</b>	<b>155.0</b>

INR 235.3 Cr was generated from operating activities during FY 2020 which when adjusted for working capital changes resulted in cash from operating activities of INR 239.2 Cr.

Cash component of purchase consideration for acquisition of Karix & Unicel and Gamooga totalling INR 142.8 Cr, offset by net realisation of investments in liquid funds of INR 5.4 Cr and other income of INR 11.1 Cr resulted in net outflow on investing activities of INR 126.3 Cr.

Out of the remaining funds term loan repayment of INR 59.9 Cr, dividend payment of INR 6.1 Cr and payment of lease liabilities including interest thereon totalled INR 2.7 Cr offset by inflow from issue of shares aggregating INR 1.4 Cr resulted in net outflow on financing activities of INR 67.3 Cr.

Thus the net increase in cash & cash equivalents for the year of INR 45.5 Cr along with opening cash of INR 155 Cr ensured that the Company has a comfortable closing cash and cash equivalents figure of INR 200.6 Cr.

### **Risk Management:**

The risk-related information outlined in this section may not be exhaustive. The discussion may contain statements that are forward-looking in nature. Our business is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. If any of the risks materializes, our business, financial conditions or prospects could be materially and adversely affected. Our business, operating results, financial performance or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. Readers are advised to refer to the discussion of risk factors and related disclosures in our regulatory filings and exercise their own judgment in assessing risks associated with the Company.

Risk Management Committee comprises of 4 Directors, the committee is chaired by Mr. Sanjay Kapoor and the Committee identifies, evaluates and suggests mitigation of identified strategic, operational and external environment risk in consultation with the Audit Committee. The Management and the respective CXOs are responsible for managing the day-to-day risks management, while the periodic audits conducted by internal auditors, platform audit partners, help highlight and address the unnoticed and probable risks in various functions. Thus, the Management, CXOs, auditors under the supervision and advisory of Board and its committees identify, analyse, assess, minimize, monitor and govern a possible threat and its incidence.

Risk is inherent in every business, it includes financial, strategic, operational regulatory, legal, compliance, reputational and cyber security. Q4 FY1920 has witnessed the most un-prepared risk in the form COVID-19, a pandemic which impacted businesses globally and resulted in inherent risks resulting from managing to survive the pandemic.

### **Financial Risk:**

Acquisition of Karix Mobile Private Limited in April 2019 necessitated an outflow of Rs. 112 Cr paid in cash as purchase consideration followed by a outflow of Rs.32 Crs paid as purchase consideration for acquisition of Gamooga Softtech Private Limited in Nov 2019, mounting operational costs (CAPEX details), on-boarding of reputed audit firms and other consultants to advise on regulatory and legal compliances, cost of law suits for recovery of unpaid invoices are major areas of expenditure.

Tanla was able to sustain the financial costs without resorting to long-term borrowings from Banks/financial institutions due to efficient planning and cash management system. We shall endeavour to plan the costs diligently and spread the risk of investment which is dependent on our ability to collect in time from our customers, efficiently plan our taxes and future corporate and business expansions.

### **Business & Operational Risk:**

Ability to scale, retain existing customers and win new customers are the driving forces for increase in volume of transactions. The Sales teams ability to expand and retain is driven by the ability to penetrate with new age solutions and quick turn around of market expectations. Last leg end-user reach, and global delivery are the key elements for commercial communication, hence, global connectivity and unified communication platform are vital for global expansion. Geopolitical, environmental,

international economic conditions, regulatory environment are few factors that determine the business expansions in global markets apart from operational efficiency of the teams and technology and commercial edge over competitors.

With acquisition of Karix, volume of business increased as a result the initial quarters after acquisition of Karix and Gamooga were burdened with huge operation costs due to multiple platforms, huge hardware infrastructure, multi locational deployments, manpower costs to maintain and support the operations, data centre expenditure. The revenues were thus dependent on the efficiency of the hardware and premises hosting the hardware apart from the applications and platforms. Periodic upgradation of applications and tailor-made customer friendly solutions resulted in increased engineering support.

Timely decision to move away from on-premises deployment to cloud based deployments addressed the dependency on various intermediaries such as hardware suppliers, availability of support at data centres etc., resulting in minimising unplanned downtime of the operations. Our engineering and product teams ideate and develop applications and products to address specific customer requirements apart from suggesting alternative options, this approach of the teams has opened up new business opportunities. Success of these ideas depends on the regulatory, political and economic conditions prevailing in the targeted geographies. Provision of customized solutions to retain customers might be cost intensive resulting in narrowing or negating the margins. Ability to provide market driven solutions depends on the engineering team's capability to adapt newer technologies and deliver timely solutions.

### **Regulatory, Compliance & Legal risks:**

Being a consumer communication specialist, the regulatory environment governing the business of Tanla is dynamic, stringent and complicated. The TCCPR, 2018, necessitated migration of the A2P consumer communication to a DLT platform, Tanla was the first company to develop and launch the DLT Platform in Feb 2019, but the regulations governing the A2P consumer communication underwent interpretation changes requiring constant changes to the platform, thereby delaying the commercial launch.

There are multitude of other regulations and laws determining the applicable compliances applicable to the Company, non-adherence to any of these applicable regulations would result in penalties.

Internal teams are trained, and external consultants are appointed to ensure timely compliance of applicable regulations, a periodic review of the compliances is also reported to the Board of Directors along with non-compliances or deviations if any, to enable corrective actions.

Enterprise business has a clientele of thousand plus retail customers from various sectors ranging from a small retailer to a bank and an airlines company. Due care is taken in drafting the customer agreements to ensure appropriate protection in case of non-adherence of applicable regulations by the customers, and non-payment of dues as per agreed payment terms. Non-payment of invoices by the customers is a business phenomenon, we initiate appropriate legal steps to recover unpaid dues, which usually take a long time to recover.

### **Employee risk:**

We being enterprise focussed business, employ big numbers in our Sales teams to be able to reach out to the last customer possible, employees to the Sales teams are chosen from top business schools in the country. These hand-picked freshers are provided with product training to help deliver the expected numbers in the form of customer addition and revenue. Engineering teams are equipped with students chosen from prestigious engineering schools in the country and are provided required training.

Business expansion and growth is dependent on these teams, attrition in these teams would impact our growth plans. Impact of COVID-19 pandemic: The onset of the prevailing pandemic in Q4FY19 brought in a huge change in the operating model of businesses, operations moved from offices to homes, employees had to be trained to be aware of the possible cyber-attacks, to be aware of possible pilferage of data and to be vigilant and educated about conducting themselves with responsibility and in the interest of business. While all precautions have been put in place to ensure secured logging to the networks cyber security is a threat we operate with. As the safety of the employees has always been paramount, an additional monetary assistance in addition to the employee's health insurance has been announced to enable the employee meet unexpected medical expenses in case of testing positive to the COVID 19 virus. All the employees have been asked to work from home since early March and the office premises are equipped with sanitization stations to provide safe workplaces.

**Adequacy of Internal Controls:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Company's internal financial controls were adequate and effective during FY 2020.

**Human Resources Update:**

Human Resources at Tanla is driven by 6 core values, which inspire us and guide our priorities and behaviours, both internally and externally.

**Passion**

We are passionate about what we do, how we do and who we do it for.

**Result- Oriented**

We are highly performance-minded; we judge ourselves by results delivered.

**Wellness**

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

**Transparent & Trust**

We deal openly with all our stake holders; our communications in every form are clear and transparent.

**Customer Success**

We are obsessed with our customers' success through our services

**Give Back**

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

Our core values drive our actions in ways that are relevant and beneficial to people and organizations, helping them to realize their true potential, bringing the Human Resources experience to life.

**HR at a Glance****Covid Update**

The Covid 19 pandemic has impacted every aspect of our lives: our social interactions, our family, our communities and most importantly the way we work. At Tanla, our top priority is focused on ensuring health, safety and well-being of our people and their families.

- We have set up a Covid Fund to assist our employees over and above the existing Medclaim Insurance, should they or their immediate family contract the disease.
- Over INR 3 Million has been disbursed to date from the Covid Fund in ensuring the well-being of our employees and their families.
- We have seamlessly enabled work from home for all employees.

- @Home and connected sessions are conducted regularly with employees to break the monotony of WFH and to keep them abreast with the Organisation updates.
- We tied up with a reputed fitness organisation to ensure wellness programs for all employees.
- Regular updates and notices are sent by the Covid Task Force of every location.

### **Annual Appraisal**

In line with our values we believe that Appraisal systems aid us in improving the organisational efficiency by ensuring that individuals perform to the best of their ability, develop their potential, and are appropriately rewarded, in turn leading to improved organisational performance. Despite the pandemic and the industry trend of “no increments”, we have successfully completed the annual appraisal cycle for FY2020 including promotions and increments above the industry benchmark.

### **One Team**

The acquisition of Karix and Gamooga has strengthened our vision to be a dominant Global player within our landscape of cloud-based communication. We have consolidated all the three companies and have created a value-based organisation obsessed with customer success. We pride ourselves in being an agile and innovative solution-driven organisation.

### **People Metrics**

- FY 19-20 Manpower No: 432
- FY 19-20 Attrition: 24%

## Board's Report

### Dear Members,

The Board of Directors are pleased to present the twenty fourth report of Tanla Solutions Limited (hereinafter referred as "Tanla" or "the Company") on the Company's business and operations together with the audited financial statements (both standalone and consolidated) for the financial year ended March 31, 2020.

### Summary of Financial Results:

The summary of standalone & consolidated financial results for the current year in comparison to the previous year is as follows:

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue from Operations	1,06,037.06	80,940.88	1,94,283.97	1,00,396.47
Other Income	913.58	956.0	1,236.46	1,061.10
<b>Total Income</b>	<b>1,06,950.64</b>	<b>81,896.92</b>	<b>1,95,520.43</b>	<b>1,01,457.57</b>
Expenses				
Operating expenses	93,987.98	73,124.83	1,76,423.23	90,756.44
Depreciation	32,070.52	6,808.30	37,779.58	7,322.76
<b>Total Expenses</b>	<b>1,26,058.50</b>	<b>79,933.13</b>	<b>2,14,202.81</b>	<b>98,079.20</b>
<b>Profit before Tax</b>	<b>-23,981</b>	<b>1,963.78</b>	<b>-23,724.56</b>	<b>3,347.41</b>
Less: Provision for Tax including Deferred Tax	-4,088.79	256.20	2,608	365.30
<b>Profit After Tax</b>	<b>-19,892.21</b>	<b>1,707.58</b>	<b>-21,116.56</b>	<b>2,982.11</b>
Other Comprehensive Income	163.26	433.87	992.67	119.57
<b>Total Comprehensive Income</b>	<b>-19,728.95</b>	<b>2,141.45</b>	<b>-20,123.90</b>	<b>3,101.68</b>
<b>Attributable to:</b>				
Shareholders of the Company	-19,728.95	2,141.45	-20,123.90	3,101.68
Non-controlling interests	-	-	-	-
Retained earnings - opening balance	17786.25	16,484.6	20085.16	8,570.1
Add: Profit/(Loss) for the period	(19892.19)	1,707.6	(21116.57)	2,982.1
Less: Dividend and dividend tax	(606.61)	(405.9)	(606.61)	(405.9)
Retained earnings - closing balance	(2712.55)	17,786.3	(1638.02)	11,146.3
<b>Earnings per Share (EPS)</b>				
Basic & Diluted	-13.92	1.48	-14.77	2.58

### Standalone Performance

The standalone revenue from operations stood at Rs. 1,06,037.06 Lakhs and grew up by 31.08% YoY during FY 2019-20 as against Rs 80,940.88 Lakhs in the previous FY 2018-19. There is loss of Rs (19,892.21) Lakhs during FY 2019-20 as against profit of Rs 1,707.58 Lakhs in the previous FY 2018-19.

### Consolidated Performance

The consolidated revenue from operations stood at Rs 1,94,283.97 Lakhs and grew up by 93.52 % YoY during FY 2019-20 as against Rs 1,00,396.47 Lakhs in the previous FY 2018-19. There is loss of Rs (21,116.56) Lakhs during FY 2019-20 as against profit of Rs 2,982.11 Lakhs in the previous FY 2018-19.

### COVID-19

The spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide and forced the government to take certain strict measures such as complete lock down of all the economic as well as social activities.

In a quick response to COVID-19 pandemic and considering the importance of the health and well being of its employees and their families, the management of the Company had immediately switched to work from home for all the employees.

However, operations of the Company were not affected as the Company's operations are fully manageable remotely and with minimal human intervention from remote locations. All our customers were serviced as usual. The Company adopted work from home policy during the entire duration of lock-down and supported the business requirements without any failure.

Operating remotely and work from home, by our customers, has resulted in an increase in the customer ask for support round the clock, alternative business solutions to support their customer needs, thereby resulting in extended working hours of teams.

### Dividend:

The Board of Directors does not recommended any dividend for the FY 2019-20.

### Transfer to Reserves:

The Board does not propose to transfer any profits to the reserves for the FY 2019-20.

### State of Company's affairs and future outlook:

Tanla is a Hyderabad, India-based Company, established in 1999. It is a global leader in its domain as one of the largest Cloud Communication providers, handling over 200 billion business communications annually. Tanla is innovating the way the world communicates, continuously raising the bar through enhanced speed, ease, and simplicity of Cloud Communication solutions, adopting cutting-edge technologies like Blockchain, Artificial Intelligence, Machine Learning to meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies. Tanla has always adopted new technologies and has many patents to its name including world's first blockchain based commercial communication stack "Trubloq" to address the growing concerns for spam and fraud. Tanla is working with all leading Telco's in India creating India's first Telecom Blockchain Network.

Tanla is listed on leading Indian Stock Exchanges i.e. BSE Limited and National Stock Exchange Limited (NSE: TANLA & BSE: 532790).

### Particulars of Loans, Guarantees or Investments:

Particulars of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.



### Material Changes and Commitments:

Subsequent to the end of the financial year March 31, 2020, the Board of Directors at their meeting held on April 22, 2020, approved the Buyback of not exceeding 1,90,12,345 Equity Shares (representing 12.49 % of the total number of Equity Shares in the existing total paid-up equity capital of the Company and 16.44 % and 13.02 % of the total number of Equity Shares in the total paid-up equity capital as of March 31, 2019, and March 31, 2020, respectively) at a price of Rs. 81/- (Rupees Eighty one only) per Equity Share, payable in cash for an aggregate maximum amount of Rs. 154,00,00,000/- (Rupees One Hundred Fifty Four Crores Only), excluding transaction costs.

The Buyback was approved by the shareholders of the Company by way of Postal Ballot on May 23, 2020. The Buyback opening date was Wednesday, July 1, 2020 and the Buyback closing date was Tuesday, July 14, 2020. The total number of Equity Shares bought back pursuant to the Buyback was 1,66,92,752 Equity Shares at a price of Rs. 81/- (Rupees Eighty One Only) per Equity Share. The amount utilized in the Buyback towards purchase consideration was Rs. 135,21,12,912/- (Rupees One Hundred and Thirty Five Crores Twenty One Lakhs Twelve Thousand Nine Hundred and Twelve only) and Buyback tax was Rs. 29,48,56,520/- (Rupees Twenty Nine Crores Forty Eight Lakhs Fifty Six Thousand Five Hundred and Twenty only).

The Company has allotted 62,85,858 equity shares to the Promoters i.e Mr. D. Uday Kumar Reddy and Ms. D. Tanuja Reddy by way of conversion of warrants on April 03, 2020.

Apart from the abovementioned, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### Management Discussion & Analysis:

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, 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:

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- i. In the preparation of the annual accounts for the financial year ended March 31<sup>st</sup>, 2020, the accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the statement of profit and loss of the Company for that period;
- iii. Proper and sufficient care has been taken 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 FY2019-20 have been prepared on a going concern basis;
- v. That the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi. That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and effectively mentioned under various heads of the departments which were in then reporting to the Chairman & Managing Director.

**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, Associate & Joint Venture (JV) Companies**

**Tanla Corporation Private Limited (“TCPL”)** a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in telecommunication services including voice mail, audio text, video text, unified messaging services, voice to text and text to voice conversion services.

The petition was filed on September 30, 2019 with the Hyderabad bench of Hon'ble National Company Law Tribunal (“NCLT”) in respect of the scheme of merger of Karix Mobile Private Limited and Unicel Technologies Private Limited (‘Unicel’) with Tanla Corporation Private Limited, Whollyowned Subsidiary Company of Tanla Solutions Limited (hereinafter referred as “the Scheme”), the Hon'ble NCLT pronounced its order on June 30, 2020, approving the Scheme.

Pursuant to the order of the Hon'ble NCLT, Karix Mobile Private Limited and Unicel Technologies Private Limited merged into Tanla Corporation Private Limited.

Further, pursuant to the order of the Hon'ble NCLT and subsequent to the approval of the Registrar of Companies, Ministry of Corporate Affairs, the name of Tanla Corporation Private Limited has been changed to Karix Mobile Private Limited w.e.f. August 19, 2020.

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

**Capitalsiri Investments Private Limited (“Capitalsiri”)** a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India was incorporated to carry on NBFC activity and the Company has hence surrendered its NBFC license and is under the process of liquidation.

**Karix Mobile Private Limited (“Karix”)** a step-down subsidiary of Tanla Solutions Limited is engaged in the business of Cloud Communications. The Company was acquired by Tanla Solutions Limited on April 10, 2019.

However, the shares of Karix held by Tanla Solutions Limited were transferred to Tanla Corporation Private Limited and it became the whollyowned subsidiary of Tanla Corporation Private Limited w.e.f. August 30, 2019.

**Unicel Technologies Private Limited (“Unicel”)** a wholly owned subsidiary of Karix, and Step-Down Subsidiary of TCPL is engaged in the business of providing wireless applications hosting services designed to help businesses deliver Internet and other content and web applications to users with wireless devices.

**Gamooga Softtech Private Limited (“Gamooga”)** a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India was acquired by Tanla on October 24, 2019 and is engaged in chat and marketing automation products.

**Tanla Digital Labs Private Limited (“TDLPL”)** a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India was incorporated on December 18, 2019, and is engaged in information technology related services.

**TZ Mobile Private Limited (“TZ Mobile”)** a joint venture of Tanla with Zed Worldwide (ZWW), Spain is under liquidation w.e.f. June 18, 2019

**Jengatron Gaming Private Limited (“Jengatron”)** an associate company of Tanla, provides a skill based mobile gaming platform.

**Deposits:**

Your Company has not accepted any deposit from 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 date of the Balance Sheet.

**Share Capital:**

The paid-up equity share capital of the Company as on March 31, 2020 stood at Rs 14,59,71,699/- divided into 14,59,71,699 equity shares of Re 1/- each. The details of the share capital are as follows:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Rs.	Number of shares	Rs.
<b>SHARE CAPITAL</b>				
(a) Authorised Equity shares of Re. 1/- each	20,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000
(b) Issued Subscribed and fully paid up:				
Equity Shares of Re.1/- each fully paid-up	*14,59,71,699	14,59,71,699	11,56,26,827	11,56,26,827
	14,59,71,699	14,59,71,699	11,56,26,827	11,56,26,827

\* The Paid up capital post adjustment for Buyback of 1,66,92,752 equity shares and allotment of 2,22,795 equity shares under ESOP 2015 stands at Rs. 13,57,87,600.

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Rs.	No. of Shares	Rs.
Equity Shares				
Shares outstanding at the beginning of the year	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952
Add: Issued and allotted during the year	3,03,44,872	3,03,44,872	32,04,875	32,04,875
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	*14,59,71,699	14,59,71,699	11,56,26,827	11,56,26,827

\* The Paid up capital post adjustment for Buyback of 1,66,92,752 equity shares and allotment of 2,22,795 equity shares under ESOP 2015 stands at Rs. 13,57,87,600.

The Company has one class of equity shares of Re. 1/- each fully paid-up. Each shareholder is eligible for one vote per every equity share held. As on April 01, 2019 the paid-up equity share capital of the Company was Rs. 11,56,26,827/-.

**During the year under review:**

- The Company has issued and allotted 2,19,99,824 equity shares under Preferential Allotment on April 10, 2019.
- The Company has issued and allotted 21,19,688 equity shares under Preferential Allotment on October 24, 2019.
- Under ESOP 2018 Scheme, 60,00,000 equity shares were allotted to the respective allottees in tranches.
- Under ESOP 2015 Scheme, 2,25,360 equity shares were allotted to the respective allottees in tranches.

**As on March 31, 2020, the paid-up share capital of the Company was Rs. 14,59,71,699 /-.**

**Subsequent to the end of the financial year ended March 31, 2020:**

- The Company has allotted 62,85,858 equity shares by way of conversion of warrants on April 03, 2020.
- The Board of Directors at their meeting held on April 22, 2020, approved the Buyback of not exceeding 1,90,12,345 Equity Shares at a price of Rs. 81/- (Rupees Eighty one only) per Equity Share. The total number of Equity Shares bought back pursuant to the Buyback was 1,66,92,752 Equity Shares at a price of Rs. 81/- (Rupees Eighty One Only) per Equity Share.
- Allotment of 2,22,795 Equity Shares under ESOP 2015.

**Disclosure under Regulation 32 (7A) of SEBI (LODR) Regulations 2015:**

During the year under review, the Company has fully utilized the amount raised by way of conversion of 16,65,000 warrants on March 29, 2019 issued through Preferential Allotment.

**Consolidated Financial Results:**

During the year, the Board of Directors reviewed the affairs of the Subsidiaries/JV's. In accordance with Sub Section (3) of Section 129 of the Companies Act, 2013, your Company has prepared the consolidated financial statements of the Company, which forms part of this annual report.

As per the provisions of Section 136 of the Companies Act, 2013 the Company has placed separate audited financial statements of its Subsidiaries/JV's on its website [www.tanla.com/investors.html](http://www.tanla.com/investors.html). The annual accounts of the Subsidiary Companies/JV's and the related detailed information shall be made available to members seeking such information at any point of time.

The statement containing the salient features of the Subsidiaries & JV's as per sub-sections (3) of section 129 read rule 5 of Companies (Accounts) Rules, 2014 and under Rule 8 of Companies (Accounts) Rules, 2014 of the Companies Act 2013 in Form AOC -1 is herewith annexed as **Annexure- 1** to this report.

**Related Party Transactions:**

All related party transactions that were entered into during the financial year were on an arms' length basis and 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, 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, if any, by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as "**Annexure - 2**".

**Particulars of Employees:**

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 - 3** of this Report.

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 - 4** to 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 and as per the MCA circular dated August 28, 2020, an extract of the Annual Return in form MGT-9 in the prescribed format can be accessed at the website of the Company i.e. [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

### **Corporate Governance:**

The Board of Directors of your Company believes that strong corporate governance is an important instrument of investor's protection as it ensures complete transparency in Company's matters.

The report on Corporate Governance for the year ended March 31, 2020, pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this annual report.

A Compliance certificate on Corporate Governance for the FY 2019-20, from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

### **Business Responsibility Report (BRR)**

The SEBI (Listing Regulations) 2015 mandated the inclusion of the BRR as part of the Annual Report for the top 1,000 listed entities based on market capitalization. In compliance with the Listing Regulations, BRR disclosures is appended as **Annexure - 5** to this Report.

### **Directors and Key Managerial Personnel:**

#### **Appointments:**

#### ***During the financial year ended March 31, 2020:***

Mr. D. Uday Kumar Reddy was appointed as Chairman and Managing Director of the Company by the Board of Directors w.e.f. October 01, 2019 for a period of 5 years. The shareholders approved his appointment as Chairman and Managing Director in the 23<sup>rd</sup> AGM held on September 30, 2019.

Ms. Amrita Gangotra was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. July 31, 2019 for a period of 5 years. The shareholders approved her appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.

Mr. Sanjay Baweja was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. August 30, 2019 for a period of 3 years. The shareholders approved his appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.

Mr. Rohit Bhasin was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. August 30, 2019 for a period of 3 years. The shareholders approved his appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.

Mr. Sanjay Kapoor was appointed as an Additional Director under the category of Non-Executive Director by the Board of Directors w.e.f. August 30, 2019 for period of 3 years. The shareholders approved his appointment as Non Executive Director in the 23<sup>rd</sup> AGM held on September 30, 2019.

Dr. AG Ravindranath Reddy was appointed as an Independent Director of the Company for a second term of 1 (one) year from conclusion of 22nd AGM till the conclusion of this 23rd AGM of the Company. He was re-designated as Non Executive Director by the shareholders at the 23<sup>rd</sup> AGM held on September 30, 2019.

**Subsequent to the end of the financial year March 31, 2020:**

Mr. Rahul Khanna (DIN:07997083) was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. July 17, 2020 for a period of 5 (five) years subject to the approval of the shareholders. The notice convening the AGM sets out the details of his appointment.

Mr. Deepak Stayaprakash Goyal (DIN: 01755263) was appointed as an Additional Director under the category of Executive Director by the Board of Directors w.e.f. July 17, 2020 for a period of 5 (five) years subject to the approval of the shareholders. The notice convening the AGM sets out the details of his appointment.

**Reappointments:**

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in terms of Article 97 of the Articles of Association of the Company, Dr. AG Ravindranath Reddy, Director retires by rotation and being eligible, offers himself for reappointment at the ensuing annual general meeting. The Board recommends his reappointment.

**Resignations:**

Ms. Kalpana Kunda, Independent Director, resigned as member of the Board w.e.f September 30, 2019 due to personal obligations and other professional commitments.

Mr. Ram Narain Agarwal, Independent Director, resigned as member of the Board w.e.f September 30, 2019 due to personal obligations and other professional commitments.

**Declaration from Independent Directors:**

The Independent Directors have submitted the declaration of independence stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 & 25 of the SEBI (Listing Regulations) 2015, the Independent Directors have also confirmed that they have complied with the Company's code of conduct.

**Familiarization Programme for Independent Directors:**

In terms of Clause 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of the familiarization programme of the Independent Directors are available on the website of the Company i.e. [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

A separate meeting of the Independent Directors was held on March 7, 2020.

**Board Meetings:**

The Board of Directors of the Company duly met 11 (eleven) times during the financial year. The intervening gap between any two consecutive Board Meetings was within the period prescribed under the provisions of the Companies Act, 2013.

The details of Board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

**Committees of the Board of Directors:**

We have in place all the Committees of the Board which are required to be constituted under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A detailed note on the Board and its Committees is provided under the Corporate Governance Report section in this Board's Report.

**Secretarial Standards:**

The Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

**Internal Financial Control and their adequacy:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020. Please refer note on the Internal control systems and adequacy" in the Management Discussion and Analysis report.

**Whistle Blower Policy/Vigil Mechanism:**

Pursuant to the requirement of the Companies Act, 2013 and of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle Blower Policy and has established the necessary Vigil Mechanism for directors and employees to report concerns about unethical behavior. 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. No person has been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy has been placed on website of the Company and web link thereto is [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

During the year, there were no whistle blower complaints received by the Company.

**Board Evaluation:**

The parameters and the process for evaluation of the performance of the Board and its Committees have been explained in the Corporate Governance Report.

**Nomination and Remuneration Policy:**

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013, and Regulation 19 of the Listing Regulations, the NRC has formulated a policy relating to the nomination and remuneration for the Directors, Key Managerial Personnel (KMP). The current policy is to have an appropriate mix of Executive, Non - Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management.

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 and is placed on the Company's website at [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

**Risk Management:**

The Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

During the year, the Risk management team 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.

## **Corporate Social Responsibility:**

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "**Annexure - 6**" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report.

The CSR Policy is available on the website of the Company i.e [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

## **AUDITORS AND AUDITORS' REPORT:**

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

At the 23<sup>rd</sup> AGM of the Company, the members approved appointment of M/s. MSKA & Associates, Chartered Accountants, Firm Registration number 105047W as Statutory Auditors of the Company for a period of 5 years from the conclusion of that AGM till the conclusion of 28<sup>th</sup>AGM. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

The Auditors' Report for FY2019-20 does not contain any qualification, reservation or adverse remark. The Report is enclosed with the financial statements in this Annual Report.

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

The Company has appointed Deloitte Haskin and Sells as Internal Auditors for FY 2019-20 to audit specific locations and processes. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. 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 Ms. Madhu Lakhlan, Practicing Company Secretary as Secretarial Auditors to conduct Secretarial audit of the Company for the FY 2019-20. The Secretarial Audit Report issued by Ms. Madhu Lakhlan, Practicing Company Secretaries in form MR-3 is enclosed as **Annexure - 7** to this Annual Report.

The Report does not contain any qualification, reservation, disclaimer or adverse remark.

### ***Cost Audit:***

Pursuant to Section 148(1) of the Companies Act, 2013, Cost Audit is not required for the Company for the financial year ended March 31, 2020.

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

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## **Rating:**

CARE ratings has upgraded the ratings from CARE A- to CARE A (for long term facilities) and from CARE A2+ to CARE A1(for short term facilities).

Dun & Bradstreet maintained the same rating as 5a3 Dun & Bradstreet.

## **Insurance:**

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



## Human Capital:

Employees are our most valuable assets and key to the success of your Company. We are committed to hiring and retaining the best talent. We always strive towards collaborative, transparent and participative organization culture, and rewarding individual contribution and innovation.

## 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 the Companies (Accounts) Rules, 2014, are enclosed as **Annexure - 8** to this Report.

## Employee Stock Option Scheme (ESOP) & Employee Share Purchase Scheme (ESPS):

Nomination and Remuneration 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 and ESPS scheme of the Company during the year.

The Company has an operative Employees Stock Option Scheme Plan 2015-16 (ESOP 2015) which provides for grant of Stock Options to eligible employees of the Company and Employee Share Purchase Scheme 2018 (ESPS 2018) for the employees of the Company and its Subsidiaries.

ESOP 2015 was approved by the shareholders in their 19<sup>th</sup> AGM held on September 16, 2015.

ESPS 2018 was approved by the shareholders in their EGM held on September 17<sup>th</sup>, 2018.

The details of ESOP and ESPS pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 as amended and erstwhile SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided in **Annexure - 9** to this Report.

The disclosure as required under Regulation 14 of SEBI Circular CIR/CFD/POLICYCELL/2/2015 dated 16th June, 2015 is also available on the website of the Company and can be accessed at [www.tanla.com/investors.html](http://www.tanla.com/investors.html).

## Sexual Harassment of Women at Workplace

Pursuant to the provisions of "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" ("POSH Act") the Company 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.

The Company has always provided a safe and harassment free workplace for every individual working in its premises through various policies and practices. The company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has been actively involved in ensuring that the associates are aware of the provisions of the POSH Act and rights thereunder. In the year under review, the Company has not received any such complaint from any employee.

## 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 deep sense of gratitude and appreciation for all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

Sd/-

**D. Uday Kumar Reddy**

Chairman & Managing Director

(DIN: 00003382)

Date: September 01, 2020

Place: Hyderabad

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

**Part A: Subsidiaries**

Sl. No.	Name of the Subsidiary	The date since when subsidiary was acquired /date of incorporation	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	"Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries."	Share capital	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Tax expense	Profit after taxation	Proposed Dividend	Extent of shareholding (in percentage)
1	Tania Corporation Private Limited (TCPL)	11/16/1998	31.03.2020	INR	68,064,800	2,382,152,458	2,643,151,930	2,643,151,930	1,985,055,303	250,006,329	-469,308,621	-3,509,161	-465,799,460	-	100
2	Tania Mobile Asia Pacific Pte Ltd (TMAP)	4/24/2007	31.03.2020	USD	555,063	3,583,493	23,510,106	23,510,106	-	63,587,149	-759,127	0	-759,127	-	100
3	Capitaisiri Investments Private Limited (Cap-italsiri)	11/17/2017	31.03.2020	INR	20,500,000	-2,541,023	23,792,463	23,792,463	-	-	2,050,967	450,889	1,600,078	-	100
4	Karix Mobile Private Limited (Karix)- Subsidiary of TCPL	8/8/2000	31.03.2020	INR	35,311,610	832,855,748	4,513,821,322	4,513,821,322	-	9,819,819,028	305,606,546	136,327,161	169,279,385	-	100
5	Unicef Technologies Private Limited (Unicef)- Subsidiary of Karix	5/29/2003	31.03.2020	INR	18,500,000	233,208,875	613,646,928	613,646,928	-	1,648,473,182	-20,609,045	10,058,886	-30,667,931	-	100
6	Gameoga Softech Private Limited (Gameoga)	1/21/2011	31.03.2020	INR	1,000,000	61,944,000	77,992,000	77,992,000	-	125,278,000	4,264,000	903,000	3,361,000	-	100
7	Tania Digital Labs Private Limited (TDLPL)	12/18/2019	31.03.2020	INR	500,000	-7,163,787	146,959,838	146,959,838	-	-	-7,163,787	-	-7,163,787	-	100

**Names of subsidiaries which are yet to commence operations-** Capitaisiri Investments Private Limited

**Names of subsidiaries which have been liquidated or sold during the year-** Not applicable

**Part B: Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sl.No.	Particulars	TZ Mobile Private Limited	Jengatron Gaming Private Limited
1	Latest audited Balance Sheet Date	31.03.2020	31.03.2020
2	"Date on which the Associate or Joint Venture was associated or acquired"	27.07.2009	27-11-2018
3	"Shares of Associate or Joint Ventures held by the company on the year end"		
	No.	1,03,490	60,000
	Amount of Investment in Associates or Joint Venture	10349000	20000000
	Extent of Holding (in percentage)	50%	30%
4	Description of how there is significant influence	Company holds 50% of shares in TZ Mobile Private Limited.	Company holds 30% of shares in Jengatron Gaming Private Limited.
5	Reason why the associate/joint venture is not consolidated	Not applicable	Not applicable
6	"Networth attributable to shareholding as per latest audited Balance Sheet"	10,57,456	-
7	Profit or Loss for the year	-	-
(i)	Considered in Consolidation	-	-
(ii)	Not Considered in Consolidation	-	-

**Names of associates or joint ventures which are yet to commence operations - Not applicable**

**Names of associates or joint ventures which have been liquidated or sold during the year - Not applicable**

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

**Annexure - 2****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
(a)	Name (s) of the related party & nature of relationship	<b>NOT APPLICABLE</b>
(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 Note No. 41 of Notes to Accounts of the Standalone Financial Statements.

**NOTE:**

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the transactions were material in nature and all the transactions were in the ordinary course of business and at arm's length basis.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

**Annexure - 3****Report on Managerial Remuneration**

[As per Section 197 of the Companies Act 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**A. Statement of Particulars as per Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :**

1. Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sl. No	Name of the Directors	Designation	Ratio of the remuneration of each Director to the median remuneration of employees
1	Mr. D Uday Kumar Reddy	Chairman and Managing Director	49.75

2. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20:

Sl. No	Name of the Directors/KMP's	Designation	% increase in Remuneration in the FY 2019-20
1	Mr. D Uday Kumar Reddy	Chairman and Managing Director	6.95%
2	Mr. Srinivas Gunupudi Kamoji	CFO	5.33%
3	Ms. Seshanuradha Chava	Company Secretary	16.00%

3. The median remuneration of employees of the Company during FY 2019-20 was Rs 5,33,616/- p.a.
4. Percentage increase in the median remuneration of the employees in the financial year - 11.60%.
5. Number of permanent employees on the rolls of the Company as on March 31, 2020 is 117
6. 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:
- a. The average annual increase in salaries of employees was around 10 %
- b. Increase in the managerial remuneration for the year was 9.43%

The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

## Annexure - 4

**B. 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****1. Employed throughout the financial year and in receipt of remuneration aggregating Rs 8.50 Lakhs per month or Rs.1,02,00,000 per annum or more:**

Name, Age and Qualification	Designation and nature of employment	Date of commencement of employment	Experience in years	Remuneration (In INR) per annum	Last Employment	Relative of Director if any
D Uday Kumar Reddy	Chairman & Managing Director	27/11/1999	24 Years	Rs 2,65,48,677	-	No
53 Years	Full time					
MBA						

**2. List of Top 10 employees in terms of Remuneration drawn as set out in Rule 5(2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name of the Employee	Designation	Remuneration* received (Rs.) p.a.	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of Commencement of employment	Age	The last employment held before joining the Company	Whether the employee is a relative of any director or manager of the company
1	Sriram Srinivasa Vinjamuri	COO	85,71,052	Permanent	MBA and 26 years	22-10-2018	50	Tata Teleservices	No
2	Venkata Papi Reddy Konda	AVP - Delivery Product Engineering	48,51,068	Permanent	MCA and 26 Years	08-11-2006	50	Virtu Mobile Private Limited	No
3	Srinivas Gunupudi Kamoji	CFO	45,08,817	Permanent	CA and 28 Years	08-08-2008	58	Omeir Travel Agency	No
4	Ravichandra Reddy Kanuparthi	Manager - Delivery	46,16,195	Permanent	MBA and 21 Years	01-06-2001	44	Poojitha Infotech	No
5	Chandra Sekhar Konetiseti	VP - Product Planning	49,87,820	Permanent	MBA and 25 Years	01-11-2007	41	Tecsys Private Limited	No
6	Badrinath Krishnarao Agnihotri	AVP - India Sales	48,76,077	Permanent	MBA and 23 Years	12-02-2014	51	Loop Mobile Private Limited	No
7	Kiran Kumar Sikkakolli**	GM - Operations	42,46,741	Permanent	MBA and 20 Years	11-02-2008	41	People Infocom Private. Limited	No
8	Amar Reddy Chilukuri	Manager - Delivery	45,83,808	Permanent	B.Tech and 18 Years	11-12-2002	40	-	No
9	Seshanuradha Chava	VP - Legal & Secretarial	47,63,147	Permanent	M.COM, LLB, ACS and 24 Years	06-11-2005	48	Virtusa	No
10	Praveen Kumar Reddy Narra	DGM- Presales	34,63,143	Permanent	MBA and 15 Years	16-07-2008	40	XiUS-BCGI Private Limited	No

\* Remuneration paid includes perquisite value of shares allotted under ESPS/ESOP.

\*\* Resigned w.e.f February 07, 2020.

1. Remuneration includes salary and allowances, commission where applicable, 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.
2. 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.
3. There are no other employees drawing Rs 8.50 Lacs per month or Rs 102.00 Lacs per annum, whether employed throughout the year or part of the Financial year.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

## Annexure - 5

## BUSINESS RESPONSIBILITY REPORT

**ABOUT THIS REPORT:**

As per clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended, the annual report of top 1000 listed entities based on market capitalization shall contain a business responsibility report describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by the SEBI.

**This is the first Business Responsibility Report of the Company.**

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L72200TG1995PLC021262
2	Name of the Company	Tanla Solutions Limited
3	Registered address	Tanla Technology Centre, Hitech City Road, Madhapur Hyderabad - 500081, Telangana, India.
4	Website	ww.tanla.com
5	E-mail id	investorhelp@tanla.com
6	Financial Year reported	April 01, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Information Technology and Communication NIC Code: 62099
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	A2P Messaging
9	Total number of locations where business activity is undertaken by the Company  (a) Number of International Locations (Provide details of major 5)  (b) Number of National Locations	International Locations: 1. Singapore 2. Dubai  National Locations: 1. Chennai 2. Bangalore 3. Hyderabad 4. Mumbai 5. Delhi
10	Markets served by the Company – Local/State/National/ International	Tanla has global footprint and serves both national and international market



**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR)	*14,59,71,699
2	Total Turnover (INR in Lakhs)	1,06,950.64
3	Total profit after taxes (INR in Lakhs)	(19,892.21)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company was required to spend Rs. 16,48,289/- i.e 2% of the average net profit of the Company for last three financial years.  The Company has spent Rs. 18,63,855/- during FY2019-20
5	List of activities in which expenditure in 4 above has been incurred:	A detailed description is available in the Corporate Social Responsibility report annexed as part of the Annual Report.

\* The Paid up capital post adjustment for Buyback of 1,66,92,752 equity shares and allotment of 2,22,795 equity shares under ESOP 2015 stands at Rs. 13,57,87,600.

**SECTION C: OTHER DETAILS**

		Tanla has 7 subsidiaries as on March 31, 2020.
1	Does the Company have any Subsidiary Company/ Companies?	<ol style="list-style-type: none"> <li>1. *# Tanla Corporation Private Limited</li> <li>2. *Karix Mobile Private Limited</li> <li>3. Tanla Mobile Asia Pacific Pte Limited</li> <li>4. Capitalsiri Investments Private Limited</li> <li>5. *Unicel Technologies Private Limited</li> <li>6. Gamooga Softech Private Limited</li> <li>7. Tanla Digital Labs Private Limited</li> </ol>
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

\* Pursuant to the order of the Hon'ble NCLT dated June 30, 2020, Karix Mobile Private Limited and Unicel Technologies Private Limited merged into Tanla Corporation Private Limited.

# Pursuant to the order of the Hon'ble NCLT and subsequent to the approval of the Registrar of Companies, Ministry of Corporate Affairs, the name of Tanla Corporation Private Limited has been changed to Karix Mobile Private Limited w.e.f. August 19, 2020.

**SECTION D: BR INFORMATION****1. Details of Director/Directors/BR Head responsible for BR**

S. No.	Particulars	Details
1	DIN Number (if applicable)	00003382
2	Name	Mr. D. Uday Kumar Reddy
3	Designation	Chairman and Managing Director
4	Telephone Number	+91-040-40099999
5	Email id	brr@tanla.com

## 2. Principles

The MCA has adopted nine areas of Business Responsibilities as follows:

### a) Name of the principles:

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle
- P3 - Businesses should promote the well-being of all employees
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
- P5 - Businesses should respect and promote human rights
- P6 - Businesses should respect, protect, and make efforts to restore the environment
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 - Businesses should support inclusive growth and equitable development
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

### b) Principle-wise (as per NVGs) BR Policy/policies [Reply in Yes (Y)/NO (N)]

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://tanla.com/investors.html">https://tanla.com/investors.html</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**c) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

NOT APPLICABLE

#### **d) Governance related to BR**

- (i) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Board in it's meetings discussed about the policies and suggested changes where required.

- (ii) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first BR report of the Company and it will be published on the website of the Company i.e. [www.tanla.com/investors.html](http://www.tanla.com/investors.html).

## **SECTION E: PRINCIPLE-WISE PERFORMANCE**

### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Tanla believes in conducting the affairs of the Company in a reasonably true and fair manner. In the process it shall not encourage any fraudulent behavior by any of the employees or any individual or organization dealing with it as an outsider. We are strongly committed to fight against any kind of fraud, corruption and dishonesty.

Our anti fraud policy is applicable to all the group companies and stakeholders of Tanla.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has received 28 complaints from the shareholders of the Company during the FY 2019-20. All the 28 complaints were resolved satisfactorily. The Company has not received any complaint from any other stakeholder.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) The Company has launched first blockchain enabled commercial communications stack to comply with the Telecom Regulatory Authority of India (TRAI) guidelines. It is named as Trubloq.

Trubloq would address the issues of trust, spam, security, fraud and data privacy in the enterprise communication space.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

As our products are all services or software, we are unable to measure the resource use per unit of product.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

All sourcing and procurements are vetted by the Procurement Team that ensures that any purchase made is ethically, sustainably and economically valid.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We encourage our team to engage local suppliers for the most part and vendors wherever applicable based on the requirements of the Company.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

We strongly believe on recycling and reuse of products and waste in our offices. We ensure minimum usage of plastic products and zero percentage of wastage of food and water.

**Principle 3: Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees: 117

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: Nil

3. Please indicate the Number of permanent women employees: 29

4. Please indicate the Number of permanent employees with disabilities: Nil

5. Do you have an employee association that is recognized by management. No

6. What percentage of your permanent employees is members of this recognized employee association? Nil

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees - 100%
- (b) Permanent Women Employees - 100%
- (c) Casual/Temporary/Contractual Employees - NA
- (d) Employees with Disabilities - NA

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized takeholders. If so, provide details thereof, in about 50 words or so.

The Company has mapped its internal and external stakeholders and identified disadvantaged, vulnerable and marginalized stakeholders and engages with them depending on the need and requirements.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Our Code of ethics envisages the principles of equal employment opportunity, and do not discriminate against any person on grounds of sex, religion, race, color, age, national origin, marital status or physical disability. It is extended to all the stakeholders of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has received 28 complaints from the shareholders of the Company during the FY 2019-20. All the 28 complaints were resolved satisfactorily. No other complaint was received under this principle.

**Principle 6: Businesses should respect, protect, and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Policy on environment covers the Company only. The Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

As per the CSR Policy, the Company has initiated steps for environmental protection which are in nascent stage. A detailed report on the same will be provided in the next report.

3. Does the company identify and assess potential environmental risks? Y/N

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Currently, the Company has not undertaken any project related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, there are such initiatives in place. Measures have been put in place to ensure that we limit our energy consumption - these include using motion sensors to ensure lights are turned off when nobody is present; and, running the air conditioning unit in the cafeteria only during specific timings. We are in the process of migrating to cloud services to ensure the optimal energy consumption.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company provides cloud communication services. There is no emission or industrial wastes generated.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause notices were received by the Company either from CPCB or SPCB.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

As a platform provider in the tele communication eco-system, the Company is registered with GSM Association (Global System for Mobile Communications) an industry organisation that represents the interests of mobile network operators worldwide.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company considers Corporate Social Responsibility as an important aspect of its operations. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013.

To oversee implementation of various initiatives, the Company has formed a Board level Committee called Corporate Social Responsibility (CSR) Committee.

The details of various CSR initiatives of the Company are given in the CSR Report part of the Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company has in-house CSR Team dedicated solely for execution of CSR initiatives of the Company.

3. Have you done any impact assessment of your initiative?

The CSR Committee at regular intervals assess the initiatives and reviews the impact of CSR activities.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Please refer CSR Report part of the Annual Report of the Company.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, the CSR initiatives are discussed and implemented by our on ground CSR team in collaboration with individuals/groups in the areas where the educational initiatives are implemented.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Nil

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

The Company operates in IT/ITES sector and is a technology provider to its partners. The Company's name is displayed as technology partner on the platform as required under the applicable regulations.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes the Company periodically conducts customer satisfaction survey and initiates corrective measures based on the feedback.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

**Annexure - 6****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

Our Company always believes that Corporate Social Responsibility requires the Company to pursue social goals, especially those relating to sustainable development, environmental protection, social justice and economic development. Corporate Social Responsibilities strengthen the relationship between the Company and the Society.

Stakeholders are changing the way they assess Companies' performance and are making decisions based on criteria that include ethical concerns.

Tanla is discharging its Corporate Social Responsibilities over the last several years by way of engaging into various initiatives and programmes, focussing on addressing the education of the needy in the society.

The CSR policy of the Company is available on the website of the Company i.e [www.tanla.com/investors.html](http://www.tanla.com/investors.html).

**CSR Committee**

We have a Board committee (CSR Committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. The details relating to composition of the committee is given in the Corporate Governance Report.

**Our objectives**

The primary objective of the Company is to provide quality education to the students of the needy sections of the society by introducing innovative learning methodology and improving the infrastructure in the Schools and Anganwadi centres.

**Focus Areas of Engagement: Education**

	(Amount in Rs.)
Average net profit of the Company for last three financial years.	8,24,14,432
Prescribed CSR Expenditure (2% of the above amount).	16,48,289
<b>Details of CSR spent during the financial year.</b>	
i. Total amount spent during the financial year	18,63,855
ii. Amount unspent, if any	Nil
iii. Manner in which the amount spent during the financial year is detailed below.	<b>Annexure - A</b>
In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount.	Not Applicable.

**Our CSR responsibilities**

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.



## Annexure - A

S No.	CSR Project/ Activity/ beneficiary	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
1	Developing early childhood potential by providing essentials and improving Anganwadi Centres	Education	Khammam District, Telangana State	1,88,000	1,88,100	1,88,100	Direct
2	Improving schooling experience by providing digital learning content and developing mini science centre in High Schools	Education	Khammam District, Telangana State	4,86,000	4,86,160	6,74,260	Direct
3	Career guidance, special classes, capacity building and other related activities	Education	Khammam District, Telangana State	11,90,000	11,89,595	18,63,855	Direct

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

**Annexure - 7****Form No. MR 3**

[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]

**Secretarial Audit Report**

For the financial year ended March 31, 2020

**To,  
The Members,  
Tanla Solutions Limited**

I was appointed by the Board of Directors of **Tanla Solutions Limited** (hereinafter referred to as the 'Company') to conduct the Secretarial Audit for the financial year ended March 31, 2020.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
  - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment;
- (i) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 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;
- (ii) The Company has identified that no Industry specific laws were applicable to the Company.
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with Stock Exchange.

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

#### **I 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 given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were 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.

During the period under review, resolutions were carried through majority.

Based on the information, documents provided and the representations made by the Company, its officers during our audit process in our opinion, 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.

The compliance by the Company of the applicable financial laws, labour laws, filing of periodical returns, maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals

**I/we further report that** following are major events during the audit period:

#### (i) *Allotments of :*

- The Company has issued and allotted 2,19,99,824 equity shares under Preferential Allotment on April 10, 2019.
- The Company has issued and allotted 21,19,688 equity shares under Preferential Allotment on October 24, 2019.
- Under ESPS 2018 Scheme, 60,00,000 equity shares were allotted to the respective allottees in tranches.
- Under ESOP 2015 Scheme, 2,25,360 equity shares were allotted to the respective allottees in tranches.

#### (ii) *Mergers & Amalgamations:*

- The petition was filed on September 30, 2019 with the Hyderabad bench of Hon'ble National Company Law Tribunal ("NCLT") in respect of the scheme of merger of Karix Mobile Private Limited and Unicel Technologies Private Limited ('Unicel') with Tanla Corporation Private Limited , Whollyowned Subsidiary Company of Tanla Solutions Limited, the Hon'ble NCLT pronounced its order on June 30, 2020, approving the Scheme.

- Karix Mobile Private Limited (“Karix”) a step-down subsidiary of Tanla Solutions Limited, engaged in the business of Cloud Communications was acquired by Tanla Solutions Limited on April 10, 2019. However, the shares of Karix held by Tanla Solutions Limited were transferred to Tanla Corporation Private Limited and it became the wholly owned subsidiary of Tanla Corporation Private Limited w.e.f. August 30, 2019.
- Gamooga Softtech Private Limited (“Gamooga”) a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India was acquired by Tanla on October 24, 2019 is engaged in chat and marketing automation products.
- TZ Mobile Private Limited (“TZ Mobile”), a joint venture of Tanla with Zed Worldwide (ZWW), Spain is under liquidation w.e.f. June 18, 2019.

(iii) *Director Appointments:*

- Mr. D. Uday Kumar Reddy was appointed as Chairman and Managing Director of the Company by the Board of Directors w.e.f. October 01, 2019 for a period of 5 years. The shareholders approved his appointment as Chairman and Managing Director in the 23<sup>rd</sup> AGM held on September 30, 2019.
- Ms. Amrita Gangotra was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. July 31, 2019 for a period of 5 years. The shareholders approved her appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.
- Mr. Sanjay Baweja was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. August 30, 2019 for a period of 3 years. The shareholders approved his appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.
- Mr. Rohit Bhasin was appointed as an Additional Director under the category of Independent Director by the Board of Directors w.e.f. August 30, 2019 for a period of 3 years. The shareholders approved his appointment as an Independent Director in the 23<sup>rd</sup> AGM held on September 30, 2019.
- Mr. Sanjay Kapoor was appointed as an Additional Director under the category of Non-Executive Director by the Board of Directors w.e.f. August 30, 2019 for period of 3 years. The shareholders approved his appointment as Non Executive Director in the 23<sup>rd</sup> AGM held on September 30, 2019.
- Mr. AG Ravindranath Reddy was appointed as an Independent Director of the Company for a second term of 1 (one) year from conclusion of 22<sup>nd</sup> AGM till the conclusion of this 23<sup>rd</sup> AGM of the Company. He was re-designated as Non Executive Director by the shareholders at the 23<sup>rd</sup> AGM held on September 30, 2019.

(iv) *Resignation of Directors:*

- Ms. Kalpana Kunda, Independent Director, resigned as member of the Board w.e.f September 30, 2019 due to personal obligations and other professional commitments.
- Mr. Ram Narain Agarwal, Independent Director, resigned as member of the Board w.e.f September 30, 2019 due to personal obligations and other professional commitments.

Date: September 01, 2020  
Place: Hyderabad

Sd/-  
**Madhu Lakhlan**  
ACS No.: 35709  
CP No.: 23044  
UDIN: A035709B000644955

**NOTE:** This report is to be read with our letter of even date which is annexed as ‘Annexure’ and forms an integral part of this report.

**'Annexure'**

**To  
The Members,  
Tanla Solutions Limited**

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 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 applicable laws, rules and regulations etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the 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 further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/ Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial auditors and other designated professionals.

Date: September 01, 2020  
Place: Hyderabad

Sd/-  
**Madhu Lakhlan**  
ACS No.: 35709  
CP No.: 23044  
UDIN: A035709B000644955

## Annexure - 8

**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) (Amount in Rs.)

Particulars	FY2019-20	FY2018-19
Import of capital goods	-	-

b. Activity in Foreign Currency: (Amount in Rs.)

Particulars	FY2019-20	FY2018-19
<b>Earnings in foreign exchange (on accrual basis)</b>	-	-
Gross earnings	21,34,23,915	35,13,93,802
Cash outflow	18,89,48,787	26,69,60,148
<b>Net earnings in foreign exchange</b>	<b>2,44,75,128</b>	<b>8,44,33,654</b>

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

## Annexure - 9

**The Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are detailed under: For the FY 2019-20:**

Sl. No.	Particulars	Status of compliance
1	The board of directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is/ are in compliance with the regulations.	The scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. Refer to page No. 32 of 24th Annual Report of the Company.
2	<b>Further, the following details, inter alia, shall be disclosed on the company's website and a web-link thereto shall be provided in the report of board of directors.</b>	
A.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Disclosed in Notes to the Financial Statements - Note 37 to Standalone Financials for the year ended March 31, 2020, page no. 130 of 24th Annual Report of the Company.  (Disclosure are provided in accordance with Ind AS 102, Share-based Payment)
B.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Refer to page nos. 134 and 190 of the Annual Report for disclosure of Diluted EPS at standalone and consolidated levels.
C.	<b>Details related to Employees Stock Option Scheme (ESOS)</b>	
(i)	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including - <b>TANLA ESOP 2015.</b>	
	(a) Date of shareholders' approval	September 16, 2015
	(b) Total number of options approved under ESOS	50,00,000
	(c) Vesting requirements	<ul style="list-style-type: none"> <li>• 30% of the Granted Options on completion of 1 year from the date of Grant.</li> <li>• 15% of the Granted Options on completion of 2 years from the date of Grant.</li> <li>• 15% of the Granted Options on completion of 3 years from the date of Grant.</li> <li>• 15% of the Granted Options on completion of 4 years from the date of Grant.</li> <li>• 25% of the Granted Options on completion of 5 years from the date of Grant.</li> </ul>
	(d) Exercise price or pricing formula	Options have been granted at Rs. 26.51/- per option (Grant Price) during the FY 2015-16.
	(e) Maximum term of options granted	5 years
	(f) Source of shares (primary, secondary or combination)	Primary
	(g) Variation in terms of options	NIL
(ii)	Method used to account for ESOS - Intrinsic or fair value.	The Company has calculated employee compensation cost using the Fair Value.
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable

(iv)	Option movement during the year (for each ESOS):	
	Number of options outstanding at the beginning of the Period	13,81,100
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	1,78,345 (These are no. of options lapsed due to the employees leaving the organisation and options deducted from vested on performance basis)
	Number of options vested during the year	4,99,245
	Number of options exercised during the year	2,25,360
	Number of shares arising as a result of exercise of options	2,25,360
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 59,74,294/-
	Loan repaid by the Trust during the year from exercise price received	Not Applicable
	Number of options outstanding at the end of the year	11,55,740
	Number of options exercisable at the end of the year	2,22,795
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
	(a) senior managerial personnel;	NIL
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	NIL
	(c) 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
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	
	(a) i). the weighted-average values of share price,	Not Applicable
	ii). exercise price,	Not Applicable
	iii). expected volatility,	Not Applicable
	iv). expected option life,	Not Applicable
	v). expected dividends,	Not Applicable
	vi). the risk-free interest rate and	Not Applicable
	vii). any other inputs to the model;	Not Applicable
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	NIL
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	The scheme was drawn up in accordance with the then guidelines of SEBI as such this assumption was not applicable.
	(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Same as above.



**Details related to ESPS**

(i) The following details on each ESPS under which allotments were made during the year:

- (a) Date of shareholders' approval: September 17, 2018
- (b) Number of shares issued: 80,00,000
- (c) The price at which such shares are issued: Re. 1/-
- (d) Lock-in period: 1 year from the date of allotment

(ii) The following details regarding allotment made under each ESPS, as at the end of the year:

Particulars	Details
The details of the number of shares issued under ESPS	60,00,000 Equity Shares issued during the year under ESPS 2018
The price at which such shares are issued	Re. 1/-
Employee-wise details of the shares issued to;	
(i) senior managerial personnel;	Not Applicable
(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;	Mr. Deepak Satyapraksh Goyal (32,40,000 Equity Shares were issued, which is 10.68% of total 3,03,44,872 equity shares issued during the year.
(iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the company at the time of issuance;	Mr. Deepak Satyapraksh Goyal (32,40,000 Equity Shares were issued, which is 2.25% of total issued capital of 14,36,84,776 at the time of issuance.)
Consideration received against the issuance of shares, if scheme is implemented directly by the company	Rs. 60,00,000/-
Loan repaid by the Trust during the year from exercise price received	Not Applicable

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
Place: Hyderabad

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is needed to create a corporate culture of consciousness, transparency and openness. It refers to combination of laws, rules, regulation, procedures and voluntary practices to enable the companies to maximize the shareholders long term values. A good Corporate Governance regime are centred for the efficient use of corporate capital and also ensure, that corporation take into account the interest of wide range of constituencies including the communities within which they operate.

Corporate Governance is not simply a matter of creating checks and balances, it is about creating an outperforming organization which leads to increasing customer satisfaction and shareholders' value.

Tanla always believe that in order to establish ensuring relationship with its stakeholders and optimize its growth paradigm, good corporate governance should be the intrinsic part of the Company's fiduciary responsibility and emphasis shall be on transparency of operations.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to Corporate Governance.

### 2. BOARD OF DIRECTORS:

- i) The Board has an optimum combination of Executive, Non-Executive, Independent and Woman Directors. The composition of the Board of Directors is in accordance with Regulation 17 of the SEBI (Listing Regulations) 2015 as amended.

As on March 31, 2020, our Board comprised of 6 members, consisting of one Executive Chairman & Managing Director who is a Promoter, two Non-Executive Directors and three Non-Executive Independent Directors. Independent Directors constitute 50% of the Board's strength as per the requirements of the Regulation 17 of SEBI Listing Regulations and the Companies Act, 2013.

- ii) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.
- iii) There are no pecuniary relationships or transactions with Non Executive Independent Directors that could materially influence their judgment except sitting fees paid towards attending Board and Committee Meetings.
- iv) 11 (Eleven) Board meetings were held during the financial year 2019-20 and the gap between two meetings did not exceed 120 days. The said Board meetings were held on the following dates:

Number of Board meetings	Date of Board Meetings
1	April 10, 2019
2	May 2, 2019
3	May 17, 2019
4	July 31, 2019
5	August 30, 2019
6	September 5, 2019
7	September 30, 2019
8	October 24, 2019
9	November 9, 2019
10	January 23, 2020
11	February 13, 2020

**v) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of shares held by them are given below:**

Name of the Director	Number of Board meetings held during the FY 2019-20	Number of Board meetings attended	% of Attendance	Attended the last AGM	Number of shares held
Mr. D. Uday Kumar Reddy	11	11	100	Yes	2,49,60,502
Dr. A.G. Ravindranath Reddy	11	11	100	Yes	3,000
Mr. Sanjay Kapoor*	11	7	100	Yes	94,366
Ms. Amrita Gangotra**	11	7	87.5	Yes	-
Mr. Rohit Bhasin***	11	7	100	Yes	-
Mr. Sanja Baweja****	11	7	100	Yes	2,32,850
Mr. Ram Narain Agarwal#	11	1	16.67	No	5,100
Ms. Kalpana Kunda##	11	6	100	Yes	-

\* Appointed as Non Executive Director of the Company w.e.f. August 30, 2019

\*\* Appointed as an Independent Director of the Company w.e.f. July 31, 2019

\*\*\* Appointed as an Independent Director of the Company w.e.f. August 30, 2019

\*\*\*\* Appointed as an Independent Director of the Company w.e.f. August 30, 2019

# Ceased to be the member of the Board w.e.f. September 30, 2019

## Ceased to be the member of the Board w.e.f. September 30, 2019

**vi) Key Board qualifications, skills, expertise and attributes of the Board of Directors of the Company:**

The Board has identified the following skills/expertise/ competencies fundamental while nominating candidates to serve on the Board.

- In-depth knowledge of the sector in which the Company is presently operating.
- Expertise in HR and Legal related matters.
- Sound knowledge of accounting, finance, banking, tax laws etc.

- Experience in developing and implementing good corporate governance practices.
- Quality of leadership, planning, management, risk assessment etc.
- A significant background in technology, generate disruptive innovation, and extend or create new business models.

The table below summarizes the key qualifications, skills, expertise and attributes of the Board of Directors of the Company.

Name of the Directors	Qualifications	Area of expertise and skills
Mr. D. Uday Kumar Reddy	MBA	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 Cloud Communication service company, specialising in wireless data services for mobile messaging and billing.
Dr. A.G. Ravindranath Reddy	CS, LLM, M.Com	Dr. A. G. Ravindranath Reddy is a Corporate Consultant for the past 29 years, specialising in corporate laws, economic laws, foreign exchange laws, corporate restructuring, etc. He specialises in legal and court proceedings, handling public issues, coordinating amalgamation proceedings, advising on BIFR matters, negotiating and drafting various agreements (joint venture agreements, agreement of sale, sale deed, construction agreement, shareholders agreements, etc.) and implementation and compliance of corporate governance.
Mr. Sanjay Kapoor	MBA	With an illustrious career spanning over 33 years, 18 of which have been in telecommunications, Mr. Sanjay Kapoor was the Chief Executive Officer for India and South Asia of India's largest telecom Company, Airtel. Mr. Sanjay's leadership extended well beyond the confines of Airtel and he elevated himself as an industry spokesperson globally. For more than 13 years he played an active role in various industry forums like CII, COAI and NASSCOM.
Ms. Amrita Gangotra	Master of Science	Ms. Amrita Gangotra career encompassing over 31 years, included key roles in many business-impacting transformation initiatives including revenue-share IT outsourcing deal with IBM, launch of new m-commerce products, creating the IT platform for global Enterprise business at Vodafone, introducing the tools and organisation to support the Digital Telco strategy of Vodafone, CWW M&A integration, 4G network roll out and preparing for 5G introduction.  She has extensive knowledge of IT transformation in the Telecom, FMCG and ITES sectors. Held group CIO and opco CTIO positions in the Telcos. Has been a member of the executive management team at Bharti Airtel and Vodafone Hungary. Commercially focused and award-winning technology leader with experience gained in India, UK and Europe of using technology to drive business performance and deliver value in the telecommunications, IT services and FMCG sectors. Ms. Amrita Gangotra has embarked on a plural career journey from January 2019.
Mr. Rohit Bhasin	CA	With over 36 years, Mr. Rohit Bhasin has an experience in leading organisations such as Standard Chartered Bank, AIG Inc., and Pricewaterhouse Coopers (PwC). In addition to general management expertise, he has a strong functional experience in the Finance area including Business Strategy, Investment Advisory, Business Planning & Restructuring and Corporate Finance, across sectors. Mr. Rohit Bhasin is currently serving as a Board member/Trustee in Azad Foundation, Mobile Creches and the PwC India Foundation.
Mr. Sanja Baweja	CA	Sanjay Baweja is a seasoned business professional having rich experience of running the businesses as well as startups. He is also a turnaround and M&A strategist . To his credit is the Emaar MGF story where he was the founding team member which became a US\$ 7 bn valued entity. He also had experience in setting up Telecom Circles in India for Bharti Airtel a leading telecom player.  Sanjay was instrumental in business turnaround of loss making Tata Communication, including its South African subsidiary into EBIDTA accretive, where he was the Standing Chairman and Chairman Audit Committee. He was also the key player in turning around the ATM business ( TTPSL) where has was the Supervisory Director

		<p>He has been the Group CFO of Flipkart , the largest start up in Indian e-commerce space where the value of the business during his tenure moved from \$3.9 Billion to \$15.0 Billion .</p> <p>Sanjay has also been involved in large M&amp;A's for Emaar MGF , the Tata group and also Flipkart . He has been member of the Board and Chairman Audit Committee of On mobile .</p> <p>Sanjay also helped the Bhartiya Group with its transformation Agenda as Group President. In his personal capacity Sanjay also represents a clutch of Investors who from the technology start up space.</p> <p>Sanjay is currently the Global CFO for OnMobile Global and is also helping BLS International with its acquisition strategy.</p> <p>Sanjay Is a Chartered Accountant and a Cost accountant by Education and has been a group CFO of companies like , Suzlon , Flipkart , Tata Communications and Emaar MGF.</p>
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vii) The names and categories of Directors on the Board of the listed entities and also the number of Director ship and Committee membership held by them in all the Companies as on the date of the report are given below:

Name of the Director	Directorships in Listed Companies (including Tanla)	Category of Directorship	No. of Directorships held in all the Companies (including Tanla)	Memberships/ Chairmanships held in Committees (including Tanla)	
				Member	Chairman
Mr. D. Uday Kumar Reddy	1	Chairman & Managing Director	15	-	-
Dr. A.G. Ravindranath Reddy	2	Non-Executive Non-Independent Director	6	3	-
Mr. Sanjay Kapoor	2	Non-Executive Non-Independent Director	4	5	1
Ms. Amrita Gangotra	1	Non-Executive Independent Director	2	3	-
Mr. Rohit Bhasin	1	Non-Executive Independent Director	5	5	2
Mr. Sanjay Baweja	2	Non-Executive Independent Director	4	5	2

**Notes:**

- The membership of the Director in committees does not include the committees in Foreign Companies, Companies Registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.
- The memberships/chairmanships of Audit Committees and Stakeholders Relationship Committees in all Public Limited companies has been considered.
- None of the Director is member of more than ten committees or chairman of more than five committees across all public companies in which they are Directors.
- None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. None of the Directors are related to each other.

### **viii) Separate meeting of the Independent Directors**

In compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Companies Act, 2013, there was a separate meeting of Independent Directors of the Company held on March 7, 2020, without the presence of the non-independent directors and members of the Management inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **ix) Code of Conduct**

In compliance with Regulation 17 of the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted Code of Conduct for all Directors and Senior Management personnel and this Code is posted on the website of the Company [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

The Code is circulated to all Board members and Senior Management Personnel and its compliance is affirmed by them annually.

In respect of financial year 2019-20, all Board members and Senior Management personnel of the Company have affirmed the compliance with the code of conduct as applicable to them and a declaration to this effect signed by the Chairman and Managing Director is published in this Annual Report.

### **x) Performance Evaluation of Board and Committees of the Board.**

An annual performance evaluation was conducted for all the Board members, for the Board and its Committees. The Board evaluation framework was designed after taking into consideration the requirements of the Companies Act, 2013 and the SEBI (Listing Regulations), 2015 and guidance notes issued by the SEBI. The Board also considered the inputs and suggestions of the Independent Directors for determining the criteria for carrying out the entire evaluation process.

A structured questionnaire for evaluating the performance of the Chairman and Managing Directors, Non-Executive Directors and Independent Directors was prepared after taking into considerations the parameters as per the SEBI Regulations.

Evaluation of the Board was based on the criteria such as role and composition of the Board, Board communication, strategy and stakeholders value etc.

Evaluation of the Committees of the Board was based on the criteria such as independence of each committee, functioning of the committees, frequency of the meetings, effectiveness of its advice/recommendations to the Board etc.

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

As an outcome of the above exercise, the Board expressed its satisfaction with the evaluation process.

### **xi) Board Committees**

#### **a) Audit Committee**

Audit Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013.

**Brief description of terms of reference**

- i. Review scope, recommend appointment and remuneration, evaluate performance and effectiveness of the auditors and audit process.
- ii. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- iii. Examine internal audit report to focus on significant findings, discuss on follow up actions, suggest internal investigations if required, comment on internal controls and recommend improvisation wherever required
- iv. Summarize the findings of audit reports, understand gaps and discuss the proposed mitigation plans
- v. Internal audit reports relating to adequacy of internal control over financial reporting and the company-level control systems.
- vi. Carrying out any other function as may be referred to the Committee by the Board.
- vii. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

**Financial Review:**

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Review with the management and statutory auditors of the annual and quarterly financial statements before submission to the Board for approval;
- iii. Approval or any subsequent modification of transactions with related parties;
- iv. Scrutiny of inter-corporate loans and investments;
- v. Review of valuation of undertakings or assets of the company wherever it is necessary;
- vi. Review the functioning of the whistle blower mechanism;
- vii. Review and monitor the end use of funds raised through public offers and related matters;

The Audit Committee charter containing exhaustive terms of reference is available on our website [www.tanla.com](http://www.tanla.com)

**Meetings, Compositions & Attendance**

During the year under review, 5 (Five) meetings of the Committee were held on May 2, 2019, July 31, 2019, September 5, 2019, November 9, 2019 & February 12, 2020.

The composition of the Committee during the year as well as particulars of the attendance at the meeting is given below:

Sr. No.	Name of the Member	Designation in Committee	Category of Directorship	Number of meetings held	Number of meetings attended
1	Dr. A G Ravindranath Reddy *	Chairman	Non Executive Director	5	3
2	Mr. Ram Narain Agarwal**	Member	Independent Director	5	-
3	Mr. Uday Kumar Reddy***	Member	Managing Director	5	2
4	Ms. Kalpana Reddy ****	Member	Independent Director	5	2
5	Ms. Amrita Gangotra#	Member	Independent Director	5	3
6	Mr. Rohit Bhasin##	Chairman	Independent Director	5	3
7	Mr. Sanjay Baweja###	Member	Non Executive Director	5	3

\* Ceased to be the Chairman of the Committee w.e.f. August 30, 2019 and ceased to be member from October 1, 2019

\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019

\*\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019

# Appointed as member of the Committee w.e.f. August 30, 2019

## Appointed as Chairman of the Committee w.e.f. August 30, 2019

### Appointed as member of the Committee w.e.f. August 30, 2019

Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.

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

The Company Secretary acts as the Secretary to the Audit Committee.

Mr. Rohit Bhasin, Chairman of the Audit Committee was present at the previous AGM of the Company.

## b) Nomination and Remuneration Committee

Nomination and Remuneration Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. The terms of reference of the Committee are as follow:

### **Brief description of terms of reference**

- i. Formulation of the criteria for determining qualifications, attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- iii. Conduct an annual evaluation of the overall effectiveness of the Board, the Committees of the Board and the performance of each Director;
- iv. Devising a policy on diversity of Board of Directors;
- v. Identify and recommend to the Board, persons who are qualified to become Directors and who may be appointed in Senior Management including Key Managerial Personnel, in accordance with the criteria laid down and their removal thereof, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

The charter of the Committee with detailed terms of reference and the policy for determining the remuneration of the Directors, KMP's and other employees is available on our website [www.tanla.com/investors.html](http://www.tanla.com/investors.html)



### Meetings, Compositions & Attendance

During the year under review, 4 (Four) meetings of the Committee were held on April 10, 2019, May 17, 2019, August 30, 2019 & February 12, 2020.

The composition of the Committee during the year as well as particulars of the attendance at the meeting is given below:

S No.	Name of the Member	Designation in Committee	Category of Directorship	Number of meetings held	Number of meetings attended
1	Dr. A.G. Ravindranath Reddy*	Chairman	Non-Executive Director	4	4
2	Mr. Ram Narain Agarwal**	Member	Independent Director	4	1
3	Ms. Kalpana Reddy***	Member	Independent Director	4	3
4	Ms. Amrita Gangotra#	Chairman	Independent Director	4	1
5	Mr. Rohit Bhasin##	Member	Independent Director	4	1
6	Mr. Sanjay Baweja###	Member	Independent Director	4	1
7	Mr. Sanjay Kapoor####	Member	Non-Executive Director	4	1

\* Ceased to be the Chairman of the Committee w.e.f. August 30, 2019 but continuing as a member of the Committee.

\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019

\*\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019

# Appointed as Chairman of the Committee w.e.f. August 30, 2019

## Appointed as member of the Committee w.e.f. August 30, 2019

### Appointed as member of the Committee w.e.f. August 30, 2019

#### Appointed as member of the Committee w.e.f. August 30, 2019

### Remuneration paid to the Directors for the FY 2019-20.

a) The details of remuneration paid to the Chairman & Managing Director for the financial year ended March 31, 2020 is as follows:

Name	Salary and allowances (in Rs.)	Contributions to provident and other funds (in Rs.)
Mr. D. Uday Kumar Reddy Chairman & Managing Director	2,52,74,340	12,74,337

b) The details of sitting fees to Non-Executive Directors & Independent Directors for the financial year ended March 31, 2020.

Name	Sitting Fees paid (in Rs)
Mr. Ram Narain Agarwal – Director*	70,000
Ms. Kalpana Reddy – Director**	4,40,000
Dr. A G Ravindranath Reddy – Non Executive Director ***	13,40,000
Ms. Amrita Gangotra – Independent Director #	11,20,000
Mr. Rohit Bhasin - Independent Director##	13,00,000
Mr. Sanjay Baweja - Independent Director###	13,00,000
Mr. Sanjay Kapoor – Non Executive Director####	Nil

\* Ceased to be the Director of the Company w.e.f. September 30, 2019

\*\* Ceased to be the Director of the Company w.e.f. September 30, 2019

- \*\*\* Ceased to be Independent Director and designated as Non-Executive Director w.e.f. September 30, 2019.  
 # Appointed as Independent Director of the Company w.e.f. July 31, 2019  
 ## Appointed as Independent Director of the Company w.e.f. August 30, 2019  
 ### Appointed as Independent Director of the Company w.e.f. August 30, 2019  
 #### Appointed as Non-Executive Director of the Company w.e.f. August 30, 2019

Mr. Sanjay Kapoor, Non Executive Director was paid consultancy fees of Rs. 1,16,64,000/- during the financial year 2019-20.

There are no other Non Executive Directors having pecuniary relationship or transactions with the Company.

Apart from the sitting fees, there were no other pecuniary relationships or transactions of the Independent Directors vis-à-vis the Company.

### c) Stakeholders' Relationship Committee

Stakeholders Relationship Committee is constituted in line with the Regulation 20 of the SEBI Listing Regulations, 2015 and provisions of Section 178 of the Companies Act, 2013.

#### **Brief description of terms of reference**

The Committee is empowered to handling of stakeholders' queries and grievances.

The Committee primarily focuses on:

- i. Consider and resolve the 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.
- ii. Evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company.

The charter of the Committee is available on the website of the Company [www.tanla.com](http://www.tanla.com)

#### **Meetings, Compositions & Attendance**

During the year under review, 1 meetings of the Committee were held on February 12, 2020

The composition of the Committee during the year as well as particulars of the attendance at the meeting is given below:

S No.	Name of the Member	Designation in Committee	Category of Directorship	Number of meetings held	Number of meetings attended
1	Dr. A. G. Ravindranath Reddy*	Chairman	Non-Executive Director	1	1
2	Mr. D. Uday Kumar Reddy**	Member	Managing Director	1	-
3	Mr. Ram Narain Agarwal***	Member	Independent Director	1	-
4	Ms. Amrita Gangotra#	Member	Independent Director	1	-
5	Mr. Rohit Bhasin##	Member	Independent Director	1	1
6	Mr. Sanjay Baweja###	Chairman	Independent Director	1	1
7	Mr. Sanjay Kapoor####	Member	Non-Executive Director	1	-

- \* Ceased to be the Chairman & Member of the Committee w.e.f. August 30, 2019 but reappointed as a member the Committee. w.e.f. November 24, 2019
- \*\* Ceased to be the member of the Committee w.e.f. August 30, 2019
- \*\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019
- # Appointed as member of the Committee w.e.f. August 30, 2019
- ## Appointed as member of the Committee w.e.f. August 30, 2019
- ### Appointed as Chairman of the Committee w.e.f. August 30, 2019
- #### Appointed as member of the Committee w.e.f. August 30, 2019 and Ceased to be the member of the Committee w.e.f. November 24, 2019.

#### **Name & Designation of the Compliance Officer**

Ms. Seshanuradha Chava, General Counsel & Regulatory acts as the Compliance Officer of the Company.

#### **Shareholders Complaints and Redressed**

During the year 2019-2020, 28 (Twenty Eight) queries/requests/complaints were received from the shareholders under the following heads and the same were duly resolved as per the summary given below:

Sl. No.	Type of Complaint	Received	Resolved	Pending
1	Non Receipt of Annual Reports	23	23	-
2	Non Receipt of Dividend Warrants	5	5	-
3	Others	-	-	-
<b>Total</b>		28	28	-

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

#### **SCORES:**

Securities Exchange Board of India (SEBI) has initiated a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The Company is following this system. The Company received 3 complaints on SCORES, which have been resolved.

#### **d) Corporate Social Responsibility (CSR) Committee**

Corporate Social Responsibility Committee is constituted in line with the provisions of Section 135 of the Companies Act, 2013.

#### **Brief description of terms of reference**

- (a) Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- (b) Recommend the amount of expenditure to be incurred on the activities as mentioned in the CSR Policy.
- (c) Monitor the CSR Policy.

The CSR Policy and the charter of the Committee are available on the website of the Company [www.tanla.com](http://www.tanla.com)

### Meetings, Compositions & Attendance

During the year under review, 1 (one) meeting of the Committee was held on November 8, 2019.

The composition of the Committee during the year as well as particulars of the attendance at the meeting is given below:

S No.	Name of the Member	Designation in Committee	Category of Directorship	Number of meetings held	Number of meetings attended
1	Mr. D Uday Kumar Reddy*	Chairman	Managing Director	1	1
2	Mr. Ram Narain Agarwal**	Member	Independent Director	1	-
3	Dr. A.G. Ravindranath Reddy	Member	Non Executive Director	1	1
4	Ms. Amrita Gangotra#	Member	Independent Director	1	1
5	Mr. Rohit Bhasin##	Chairman	Independent Director	1	1
6	Mr. Sanjay Baweja###	Member	Independent Director	1	1

\* Ceased to be the Chairman of the Committee w.e.f. August 30, 2019 but continuing as member

\*\* Ceased to be the member of the Committee w.e.f. August 30, 2019

# Appointed as member of the Committee w.e.f. August 30, 2019

## Appointed as Chairman of the Committee w.e.f. August 30, 2019

### Appointed as member of the Committee w.e.f. August 30, 2019

### e) Risk Management Committee

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Risk Management Policy and the charter of the Committee are available on the website of the Company i.e [www.tanla.com/investors.html](http://www.tanla.com/investors.html).

#### The composition of the Committee is as under:

S No.	Name of the Member	Designation in Committee	Category of Directorship
1	Mr. Sanjay Kapoor	Chairman	Non Executive Director
2	Mr. D Uday Kumar Reddy	Member	Managing Director
3	Ms. Amrita Gangotra	Member	Independent Director
4	Mr. Rohit Bhasin	Chairman	Independent Director
5	Mr. Sanjay Baweja	Member	Independent Director

### xii) Familiarization Programme

As a general practice of the Company, in every Board meeting, comprehensive presentations are made by each head of the department on the various aspects such as business model, strategies and policies, long term and short term plans, competition, risks identification and mitigation strategies, fund requirements, regulatory changes etc.

This activity helps the Independent Director as well the Board to have an in-depth understanding and keep them updated on regular basis about the every aspect of the Company.

The details of the familiarization programme are also available on the website of the Company [www.tanla.com](http://www.tanla.com).

### xiii) General Body Meetings

#### a) Venue, time and number of special resolutions passed in the previous 3 (three) AGMs.

Financial Year	AGM	Location	Day, Date & Time	Special resolutions passed
2018-19	23 <sup>rd</sup>	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081.	Monday, September 30, 2019 11:30 AM	<ol style="list-style-type: none"> <li>To re-appoint Mr. D. Uday Kumar Reddy (DIN: 00003382) as Chairman &amp; Managing Director of the Company and to fix his remuneration.</li> <li>To approve the remuneration payable to Mr. Sanjay Kapoor, Non-Executive Director, under Sec 188(f) of the Companies Act, 2013 read with rule 15 (Meeting of Board and its powers) rules, 2014 and Regulation 17 of SEBI (LODR), 2015.</li> <li>Issue of Equity Shares on a preferential basis to Mr. Kishore Annapureddy and Ms. Nishitha Nagireddy</li> </ol>
2017-18	22 <sup>nd</sup>	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081.	Friday, September 28, 2018 11:30 AM	<ol style="list-style-type: none"> <li>Revision in terms of remuneration payable to Mr. D. Uday Kumar Reddy, (DIN: 00003382), Chairman &amp; Managing Director</li> <li>Re-appoint Dr. A.G. Ravindranath Reddy (DIN: 01729114) as an Independent Director</li> <li>Re-appoint Ms. N. Kalpana Reddy (DIN: 07328517) as an Independent Director</li> </ol>
2016-17	21 <sup>st</sup>	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081.	Monday, September 18, 2017 11:30 AM	<ol style="list-style-type: none"> <li>Remuneration of Chairman &amp; Managing Director.</li> </ol>

#### b) Postal Ballot

During the year, 2 (two) Postal Ballot activities were conducted and results were declared on April 6, 2019 and June 17, 2019 as under:

##### A. Date: APRIL 6, 2019

- Issue of Equity Shares on a preferential basis to Banyan Investments Limited, Mauritius, the entity owned by GSO Capital Partners (a Blackstone Company).**

**Resolution Required: Special****Voting Results:**

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & promoter group	E-voting	38,871,717	38,134,763	98.104	38,134,763	0	100	0
	Poll	38,871,717	0	0	0	0	0	0
	Postal ballot(If applicable)	38,871,717	0	0	0	0	0	0
	<b>Total</b>	38,871,717	38,134,763	98.104	38,134,763	0	100	0
Public institution	E-voting	262,916	0	0	0	0	0	0
	Poll	262,916	0	0	0	0	0	0
	Postal ballot(If applicable)	262,916	0	0	0	0	0	0
	<b>Total</b>	262,916	0	0	0	0	0	0
Public non institution	E-voting	73,587,319	8,156,213	11.084	8,151,334	4,879	99.94	0.06
	Poll	73,587,319	0	0	0	0	0	0
	Postal ballot(If applicable)	73,587,319	4,987	0.007	4,987	0	100	0
	<b>Total</b>	73,587,319	8,161,200	11.09	8,156,321	4,879	99.94	0.06
<b>Total</b>		112,721,952	46,295,963	41.071	46,291,084	4,879	99.989	0.011

**2. To approve the borrowing limit under Section 180(1)(c) of the Companies Act, 2013:****Resolution Required: Special****Voting Results:**

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & promoter group	E-voting	38,871,717	38,134,763	98.104	38,134,763	0	100	0
	Poll	38,871,717	0	0	0	0	0	0
	Postal ballot(If applicable)	38,871,717	0	0	0	0	0	0
	<b>Total</b>	38,871,717	38,134,763	98.104	38,134,763	0	100	0

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Public institution	E-voting	262,916	0	0	0	0	0	0
	Poll	262,916	0	0	0	0	0	0
	Postal ballot(If applicable)	262,916	0	0	0	0	0	0
	Total	262,916	0	0	0	0	0	0
Public non institution	E-voting	73,587,319	8,156,213	11.084	8,151,322	4,891	99.94	0.06
	Poll	73,587,319	0	0	0	0	0	0
	Postal ballot(If applicable)	73,587,319	4,987	0.007	4,987	0	100	0
	Total	73,587,319	8,161,200	11.09	8,156,309	4,891	99.94	0.06
Total		112,721,952	46,295,963	41.071	46,291,072	4,891	99.989	0.011

### 3. To seek approval under Section 180 (1) (a) of the Companies Act, 2013:

#### Resolution Required: Special

#### Voting Results:

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & promoter group	E-voting	38,871,717	38,134,763	98.104	38,134,763	0	100	0
	Poll	38,871,717	0	0	0	0	0	0
	Postal ballot(If applicable)	38,871,717	0	0	0	0	0	0
	Total	38,871,717	38,134,763	98.104	38,134,763	0	100	0
Public institution	E-voting	262,916	0	0	0	0	0	0
	Poll	262,916	0	0	0	0	0	0
	Postal ballot(If applicable)	262,916	0	0	0	0	0	0
	Total	262,916	0	0	0	0	0	0

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	$(3)=[(2)/(1)]*100$	(4)	(5)	$(6)=[(4)/(2)]*100$	$(7)=[(5)/(2)]*100$
Public non institution	E-voting	73,587,319	8,156,213	11.084	8,151,412	4,801	99.941	0.059
	Poll	73,587,319	0	0	0	0	0	0
	Postal ballot(If applicable)	73,587,319	4,987	0.007	4,987	0	100	0
	Total	73,587,319	8,161,200	11.09	8,156,399	4,801	99.941	0.059
<b>Total</b>		112,721,952	46,295,963	41.071	46,291,162	4,801	99.99	0.01

**4. Increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate.**

**Resolution Required: Special**

**Voting Results:**

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	$(3)=[(2)/(1)]*100$	(4)	(5)	$(6)=[(4)/(2)]*100$	$(7)=[(5)/(2)]*100$
Promoter & promoter group	E-voting	38,871,717	38,134,763	98.104	38,134,763	0	100	0
	Poll	38,871,717	0	0	0	0	0	0
	Postal ballot(If applicable)	38,871,717	0	0	0	0	0	0
	Total	38,871,717	38,134,763	98.104	38,134,763	0	100	0
Public institution	E-voting	262,916	0	0	0	0	0	0
	Poll	262,916	0	0	0	0	0	0
	Postal ballot(If applicable)	262,916	0	0	0	0	0	0
	Total	262,916	0	0	0	0	0	0
Public non institution	E-voting	73,587,319	8,156,213	11.084	8,151,322	4,891	99.94	0.06
	Poll	73,587,319	0	0	0	0	0	0
	Postal ballot(If applicable)	73,587,319	4,987	0.007	4,987	0	100	0
	Total	73,587,319	8,161,200	11.09	8,156,309	4,891	99.94	0.06
<b>Total</b>		112,721,952	46,295,963	41.071	46,291,072	4,891	99.989	0.011



## B. Date: June 17, 2019

## 1. Approval for increase in maximum number of shares to be issued per employee under the Tanla Employee Stock Purchase Scheme 2018:

**Resolution Required: Special****Voting Results:**

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	$(3)=[(2)/(1)]*100$	(4)	(5)	$(6)=[(4)/(2)]*100$	$(7)=[(5)/(2)]*100$
Promoter & promoter group	E-voting	40,536,717	38,871,717	95.893	38,871,717	0	100	0
	Poll	40,536,717	0	0	0	0	0	0
	Postal ballot(If applicable)	40,536,717	0	0	0	0	0	0
	<b>Total</b>	40,536,717	38,871,717	95.893	38,871,717	0	100	0
Public institution	E-voting	482,584	0	0	0	0	0	0
	Poll	482,584	0	0	0	0	0	0
	Postal ballot(If applicable)	482,584	0	0	0	0	0	0
	<b>Total</b>	482,584	0	0	0	0	0	0
Public non institution	E-voting	96,607,350	12,205,617	12.634	12,202,136	3,481	99.971	0.029
	Poll	96,607,350	0	0	0	0	0	0
	Postal ballot(If applicable)	96,607,350	5,789	0.006	5,789	0	100	0
	<b>Total</b>	96,607,350	12,211,406	12.64	12,207,925	3,481	99.971	0.029
<b>Total</b>		137,626,651	51,083,123	37.117	51,079,642	3,481	99.993	0.007

**2. Approval of offer of equity shares exceeding 1% of issued capital to the specified employees under the Tanla Employee Stock Purchase Scheme 2018:**

**Resolution Required: Special**

**Voting Results:**

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & promoter group	E-voting	40,536,717	38,871,717	95.893	38,871,717	0	100	0
	Poll	40,536,717	0	0	0	0	0	0
	Postal ballot(If applicable)	40,536,717	0	0	0	0	0	0
	<b>Total</b>	40,536,717	38,871,717	95.893	38,871,717	0	100	0
Public institution	E-voting	482,584	0	0	0	0	0	0
	Poll	482,584	0	0	0	0	0	0
	Postal ballot(If applicable)	482,584	0	0	0	0	0	0
	<b>Total</b>	482,584	0	0	0	0	0	0
Public non institution	E-voting	96,607,350	12,205,617	12.634	12,202,135	3,482	99.971	0.029
	Poll	96,607,350	0	0	0	0	0	0
	Postal ballot(If applicable)	96,607,350	5,789	0.006	5,789	0	100	0
	<b>Total</b>	96,607,350	12,211,406	12.64	12,207,924	3,482	99.971	0.029
<b>Total</b>		137,626,651	51,083,123	37.117	51,079,641	3,482	99.993	0.007

### 3. Continuation of Directorship of Mr. Ram Narain Agarwal:

#### Resolution Required: Special

#### Voting Results:

Category	Mode of Voting	No of Shares Held	No of Votes Polled	% of Votes Polled on Outstanding Shares	No of Votes-in Favour	No of Votes-Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter & promoter group	E-voting	40,536,717	38,871,717	95.893	38,871,717	0	100	0
	Poll	40,536,717	0	0	0	0	0	0
	Postal ballot(If applicable)	40,536,717	0	0	0	0	0	0
	<b>Total</b>	40,536,717	38,871,717	95.893	38,871,717	0	100	0
Public institution	E-voting	482,584	0	0	0	0	0	0
	Poll	482,584	0	0	0	0	0	0
	Postal ballot(If applicable)	482,584	0	0	0	0	0	0
	<b>Total</b>	482,584	0	0	0	0	0	0
Public non institution	E-voting	96,607,350	12,205,315	12.634	12,203,206	2,109	99.983	0.017
	Poll	96,607,350	0	0	0	0	0	0
	Postal ballot(If applicable)	96,607,350	5,789	0.006	5,789	0	100	0
	<b>Total</b>	96,607,350	12,211,104	12.64	12,208,995	2,109	99.983	0.017
<b>Total</b>		137,626,651	51,082,821	37.117	51,080,712	2,109	99.996	0.004

#### Scrutinizer

Ms. Suman Bijarnia, Practicing Company Secretary, was appointed as Scrutinizer for carrying out the Postal Ballot in a fair and transparent manner for both the Postal Ballots held during the year.

#### Procedure followed for Postal Ballot:

Postal Ballot was conducted in compliance with Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as per the procedure laid down in Sections 108 and 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014.

Postal ballot notices and forms are dispatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The same notice is sent by email to members who have opted to receive communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date.

Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes her scrutiny and submits her report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer.

The results are also displayed on the Company's website [www.tanla.com/investors.html](http://www.tanla.com/investors.html), besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

The last date for the receipt of postal ballot forms or e-voting is the date on which the resolution would be deemed to have been passed, if approved by the requisite majority

**Special Resolutions proposed to be conducted through Postal Ballot:** At present no postal ballots is proposed to be held.

#### xiv) DISCLOSURES

##### a) CMD & CFO Certification

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, the Chairman and Managing Director and the Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31<sup>st</sup> March 2020, which is annexed to this report.

##### b) Related Party Transactions

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., having potential conflict with the interests of the Company at large. The policy on Related Party Transaction can be accessed at [www.tanla.com/investors.html](http://www.tanla.com/investors.html)

##### c) Details of non-compliance with regard to Capital Markets during the last three years

There have been no instances of non-compliances by the Company and no penalties and / or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years, except as mentioned below:

S. No	Action taken by	Details of Non-Compliances	Details of action taken e.g. - fines, warning letter, debarment, etc	Observations/ Remarks of the Company
1	NSE	Non-compliance of Reg 108 of SEBI (ICDR) Regulations 2009 read along with SEBI Circular no. CIR/CFD/DIL/57/2017 dt June 15, 2017 pertaining to delay in approaching the Exchange for listing of Equity shares within 20 days from the date of allotment.	The Company had received a letter from NSE for non-compliance under Reg 108 of SEBI (ICDR) imposing a fine of Rs. 22,79,245/-.  The Company had paid the fine on September 26, 2019.	The Company had approached NSE for waiver of the fees as the non-compliance was due to technical glitches on NEAPS portal.  NSE had considered the request and waived the fine by refunding the fine paid by the Company.
2	NSE	Non-compliance/Delayed compliance with Reg 17(1) and 18(1) of SEBI (LODR) Regulations, 2015 w.r.t Corporate Governance requirements.	The Company had received a letter from NSE for non-compliance under Reg 17(1) and 18(1) of SEBI (LODR) Regulations, 2015 imposing a fine of Rs. 3,64,000/-	The Company had approached NSE for waiver of the fees considering the facts of the case.  NSE had considered the request and accepted waiver of the fine for Reg 18 amounting to Rs.64,000/-. However, Company had paid the fine of Rs.3,00,000/- for non-compliance/delayed compliance of Reg 17.

**d) Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant the 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) and 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.

**e) Code of Conduct for Prevention of Insider Trading**

The Board of Directors have laid-down a “Code of Conduct” (Code) for Prevention of Insider Trading with a view to regulate trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, this code is applicable to all the Board members and the senior management personnel and such other designated employees who could have access to the unpublished price sensitive information of the Company. This Code is posted on the website of the Company [www.tanla.com](http://www.tanla.com). The employees covered under this code are informed about closure of trading window as required under the Code.

**f) Disclosure on Risk Management**

The Risk Management Committee assesses the risk and suggest a mitigation process. 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 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 enable 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. 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/investors.html](http://www.tanla.com/investors.html)

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 payment of consultancy fees and sitting fees.

**i) The Company is compliant with the provisions of applicable laws and the SEBI(LODR) Regulations, 2015 as amended.**

The Board of Directors periodically review the compliance of all the applicable laws. The Company has complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations. A certificate affirming the compliances from Practicing Company Secretary is attached to this Report.

**j) Details of Compliances with the Non-mandatory Requirements of Regulation 27 of the Listing Regulations:**

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements under Regulation 27(1) of the Listing Regulations:

- The Company sends out quarterly and periodic investor updates to the shareholders comprising key financial, business and operations update. This is sent in electronic mode and hosted on the company’s website.
- Internal auditors of the Company make quarterly presentations to the audit committee on their reports.

**k) The Company has a policy for determining ‘material subsidiaries’ which is disclosed on its website i.e. [www.tanla.com/investors.html](http://www.tanla.com/investors.html)**

## xv) MEANS OF COMMUNICATION

**Website and Press releases :** 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, corporate governance reports are available in a user-friendly and downloadable form. Official media releases are sent to BSE Limited and National Stock Exchange of India Limited. The Company also makes timely disclosures of necessary information to BSE limited and National Stock Exchange of India Limited in terms of SEBI(LODR) Regulations, 2015 and other rules and regulations issued by SEBI.

**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 financial results of the Company are also published in Business Standard or Mint or Economic Times, English daily newspapers at national level and Andhra Jyothi or Sakshi or Eenadu, Vernacular i.e., Telugu newspapers at regional level.

### Channels of communication with the investors:

All periodical compliance filings like shareholding pattern, corporate governance report, media releases are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE Limited and are also placed on the website of the Company [www.tanla.com/investors.html](http://www.tanla.com/investors.html).

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

## xvi) GENERAL SHAREHOLDER'S INFORMATION

<b>Date, Time &amp; Venue of AGM</b>	September 25, 2020 at 03:00 P.M.  The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
<b>Financial Calendar</b>	April 01 to March 31
<b>Dividend Payment Date</b>	The Board of Directors does not recommended any dividend for the FY 2019-20.
<b>Date of Book Closure</b>	September 19, 2020 to September 25, 2020
<b>Listing of Shares</b>	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> Annual Listing fees for the FY 2020-21 have been paid to all the above Stock Exchanges.
<b>Stock Code:</b>	532790
<b>BSE Ltd.</b>	TANLA
<b>National Stock Exchange of India Ltd.</b>	
<b>ISIN for (shares) of NSDL &amp; CDSL</b>	INE483C01032
<b>Registrar and Transfer Agents</b>	M/s Kfin Technologies Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana State, India. Phone: +91 040 6716 1585/2222 Fax: +91 040 2300 1153

<b>Registered Office / Address for Correspondence</b>	Tanla Solutions Limited Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081. Phone: +91 40-40099999; Fax: +91 40-23122999 Website :www.tanla.com Email ID :investorhelp@tanla.com
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**xvi) MARKET PRICE DATA:**

The closing market price of the equity shares as on March 31, 2020, being the last trading day of the FY 2019-20 on NSE was Rs 48.45/- and on BSE was Rs. 48.50/-.

The monthly movement of the equity share price during the year 2019-20 on BSE and NSE are summarized herein below:

**BSE LIMITED (BSE)**

Month	Share Price (in Rs)	
	High Price	Low Price
Apr-19	49.30	36.05
May-19	53.25	37.00
June-19	76.45	52.90
July-19	75.90	54.95
August-19	58.50	44.90
September-19	62.30	50.50
October-19	52.40	44.50
November-19	70.80	43.50
December-19	71.25	57.55
January-20	81.50	63.00
February-20	89.25	68.00
March-20	74.00	38.00

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

Month	Share Price (in Rs)	
	High Price	Low Price
Apr-19	49.00	35.65
May-19	53.10	36.95
June-19	76.40	52.85
July-19	75.00	55.00
August-19	58.40	44.40
September-19	62.30	50.75
October-19	52.95	44.30
November-19	70.00	43.20
December-19	71.95	57.50
January-20	81.00	62.90
February-20	89.35	68.20
March-20	73.85	37.10

xvii) Performance in comparison to broad based indices such as BSE Sensex and NSE Nifty

Performance of the scrip of the Company in comparison to BSE Sensex is as follows:

**SHARE PRICE VS SENSEX**

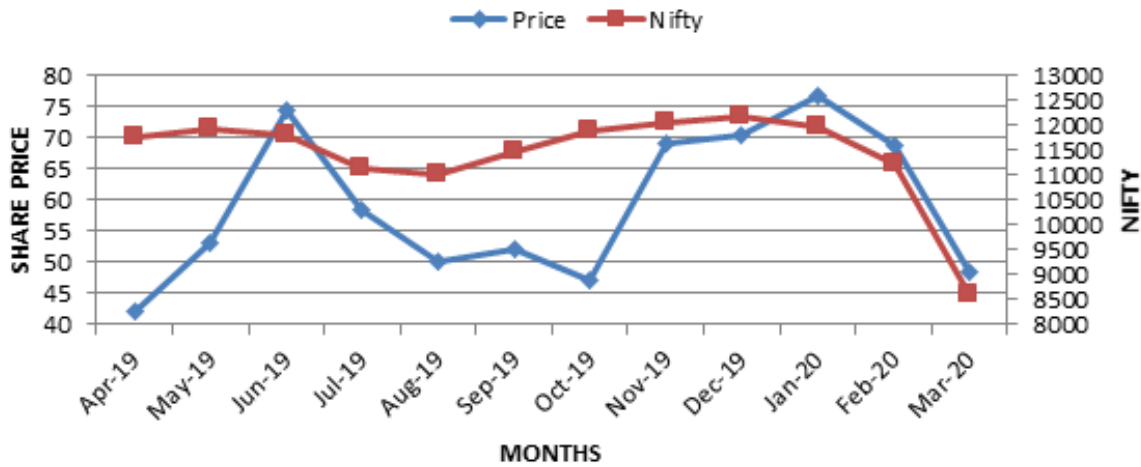
**COMPARISON OF MONTHLY CLOSING PRICE VS SENSEX**



Performance of the scrip of the Company in comparison to NSE S&P CNX NIFTY is as follows:

**SHARE PRICE VS NIFTY**

**COMPARISON OF MONTHLY CLOSING PRICE VS NIFTY**





**xviii) DISTRIBUTION OF SHAREHOLDINGS AS ON MARCH 31, 2020:**

TANLA SOLUTIONS LIMITED					
DISTRIBUTION SCHEDULE AS ON MARCH 31, 2020					
S. No	Category	No. of Holders	% to Holders	No. of Shares	% to Equity
1	upto 1 - 5000	48286	97.51	15709495	10.76
2	5001 - 10000	569	1.15	4285609	2.94
3	10001 - 20000	291	0.59	4120017	2.82
4	20001 - 30000	123	0.25	3038154	2.08
5	30001 - 40000	52	0.11	1799424	1.23
6	40001 - 50000	30	0.06	1350163	0.92
7	50001 - 100000	75	0.15	5487215	3.76
8	100001 & ABOVE	93	0.19	110181622	75.48
	<b>Total:</b>	<b>49519</b>	<b>100.00</b>	<b>145971699</b>	<b>100.00</b>

**xix) SHARE HOLDING PATTERN AS ON MARCH 31, 2020:**

TANLA SOLUTIONS LIMITED				
SHARE HOLDING PATTERN AS ON MARCH 31, 2020				
Sno	Description	No. of Holders	No. of Shares	% to Equity
1	BANKS	2	3787	0.00
2	CLEARING MEMBERS	89	477569	0.33
3	EMPLOYEES	46	8706057	5.96
4	FOREIGN BODIES CORPORATES	1	21999824	15.07
5	FOREIGN NATIONALS	1	85886	0.06
6	FOREIGN PORTFOLIO - CORP	4	50778	0.03
7	H U F	1546	3492375	2.39
8	I E P F	1	32998	0.02
9	INDIAN FINANCIAL INSTITUTIONS	1	20050	0.01
10	BODIES CORPORATES	269	2655864	1.82
11	NBFC	1	4000	0.00
12	NON RESIDENT INDIANS	392	2260438	1.55
13	NRI NON-REPATRIATION	214	805767	0.55
14	PROMOTERS GROUP	2	620000	0.42
15	PROMOTER GROUP	2	3799000	2.60
16	COMPANY PROMOTERS	5	42905700	29.39
17	RESIDENT INDIVIDUALS	46939	58026096	39.75
18	TRUSTS	4	25510	0.02
	<b>Total:</b>	<b>49519</b>	<b>145971699</b>	<b>100.00</b>

**xx) DEMATERIALISATION**

99.90% of the Company's paid-up equity share capital has been dematerialized as on March 31, 2020. Shares of the Company are traded compulsorily in dematerialised form and are available for trading through both the depositories i.e. CDSL and NSDL.

**Control Report as on March 31, 2020:**

Description	No. of Holders	No. of Shares	% to Equity
Physical	32	146421	0.10
NSDL	29041	122173172	83.70
CDSL	20446	23652106	16.20
<b>Total:</b>	<b>49519</b>	<b>145971699</b>	<b>100.00</b>

**xxi) SHARE TRANSFER SYSTEM:**

In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 1, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer.

However the shareholders are not barred from the holding the shares in physical form.

**xxii) Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity.**

As on March 31, 2020, there were 62,85,858 outstanding warrants to be convertible into equity shares.

The Company has not issued any GDRs/ADRs or any other convertible instruments.

**xxiii) Commodity Price Risk or Foreign Exchange Risk and hedging activities**

The Company does not deal in commodities and hence not exposed to any commodity price risk. The Foreign Exchange exposure of the Company is minimal compared to the total domestic operations of the Company, further the operations of the Company in International Geographies act as natural exchange hedge.

**xxiv) PLANT LOCATION**

In view of the nature of the Company's business viz. a viz Information Technology and Communication, the Company operates from various offices in India and abroad.

**xxv) DETAILS OF CONSOLIDATED FEES PAID TO THE STATUTORY AUDITORS**

The details of the total fees for all the services paid by the Company and its Subsidiaries on a consolidated basis to the statutory auditors and all the entities in the network firm/network entity of which the statutory auditor is apart, are as follows:

Particulars	Amount (Rs in Lakhs)
Services as Statutory Auditors	60.00
Tax Audit	Nil
Other matters	17.75
Re-imbursment of out-of-pocket expenses	1.02

**xxvi) Transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF)**

The Company did not declare dividends during FY 2012-13, hence no unpaid/unclaimed dividend for FY2012-13 would be transferred to the IEPF.

**xxvii)** Details of unpaid/unclaimed dividend upto FY 2019-20 are published on the website of the Company  
[www.tanla.com/investors.html](http://www.tanla.com/investors.html)

**xxviii) Disclosures with respect to demat suspense account/ unclaimed suspense account**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	15	870
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	182	32,998
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	15	870

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

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

Date: September 01, 2020  
 Place: Hyderabad

## CMD /CFO CERTIFICATION TO THE BOARD

### Pursuant to Regulation 17(8) of SEBI (LODR), Regulations, 2015

We, D. Uday Kumar Reddy, Chairman & Managing Director and Srinivas Gunupudi Kamoji, CFO of the Company, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2020 and that to the best of our 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 Company's affairs and are in compliance with existing Indian accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting.

For **Tanla Solutions Limited**

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

Date: June 10, 2020  
 Place: Hyderabad

For **Tanla Solutions Limited**

Sd/-  
**Srinivas Gunupudi Kamoji**  
 Chief Financial Officer

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members,

**Tanla Solutions Limited**

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 31<sup>st</sup> March, 2020 as stipulated under Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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 under Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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.

Date: September 01, 2020

Place: Hyderabad

Sd/-

**Madhu Lakhlan**

ACS No.: 35709

CP No.: 23044

*UDIN: A035709B000644966*

**CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS**

**[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]**

To,  
The Members,

**Tanla Solutions Limited**

Based on the disclosures/declarations received from Directors appointed on the Board of the Company, we hereby certify that as on March 31, 2020, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Date: September 01, 2020  
Place: Hyderabad

Sd/-  
**Madhu Lakhlan**  
ACS No.: 35709  
CP No.: 23044  
UDIN: A035709B000644922

**DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a code of conduct for all the 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 March 31, 2020 as envisaged in the chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On behalf of the Board of Directors of  
**Tanla Solutions Limited**

Date: September 01, 2020  
Place: Hyderabad

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of Tanla Solutions Limited

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

#### Opinion

We have audited the standalone financial statements of Tanla Solutions Limited (“the Company”), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss(Including other comprehensive income), *statement of changes in equity* and statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the “standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013(“the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended, , (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss including other comprehensive income, *changes in equity* and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key Audit Matters

Sr. No	Key Audit Matters	How the Key Audit Matter was addressed in our audit
1	<p><b>Revenue Recognition</b></p> <p>Refer to the disclosures related to Revenue Recognition in Note 2 to the Financial Statements.</p> <p>The company provides mobile messaging and payment solutions for application to Peer(A2P) messaging services. The messaging platform has advanced security, reliability, analytics, service levels along with the proven ability to process the largest volume of messages per second.</p> <p>Considering the nature of business in which company operates, there is an inherent risk in relation to accuracy and completion of revenue recognition. As the complexities of the nature, significant volume of data processed and impact of different pricing models, we have considered this as a key audit matter.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> <li>1. Performed walkthroughs and test of controls, of the revenue recognition processes and assessed the design and operating effectiveness of key controls.</li> <li>2. Evaluated the appropriateness of the Company's accounting policies and assessing compliance with the policies in terms of the applicable accounting standards.</li> <li>3. Verified the revenue assurance procedures and reconciliations performed by the management to validate SMS counts</li> <li>4. Performed other substantive procedures, including analytics.</li> </ol>
2	<p><b>Assessment of COVID-19 Impact-If company has evaluated the impact</b></p> <p>The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended upto May 31,2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.</p> <p>Covid-19 has contributed to a significant decline and volatility in global and Indian economy. Considering the uncertainty around the impact of Covid-19, the company has made provision of Rs 4,873.14 lakhs against its investment in subsidiary [Refer note no 5].</p> <p>The full extent and duration of the impact of COVID-19 is currently unknown and the provision made by the Company based on its estimates involves a significant amount of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of Covid-19 and provision thereof as a Key Audit Matter.</p>	<p>Our audit procedures in respect of COVID-19 Impact assessment include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Testing the design and operating effectiveness of key controls.</li> <li>2. Selecting samples based on quantitative and qualitative risk factors.</li> <li>3. Verifying the sample selected to assess appropriate classification and provision amount as per extant policy.</li> <li>4. Obtained an understanding of the basis of evaluation of the management.</li> </ol> <p>Our audit procedures in respect of Impairment of Goodwill include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding from the management with respect to process and controls followed by the Company to perform annual impairment test related to goodwill.</li> <li>2. Assessed the Company's internal controls over preparation of annual budgets and future forecasts for the business as a whole and the approach followed for annual impairment test and key assumptions applied.</li> <li>3. Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied and tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate</li> <li>4. Assessed reasonableness of the future revenue and margins, the historical accuracy of the Company's estimates and its ability to produce accurate long-term forecasts.</li> <li>5. Compared the future operating cash flow forecasts with the business plan and budgets approved by the Board.</li> <li>6. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements</li> <li>7. Verification of compliance with Ind AS 36 - Impairment of Assets.</li> </ol>



		<p>Our audit procedures in respect of Impairment of Investment in subsidiaries include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Assessed the determination of the recoverable amount of the investments based on our understanding of the nature of the company's business and the economic environment surrounding its operations</li> <li>2. Verified the adjustments in the standalone statements of the subsidiary consequent to which the carrying value of investment was reduced</li> <li>3. Verified the arithmetical/mathematical accuracy of the management computations</li> <li>4. Assessed the adequacy of the related disclosures in the notes to the standalone financial statements.</li> </ol>
3	<p><b>Depreciation on Technology Assets (or) Re-measurement of useful lives of Technology Assets</b></p> <p>The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.</p> <p>The estimated useful life of an identifiable assets are 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.</p> <p>As per the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018, voice and text communications should be provided using block chain technology. For the year ended March 31, 2020, the change in technology and cloudification of services has resulted in re-assessment of useful life of technology assets leading to additional provision of accelerated depreciation amounting to Rs 23,940.17 lakhs.</p> <p>Pursuant to such change in technology on account of the regulatory mandate, the company has re-assessed the useful life of assets at branch amounting to Rs. 30,565.35 lakhs which are fully depreciated as at March 31, 2020.</p> <p>We identified the re-assessment of useful life as a key audit matter because of the significance of these items to the standalone financial statements and the degree of judgement exercised by management in determining whether there was objective evidence for such re-assessment.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding of management's process for assessment/re-assessment of useful life and tested the design and operating effectiveness of internal controls over such identification and re-measurement</li> <li>2. Obtained an understanding with management whether there was any objective evidence for re-assessment of useful lives and challenging management's assertions</li> <li>3. Verified the latest financial statements of the branches/component audited by the respective auditor</li> <li>4. Verified conversion adjustments performed by the management and assessed the arithmetical/mathematical accuracy of the computations.</li> <li>5. Assessed the appropriateness of the disclosure made in the financial statements</li> </ol>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone<sup>1</sup> financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

### **Other Matter**

1. We did not audit the financial statements of one branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs.1,185.87 Lakhs as at March 31, 2020 and the total revenue of Rs.2,134.23 Lakhs, total net loss 30,717.39 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor. Further, this branch is located outside India whose financial statements have been prepared in accordance with accounting principles generally

accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The management has converted the financial statements of this branch located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management.

2. The standalone Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 02, 2019 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of these matters.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
  - (c) The report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 39 to the standalone 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.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For MSKA & Associates****Chartered Accountants**

ICAI Firm Registration No. 105047W

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**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACV5867

Place: Hyderabad, INDIA

Date: June 10, 2020

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANLA SOLUTIONS LIMITED**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore, the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

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**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACV5867

Place: Hyderabad

Date: June 10, 2020

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANLA SOLUTIONS LIMITED FOR THE YEAR ENDED MARCH 31,2020**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
  - (b) Fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.
- iii. The Company has granted loans, secured or unsecured to the Companies covered in the register maintained under section 189 of the Act.
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the Companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
  - (b) In case of the loans granted to the Companies listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal and interest.
  - (c) There are no amounts overdue for more than ninety days in respect of the loan granted to Companies listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act, the Company has complied with the provisions of section 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us and examination of the records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs (In lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Finance Act, 1994	Service Tax Demand	1,646.22 (Including Interest and penalty of Rs 745.90)	June 01, 2007 to October 31, 2009	CESTAT	Amount paid Rs. 900.30 Lakhs against principal demand

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the bank.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year and the requirements of Section 42 of the Act have been complied with. The shares have been issued for consideration other than cash.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

#### For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACV5867

Place: Hyderabad

Date: June 10, 2020



## **ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANLA SOLUTIONS LIMITED**

[Referred to in paragraph (2)(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

In conjunction with our audit of the standalone financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to standalone financial statements of Tanla Solutions Limited as of that date. Further, as the branch of the Company is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

#### **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 with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

## Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone 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 standalone financial statements.

## Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

## For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

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Amit Kumar Agarwal

Partner

Membership No. 214198

UDIN: 20214198AAAACV5867

Place: Hyderabad

Date: June 10, 2020

## Standalone Balance Sheet

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	21,37,70,768	3,37,48,32,055
(b) Intangible assets	4	11,05,59,127	-
(c) Intangible assets under development		-	5,76,13,250
(d) Financial assets			
(i) Investments	5	2,89,84,55,649	55,85,26,186
(ii) Loans	6	25,00,000	-
(e) Deferred tax asset (net)	7	57,09,86,022	16,21,06,807
(f) Other non-current assets	8	10,07,94,120	19,54,81,054
<b>Total Non-current assets</b>	<b>(A)</b>	<b>3,89,70,65,686</b>	<b>4,34,85,59,352</b>
<b>(2) Current Assets</b>			
(a) Financial Assets			
(i) Investments	9	-	73,76,17,076
(ii) Trade receivables	10	2,47,84,63,847	2,36,28,52,030
(iii) Cash and cash equivalents	11	1,19,02,59,338	1,35,19,67,059
(iv) Other financial assets	12	1,08,54,22,096	1,32,58,17,454
(b) Other current assets	13	22,15,96,145	39,78,25,570
<b>Total current assets</b>	<b>(B)</b>	<b>4,97,57,41,426</b>	<b>6,17,60,79,189</b>
<b>TOTAL ASSETS</b>	<b>(A+B)</b>	<b>8,87,28,07,112</b>	<b>10,52,46,38,541</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	14	14,59,71,699	11,56,26,827
(b) Other equity	15	6,54,46,33,209	6,88,15,27,179
<b>Total equity</b>	<b>(A)</b>	<b>6,69,06,04,908</b>	<b>6,99,71,54,006</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	-	46,92,53,174
(ii) Other financial liabilities	17	22,94,612	19,03,010
(b) Other Non-Current liabilities	18	55,85,000	8,85,000
<b>Total Non-Current Liabilities</b>	<b>(B)</b>	<b>78,79,612</b>	<b>47,20,41,184</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	-	12,95,67,074
(ii) Trade payables	20	1,33,43,93,020	1,65,75,68,419
(iii) Other financial liabilities	21	75,43,60,653	1,06,97,32,079
(b) Other current liabilities	22	8,55,68,919	15,74,65,519
(c) Current Tax Liabilities(Net)	23	-	4,11,10,260
<b>Total Current liabilities</b>	<b>(C)</b>	<b>2,17,43,22,592</b>	<b>3,05,54,43,351</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(A+B+C)</b>	<b>8,87,28,07,112</b>	<b>10,52,46,38,541</b>

See accompanying notes to the Standalone financial statements 1 - 44

The accompanying notes are an integral part of the Standalone financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

For and on behalf of the Board of Directors

Sd/-

**Srinivas Kamoji Gunupudi**

Chief Financial Officer

Sd/-

**Seshanuradha Chava**

VP - Legal &amp; Secretarial

## Standalone Statement of Profit and Loss

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Note	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>Income</b>			
I. Revenue from operations	24	10,60,37,05,865	8,09,40,87,584
II. Other income	25	9,13,58,278	9,56,04,401
<b>III. Total Income (I+II)</b>		<b>10,69,50,64,143</b>	<b>8,18,96,91,985</b>
<b>IV. Expenses</b>			
Cost of services	26	8,82,91,27,682	6,86,95,20,092
Employee benefits expense	27	18,75,76,319	21,82,53,059
Connectivity & related expenses	28	3,73,33,543	2,89,52,433
Finance cost	29	5,72,78,577	2,95,45,076
Depreciation and amortisation expense	3 & 4	3,20,70,51,541	68,08,30,276
Other expenses	30	28,74,80,612	16,62,13,615
<b>Total Expenses (IV)</b>		<b>12,60,58,48,274</b>	<b>7,99,33,14,551</b>
<b>V. Profit / (loss) before exceptional items, share of profit/loss of associate and tax (III - IV)</b>		<b>(1,91,07,84,131)</b>	<b>19,63,77,434</b>
VI. Exceptional item : Provision for impairment of investment in subsidiaries	42	48,73,14,170	-
<b>VII. Profit/(loss) before Tax (V - VI)</b>		<b>(2,39,80,98,301)</b>	<b>19,63,77,434</b>
<b>VIII. Tax expense:</b>			
Current tax		-	4,11,10,260
Deferred tax:			
Tax Credit - Minimum Alternate Tax (MAT)		-	(4,11,10,260)
Other deferred tax		(40,88,79,213)	2,56,19,738
<b>Total Tax Expenses (VIII)</b>		<b>(40,88,79,213)</b>	<b>2,56,19,738</b>
<b>IX. Profit/(Loss) for the year (VII-VIII)</b>		<b>(1,98,92,19,088)</b>	<b>17,07,57,696</b>
<b>X. Other comprehensive income</b>			
A. (i) Re-measurment of defined benefit liability		3,91,843	(21,08,051)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(98,627)	(6,95,513)
B. Items that will be reclassified to profit or loss		1,60,32,392	4,61,90,461
Total other comprehensive income net of taxes		1,63,25,608	4,33,86,897
<b>XI. Total comprehensive income for the period (IX + X)</b>		<b>(1,97,28,93,480)</b>	<b>21,41,44,593</b>
<b>XII. Earnings per equity share</b>			
	43		
1. Basic		(13.92)	1.48
2. Diluted		(13.92)	1.48
Nominal value per equity share		1.00	1.00

See accompanying notes to the Standalone financial statements 1 - 44

The accompanying notes are an integral part of the Standalone financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

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

For and on behalf of the Board of Directors

## Standalone Statement of Changes in Equity

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	in INR	Number	in INR
Equity shares of Rs 1 each issued, subscribed and fully paid:				
Opening	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952
Add: Issued during the year	3,03,44,872	3,03,44,872	32,04,875	32,04,875
Closing	14,59,71,699	14,59,71,699	11,56,26,827	11,56,26,827

## B. Other Equity

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Reserves & Surplus						Items of OCI			Total
	Capital Reserve	General Reserve	Investment subsidy	Securities Premium Account	Money received against share warrants	Employee Stock option Outstanding Account	Retained Earnings	Foreign currency translation reserve	Remeasurements of the net defined benefit Plans	
Balance as at 1 April 2018	6,99,19,556	25,48,17,667	4,00,000	4,63,82,41,344	-	3,57,64,971	1,64,84,60,096	(12,39,99,895)	36,23,276.00	6,52,72,27,014
Profit for the Year	-	-	-	-	-	-	17,07,57,696	-	-	17,07,57,696
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	4,61,90,461	(28,03,564)	4,33,86,897
Money received against share warrants	-	-	-	-	6,29,50,000	-	-	-	-	6,29,50,000
Issue of equity shares	-	-	-	11,26,80,619	-	-	-	-	-	11,26,80,619
Dividend and dividend tax	-	-	-	-	-	(4,05,92,711)	-	-	-	(4,05,92,711)
Exercise of share options	-	-	-	-	-	51,17,664	-	-	-	51,17,664
<b>Balance as at 31 March 2019</b>	<b>6,99,19,556</b>	<b>25,48,17,667</b>	<b>4,00,000</b>	<b>4,75,09,21,963</b>	<b>6,29,50,000</b>	<b>4,08,82,635</b>	<b>1,77,86,25,081</b>	<b>(7,78,09,435)</b>	<b>8,19,712</b>	<b>6,88,15,27,179</b>
Balance as at 1 April 2019	6,99,19,556	25,48,17,667	4,00,000	4,75,09,21,963	6,29,50,000	4,08,82,635	1,77,86,25,081	(7,78,09,435)	8,19,712	6,88,15,27,179
Loss for the year	-	-	-	-	-	-	(1,98,92,19,088)	-	-	(1,98,92,19,088)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	1,60,32,392	2,93,216	1,63,25,608
Remeasurement of asset/liability	-	-	(4,00,000)	-	-	-	-	-	-	(4,00,000)
Issue of equity shares	-	-	-	1,69,37,94,466	-	-	-	-	-	1,69,37,94,466
Dividend and dividend tax	-	-	-	-	-	-	(6,06,60,901)	-	-	(6,06,60,901)
Exercise of share options	-	-	-	-	-	32,65,944	-	-	-	32,65,944
<b>Balance as at 31 March 2020</b>	<b>6,99,19,556</b>	<b>25,48,17,667</b>	<b>-</b>	<b>6,44,47,16,429</b>	<b>6,29,50,000</b>	<b>4,41,48,579</b>	<b>(27,12,54,908)</b>	<b>(6,17,77,043)</b>	<b>11,12,928</b>	<b>6,54,46,33,209</b>

See accompanying notes to the Standalone financial statements 1 - 44

The accompanying notes are an integral part of the Standalone financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

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

VP - Legal & Secretarial

Sd/-

**Seshanuradha Chava**

VP - Legal & Secretarial

## Standalone Statement of Cash Flows

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S.no	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>A</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
	Profit/(loss) before exceptional items, share of profit/loss of associate and tax	(1,91,07,84,131)	19,63,77,434
	Adjusted for :		
	Depreciation & Amortisation Expense	3,20,70,51,541	68,08,30,276
	Interest & other income	(6,64,41,400)	(9,08,73,953)
	Share based payment	32,65,944	5,12,37,020
	Provision for diminution of investment	2,00,00,000	-
	Unrealised foreign exchange (gain)/loss(net)	(31,96,783)	-
	Allowance for advances	52,82,598	-
	Allowances for doubtful receivables (net)	1,04,89,330	20,23,414
	Operating profits before working capital charges	1,26,56,67,099	83,95,94,191
	<b>Changes in current assets and liabilities</b>		
	(Increase)/Decrease in trade receivables	(11,56,11,817)	(88,44,68,571)
	(Increase)/Decrease in financial and non-financial assets	56,48,26,209	(68,44,40,667)
	Increase/(Decrease) in financial and non-financial liabilities	(42,32,86,684)	23,15,17,894
	Increase/(Decrease) in trade payables	(32,31,75,398)	28,74,46,031
	Cash generated/(used) from operations	96,84,19,409	(21,03,51,122)
	Income taxes paid	-	-
	Net cash generated/(used) from operating activities	96,84,19,409	(21,03,51,122)
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
	Sale of Property, plant and equipment	13,90,00,151	13,18,06,803
	Purchase of Investments in subsidiaries	(1,42,77,98,588)	(2,00,00,000)
	(Purchase)/Sale of Investments in mutual funds (net)	73,76,17,076	(73,76,17,076)
	Interest & other income	6,64,41,400	9,08,73,953
	Net cash used in investing activities	(48,47,39,961)	(53,49,36,310)
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	Proceeds from issuance of equity shares	1,40,93,981	17,88,35,494
	(Repayment) / Proceeds from short term borrowings(net)	(59,88,20,248)	59,88,20,248
	Dividends and dividend tax paid during the year	(6,06,60,901)	(4,05,92,711)
	Net Cash generated/(used) from financing activities	(64,53,87,168)	73,70,63,031
<b>D</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	(16,17,07,720)	(82,24,401)
<b>E</b>	<b>Cash and cash equivalents at the beginning of the year</b>	1,35,19,67,058	1,36,01,91,469
<b>F</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>1,19,02,59,338</b>	<b>1,35,19,67,059</b>
	<b>Notes forming part of the financial statements</b>		

## Note:

a) The above statement of cash flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7) "Statement of Cash Flows".

b) Refer note 11 for the components of cash and cash equivalents

See accompanying notes to the Standalone financial statements 1 - 44

The accompanying notes are an integral part of the Standalone financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

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

## 1. General Information

Tanla Solutions Limited (hereinafter referred to as “Tanla”) (“the company”) is the A2P messaging platform provider globally. The Company was incorporated on July 28, 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 develops and delivers cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.

## 2. Significant accounting policies

Significant accounting policies adopted by the company are as under:

### 2.1 Basis of Preparation of Financial Statements

#### a) *Statement of Compliance with Ind AS*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date March 31, 2020.

#### b) *Basis of measurement*

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)
- ii) Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has

ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

#### c) *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the

Management’s evaluation of the relevant facts and circumstances as at the date of the financial statements.

Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

- » Useful lives of property, plant and equipment;
- » Impairment;
- » Financial instruments;
- » Employee benefits;
- » Provisions;
- » Income taxes

## 2.2 Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

### *An asset is classified as current when it is:*

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

### *A liability is classified as current when:*

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

## 2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.



## Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Schedule II (Yrs)	Useful Life (Yrs)
Buildings & Interiors	60	6
Computer	3-6	3 - 6
Air Conditioner	5	8
Furniture & Fixtures	10	1.67
Office Equipment	5	1.67
Vehicle	8	3

Based on the technical assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

## 2.4 Other Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Schedule II	Useful life
Platforms	6 years	6 years

## 2.5 Investment in Subsidiaries

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

## 2.6 Foreign Currency Transactions

### a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

### b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

The assets and liabilities of the branch are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year. The exchange differences arising on translation for consolidation are recognised in OCI.

C) The assets and liabilities of the branch are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year. The exchange differences arising on translation for consolidation are recognised in OCI

## 2.7 Impairment of non-financial assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

## 2.8 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

The Company has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred

Further information about the assumptions made in measuring fair values is included in the Notes to accounts.

## 2.9 Revenue Recognition

The company derives revenues primarily from Messaging services(A2P), International Long Distance & Voice services.

The following is the summary of Significant Accounting policies related to revenue recognition:

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

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 of collectability. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue on time proportion based contract are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

### Other Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

## 2.10 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

### a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash 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 purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits.

### 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.

## 2.12 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 are segregated.

## 2.13 Financial instruments

### Initial Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

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

### a) *Financial assets*

#### (i) *On initial recognition, a financial asset is classified as measured at*

- amortised cost;
- fair value through other comprehensive income ("FVTOCI") – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

**Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**(iii) Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**(iv) Derecognition of financial assets**

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

**b) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

**d) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.14 Employee Benefits****a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**b) Other long-term employee benefit obligations****(i) Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

**(ii) Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

**(iii) Share-based payments**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

## 2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

### *Contingent liability is disclosed for:*

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

## 2.16 Leases

### *As a lessee*

Short-term leases and leases of low-value assets

The company has all the leases which are short term having tenure of less than 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 2.17 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, impairment of investment, impairment of goodwill, significant disposal of fixed assets etc.

## 2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.



## 2.19 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

### *(i) Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### *(a) Defined benefit plans gratuity benefits*

The cost of the defined benefit plans such as gratuity are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the

valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

### *(b) Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37.

## 2.20 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020. There are no standards that are issued but not yet effective on March 31, 2020.

## Note 3

## Property, plant and equipment

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Gross block			Depreciation			Net block		
	As at 1 April, 2019	Additions/ Adjustments	As at 31 March, 2020	As at 1 April, 2019	For the year	Deductions/ Adjustments	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2019
<b>Owned assets</b>									
Land	76,570,150	-	76,570,150	-	-	-	76,570,150	76,570,150	76,570,150
Buildings	131,532,057	12,980,351	85,075,643	8,555,600	97,935,920	59,436,765	47,054,755	38,020,888	122,976,457
Furniture	38,659,024	383,344	27,456,284	22,463,104	12,927,906	11,586,084	23,804,926	3,651,358	16,195,920
Computers	160,828,985	31,342,277	177,968,693	81,913,647	24,670,011	14,202,573	92,381,085	85,587,608	78,915,338
Platforms & Deployments	4,164,448,319	-	4,164,448,319	1,107,931,402	3,056,516,916	-	4,164,448,318	1	3,056,516,917
Office Equipment	18,256,009	311,464	17,778,103	3,215,435	11,381,571	789,370	13,807,637	3,970,467	15,040,574
Vehicles	4,450,037	-	4,291,903	440,134	1,403,909	158,134	1,685,909	2,605,994	4,009,903
Airconditioners	24,710,481	26,822	6,827,746	20,103,685	1,269,315	17,909,557	3,463,443	3,364,303	4,606,796
<b>Total</b>	<b>4,619,455,062</b>	<b>45,044,258</b>	<b>4,560,416,841</b>	<b>1,244,623,007</b>	<b>3,206,105,549</b>	<b>104,082,479</b>	<b>4,346,646,073</b>	<b>213,770,768</b>	<b>3,374,832,055</b>

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Gross block			Depreciation			Net block		
	As at 1 April, 2018	Additions/ Adjustments	As at 31 March, 2019	As at 1 April, 2018	For the year	Deductions/ Adjustments	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2018
<b>Owned assets</b>									
Land	76,570,150	-	76,570,150	-	-	-	76,570,150	76,570,150	76,570,150
Buildings	116,232,101	29,878,385	131,532,057	6,608,927	2,194,777	-	8,555,600	122,976,457	109,623,174
Furniture	27,908,074	2,247,800	38,659,024	19,129,195	3,155,155	-	22,463,104	16,195,920	8,778,879
Computers	361,601,889	38,998,011	160,828,985	89,180,757	19,682,396	31,896,302	81,913,647	78,915,338	272,421,132
Platforms & Deployments	4,250,504,828	40,349,012	4,164,448,319	485,333,573	649,780,624	27,182,795	1,107,931,402	3,056,516,917	3,765,171,255
Office Equipment	10,765,202	9,504,500	18,256,009	5,592,565	2,585,782	77,234	3,215,435	15,040,574	5,172,637
Vehicles	7,710,245	3,960,822	4,450,037	5,682,069	300,038	5,541,974	440,134	4,009,903	2,028,176
Airconditioners	23,257,451	160,773	24,710,481	16,963,948	3,131,504	-	20,103,685	4,606,796	6,293,503
<b>Total</b>	<b>4,874,549,840</b>	<b>125,099,303</b>	<b>4,619,455,062</b>	<b>628,491,034</b>	<b>680,830,276</b>	<b>64,698,305</b>	<b>1,244,623,007</b>	<b>3,374,832,055</b>	<b>4,246,056,906</b>

## Change in useful life of Asset

The Management reassessed the useful life of all the fixed assets as on 1 April, 2019 and consequently revised useful life which resulted in increase of depreciation charge by INR 2,49,44,36,929 in Statement of Profit and Loss with corresponding impact on the net assets of the Company:

- a) For platform and deployments, as per the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018, Voice and Text communications should be provided using block chain technology. New Technology and cloudification of services has resulted in a need for re-assessment of useful life of technology assets leading to additional depreciation amounting to INR 2,39,40,17,494.
- b) For other assets, additional depreciation amounting to INR 10,04,19,435.

**Note 4****Intangible Assets**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Gross block			Depreciation			Net block		
	As at 1 April, 2019	Additions	Deductions/ Adjustments	As at 31 March, 2020	For the year	Deductions/ Adjustments	As at 31 March, 2020	As at 31 March, 2020	As at 1 April, 2019
Platforms	-	11,15,05,119	-	11,15,05,119	9,45,992	-	9,45,992	11,05,59,127	-
Total	-	11,15,05,119	-	11,15,05,119	9,45,992	-	9,45,992	11,05,59,127	-

**Note 5**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

<b>Non Current Financial Investments</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>(i) "Investments in unquoted equity shares (fully paid up, carried at cost (net of impairment) unless stated otherwise)"</b>		
<b>(a) "In subsidiaries (carried at cost, net of impairment)"</b>		
i) Tanla Corporation Private Limited, India *	2,45,11,52,571	48,60,97,268
6,806,460 (1,328,647) equity shares of Rs.10 each, fully paid-up		
Net of Impairment of Rs 39,71,88,331		
ii) Tanla Mobile Asia Pacific Pte Ltd, Singapore	3,09,28,918	3,09,28,918
750,001 (750,001) Equity shares of SGD.1 each, fully paid-up		
iii) Capitalsiri Investments Private limited, India	2,05,00,000	2,05,00,000
2,050,000 (2,050,000) equity shares of Rs.10 each, fully paid-up		
iv) Gamooga Softtech Private Limited, India **	39,43,74,160	-
1,00,000 (Nil) equity shares of Rs.10 each, fully paid-up		
Net of Impairment of Rs 9,01,25,839		
v) Tanla Digital Labs Private Limited, India ***	5,00,000	-
50,000 (Nil) equity shares of Rs.10 each, fully paid-up		
<b>(b) " In Joint Venture (carried at cost, net of impairment)"</b>		
TZ Mobile Private Limited, India	10,00,000	10,00,000
103,490 (103,490) Equity shares of Rs.10 each, fully paid-up		
Net of Diminution in value of Investments of Rs 93,49,000		
<b>(c) "In Associate(carried at cost)"</b>		
Jengatron Gaming Private Limited, India	-	2,00,00,000
60,000 (60,000) equity shares of Rs.10 each, fully paid-up		
Net of Diminution in value of Investments of Rs 2,00,00,000		
<b>Total</b>	<b>2,89,84,55,649</b>	<b>55,85,26,186</b>
<b>Aggregate value of unquoted investments</b>		
<b>Aggregate value of unquoted investments</b>	<b>3,41,51,18,819</b>	<b>56,78,75,186</b>
Aggregate amount of impairment in value (including provision for diminution in investments)	51,66,63,170	93,49,000

**\* Tanla Corporation Private Limited**

\*On August 20, 2019, the company has acquired 54,77,813 no of equity shares of Tanla Corporation at Rs 428 per share amounting to Rs 2,34,45,03,964.

**\*\*Gamooga Softtech Private Limited:**

\*\* On October 24, 2019, the company has acquired 100% voting interest of Gamooga Softtech Private Limited, India, a omnichannel marketing automation platform that provides push notifications, in-app messaging and predictive analytics solutions. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of INR 31,49,24,960 and 21,19,688 shares issued of Equity share at Rs 80 amounting to INR 16,95,75,040.

**\*\*\* Tanla Digital Labs Private Limited**

\*\*\* On December 18, 2019, the company incorporated "Tanla Digital Labs Private Limited", a wholly owned subsidiary to enable entry into block chain based technology platform services to cater to customers across the globe.The company subscribed 50,000 equity shares at Face value of Rs 10 amounting to INR 5,00,000).

**Note 6****Non- current financial assets - Loans**

Loans receivables considered good - unsecured

(a) Earnest money deposits

	<b>31 March 2020</b>	<b>31 March 2019</b>
	25,00,000	-
<b>Total</b>	<b>25,00,000</b>	<b>-</b>

**Note 7**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Deferred Tax Asset (Net)</b>	57,09,86,022	16,21,06,807
<b>Total</b>	<b>57,09,86,022</b>	<b>16,21,06,807</b>

## Deferred tax relates to following:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2019	Recognised in Profit & Loss	31 March 2020
<b>Deferred tax assets</b>			
On property, plant and equipment	-	(50,90,88,752)	50,90,88,752
On Unabsorbed Losses	30,39,84,270	25,82,03,161	4,57,81,109
On others	-	(1,61,16,161)	16,116,161
Unused Tax Credit (MAT)	5,60,14,492	5,60,14,492	-
<b>Subtotal (A)</b>	<b>35,99,98,762</b>	<b>(21,09,87,260)</b>	<b>57,09,86,022</b>
<b>Deferred tax liabilities</b>			
On property, plant and equipment	19,78,91,955	19,78,91,957	-
<b>Subtotal (B)</b>	<b>19,78,91,955</b>	<b>19,78,91,957</b>	<b>-</b>
<b>Deferred tax asset-net (A+B)</b>	<b>16,21,06,807</b>	<b>(40,88,79,213)</b>	<b>57,09,86,022</b>

In assessing whether the deferred tax assets will be realised, management considers whether some portion or all of the deferred tax assets will not be realised. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible difference. Recoverability of deferred tax assets is based on estimates of future taxable income and any changes in such future taxable income would impact the recoverability of deferred tax assets. However, management believes that any reasonable possible change in the key assumptions would not effect the Company's ability to recover the deferred tax asset

**Note 8**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other Non-Current Assets, Considered good</b>		
(a) Advances recoverable in cash or kind	38,05,182	56,92,792
(b) Balances with revenue authorities	9,69,88,938	18,97,88,262
<b>Total</b>	<b>10,07,94,120</b>	<b>19,54,81,054</b>

**Note 9**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current financial assets - Investments</b>		
"Investments(carried at fair value through profit and loss)"		
Axis Liquid Fund	-	20,20,03,422
Franklin Fund	-	10,01,78,301
(Net of provision of Rs 3,66,81,732, March 31, 2019 Nil)		
ICICI Prudential Mutual Fund-Liquid Plan -Growth	-	10,01,84,350
Reliance Liquid Treasury Plan	-	33,52,51,003
<b>Total</b>	<b>-</b>	<b>73,76,17,076</b>

**Note 10**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Trade Receivables</b>		
<b>Unsecured</b>		
Considered good *	2,47,84,63,847	2,36,28,52,030
Considered doubtful	1,92,51,603	87,62,273
	2,49,77,15,450	2,37,16,14,303
Less:		
Allowances for doubtful receivables	(1,92,51,603)	(87,62,273)
<b>Total</b>	<b>2,47,84,63,847</b>	<b>2,36,28,52,030</b>

\* includes dues from subsidiaries (Refer note 41)

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.

**Note 11**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Cash and Cash equivalents</b>		
(a) Balances with Banks		
Current accounts	2,17,15,747	59,21,12,847
Deposit accounts *	1,15,97,47,460	75,00,00,000
(b) Cash on hand	1,519	5,02,975
	1,18,14,64,726	1,34,26,15,822
(c) Other bank balances		
(i) Unclaimed Dividends	22,94,612	19,03,010
(ii) Balances under deposits **	65,00,000	74,48,227
	87,94,612	93,51,237
<b>Total</b>	<b>1,19,02,59,338</b>	<b>1,35,19,67,059</b>

\*The deposits maintained by the Company with banks comprises term deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

\*\*Deposits with a carrying amount of Rs. 65,00,000 (March 2019 - Rs. 74,48,227) are towards margin money given for bank guarantees given to various Telcom companies.

**Note 12**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current financial assets - Loans &amp; Advance Unsecured, Considered Good</b>		
(i) Loans to employees	36,72,792	89,61,792
(ii) Receivable from group companies	17,12,72,266	47,13,79,395
(iii) Unbilled Revenue	89,55,59,013	84,54,76,267
(iv) Interest receivable on Fixed Deposits	1,49,18,025	-
<b>Total</b>	<b>1,08,54,22,096</b>	<b>1,32,58,17,454</b>

**Note 13**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other current assets</b>		
<b>Unsecured, Considered Good</b>		
(i) Advance tax & TDS (Net of Provisions)	15,50,32,663	5,42,01,982
(ii) Balance with Government Authorities	2,81,49,188	1,32,777
(iii) Advances recoverable in cash or kind	1,79,23,649	22,03,68,483
(iv) Other receivable	2,04,90,645	12,31,22,328
<b>Total</b>	<b>22,15,96,145</b>	<b>39,78,25,570</b>

**Note 14**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Equity Share Capital</b>		
(i) Authorised	20,00,00,000	20,00,00,000
200,000,000 Equity shares of Rs 1/- each		
(ii) Issued Subscribed and fully paid up:	14,59,71,699	11,56,26,827
14,59,71,699 (11,56,26,827) Equity Shares of Rs. 1/- each		
<b>Total</b>	<b>14,59,71,699</b>	<b>11,56,26,827</b>

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

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020		31 March 2019	
	No. of Shares	in Rs	No. of Shares	in Rs
Shares outstanding at the beginning of the year	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952
Add: Issued and allotted during the year	3,03,44,872	3,03,44,872	32,04,875	32,04,875
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>14,59,71,699</b>	<b>14,59,71,699</b>	<b>11,56,26,827</b>	<b>11,56,26,827</b>

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

The Company has only one class of equity shares having a face value of Rs. 1/-. Each share holder is eligible for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020		31 March 2019	
	No. of Shares	in %	No. of Shares	in %
D Uday Kumar Reddy	2,49,60,502	17.10%	2,09,65,947	18.13%
D Tanuja Reddy	1,79,45,198	12.29%	1,51,51,770	13.10%
Banyan Investments Limited	2,19,99,824	15.07%	-	-

## iv) Employee stock based compensation

The Company instituted the Employee Stock Purchase Plan 2015 ('ESOP 2015') and Employee Stock Purchase Scheme (ESPS 2018) during the fiscal 2019; and have been approved by the Board of Directors. Refer note 37 for further details.

v) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

vi) The Board of Directors at their meeting held on April 22, 2020, approved the Buyback of the fully paid up equity shares having face value of Rs. 1/- each not exceeding 19,012,345 equity shares at a price of Rs. 81/- per equity share payable in cash, for an aggregate maximum amount not exceeding Rs. 1,54,00,00,000 excluding any expenses incurred or to be incurred for the buyback viz. brokerage, costs, fees, turnover charges, taxes such as buyback tax, securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("Transaction Costs") (such maximum amount hereinafter referred to as the "Buyback Offer Size").

The approval of the members of the Company was sought by way of Postal Ballot and was approved by the members on May 23, 2020. Subsequently the Company had made Public Announcement for the Buyback which was published on May 27 2020, and the Company filed the Draft letter of Offer with the SEBI and respective stock exchanges on which the shares of the Company are listed i.e. BSE Limited (BSE) and National Stock Exchange Limited (NSE) on June 01, 2020.

**Note 15**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Other Equity</b>		
(i) Capital reserve	6,99,19,556	6,99,19,556
(ii) General reserve	25,48,17,667	25,48,17,667
(iii) Investment subsidy	-	4,00,000
(iv) Securities premium account	6,44,47,16,429	4,75,09,21,963
(v) Money received against share warrants	6,29,50,000	6,29,50,000
(vi) Employee stock options outstanding account	4,41,48,579	4,08,82,635
(vii) Retained Earnings		
Opening	1,77,86,25,081	1,64,84,60,096
Profit/(Loss) for the year	(1,98,92,19,088)	17,07,57,696
Less: Dividend	(5,03,17,696)	(3,37,26,586)
Dividend tax	(1,03,43,205)	(68,66,125)
sub-total	(27,12,54,908)	1,77,86,25,081
(viii) Foreign currency translation reserve	(6,17,77,043)	(7,78,09,435)
(ix) Items of other comprehensive income	11,12,928	8,19,712
<b>Total</b>	<b>6,54,46,33,209</b>	<b>6,88,15,27,179</b>

## Nature and Purpose of Reserves

**Capital Reserve:** Capital Reserves-Represents capital reserve balances of acquired entities which are transferred to the Company upon mergers in the earlier years.



**Employee stock options outstanding account:** The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account. This will be utilised for allotment of equity shares against outstanding employee stock options.

**Securities premium account:** The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

**General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

**OCI represents Re-measurement on defined employee benefit plan:** Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified into statement of profit and loss.

**Money received against share warrants:** The 25% subscription amount received at the time of issue of warrants less utilised for conversion of warrants into equity shares.

**Note 16**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Borrowings-Non Current</b>		
Secured		
Term loan from bank	-	46,92,53,174
<b>Total</b>	<b>-</b>	<b>46,92,53,174</b>

Tanla availed a term loan from HDFC bank repayable in 48 equal instalments starting from May 2019 which carries an interest rate of MCLR + spread aggregating to 9.6% p.a. This loan is secured by hypothecation of book debts as primary security and collateral of other assets of commercial office building located at Madhapur, Hyderabad. The loan has been settled during the year.

**Note 17**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other financial liabilities</b>		
Unclaimed dividend*	22,94,612	19,03,010
<b>Total</b>	<b>22,94,612</b>	<b>19,03,010</b>

\*Unclaimed amounts are transferred to Investor Protection and Education Fund after seven years from the due date.

**Note 18**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other liabilities</b>		
Other security deposits	55,85,000	8,85,000
<b>Total</b>	<b>55,85,000</b>	<b>8,85,000</b>

**Note 19**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Borrowings-Current</b>		
Secured Term loan from bank (refer note 16)	-	12,95,67,074
<b>Total</b>	<b>-</b>	<b>12,95,67,074</b>

**Note 20**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Trade and other payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,33,43,93,020	1,65,75,68,419
<b>Total</b>	<b>1,33,43,93,020</b>	<b>1,65,75,68,419</b>

**Note 21**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other financial liabilities</b>		
Payables for capital goods	5,60,75,105	58,80,799
Provision for Cost	69,82,85,548	82,44,33,702
Payable to group company	-	23,94,17,578
<b>Total</b>	<b>75,43,60,653</b>	<b>1,06,97,32,079</b>

**Note 22**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other current liabilities</b>		
Statutory liabilities	2,92,50,635	12,40,22,683
Other liabilities	5,63,18,284	3,34,42,836
<b>Total</b>	<b>8,55,68,919</b>	<b>15,74,65,519</b>

**Note 23**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Liabilities for current tax</b>		
Provision for income tax	-	4,11,10,260
<b>Total</b>	<b>-</b>	<b>4,11,10,260</b>

**Note 24**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Revenue from Operations</b>		
Overseas	21,34,23,915	26,57,17,331
Domestic	10,39,02,81,950	7,82,83,70,253
<b>Total</b>	<b>10,60,37,05,865</b>	<b>8,09,40,87,584</b>

**Note 25**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other Income</b>		
Interest income fixed deposits	4,89,13,670	1,69,03,211
Interest income from related parties	2,16,08,471	-
Gain on liquid funds	1,75,27,730	7,39,70,742
Miscellaneous Income	33,08,407	47,30,448
<b>Total</b>	<b>9,13,58,278</b>	<b>9,56,04,401</b>

**Note 26**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Cost of services</b>		
Cost of services	8,82,91,27,682	6,86,95,20,092
<b>Total</b>	<b>8,82,91,27,682</b>	<b>6,86,95,20,092</b>

**Note 27**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Employee benefit expense</b>		
Salaries, wages, bonus and other allowances	16,40,78,432	14,82,52,170
Employee stock options (refer note 37)	32,65,944	51,17,664
Employee stock purchase scheme(refer note 37)	-	4,61,19,356
Contribution to provident and other funds	99,04,369	90,25,184
Staff welfare expenses	1,03,27,574	97,38,685
<b>Total</b>	<b>18,75,76,319</b>	<b>21,82,53,059</b>

**Note 28**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Connectivity &amp; related expenses</b>		
Data centre and hosting charges	1,22,76,520	1,59,10,943
Internet and cloud computing charges	2,50,57,023	1,30,41,490
<b>Total</b>	<b>3,73,33,543</b>	<b>2,89,52,433</b>

**Note 29**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Finance Cost</b>		
Interest on Cash Credit	10,94,136	7,81,311
Interest on Loan - TCPL	4,54,13,252	2,63,10,962
Interest on Term Loan	96,97,104	
Other Borrowing Cost	10,74,085	24,52,802
<b>Total</b>	<b>5,72,78,577</b>	<b>2,95,45,075</b>

**Note 30**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Other Expenses</b>		
Communication expenses	94,86,145	20,53,890
Repairs & maintenance expenses	52,73,335	1,15,78,647
Advertisement charges	3,73,93,635	76,16,800
Rent, rates & taxes	1,43,20,683	86,46,135
Postage & courier	3,94,744	3,80,950
Printing & stationery	5,25,029	8,24,094
Office maintenance expenses	85,15,952	96,89,160
Power & fuel	39,29,291	36,63,946
Travel and Conveyance expenses	2,12,64,777	2,17,57,351
General expenses	1,07,40,833	39,32,309
Insurance	15,31,407	11,76,414
Listing fees to stock exchanges	16,12,763	32,22,074
Professional charges	8,88,71,514	2,91,46,007
Research and development expenses	41,06,228	24,13,993
Exchange fluctuation	55,971	1,96,04,288
Auditors remuneration*	46,20,000	19,96,039
Bank charges	5,20,789	5,32,650
Allowance for doubtful debts	1,04,89,330	20,23,414
Allowance for advance	52,82,598	-
Provision for Diminution in investment	2,00,00,000	-
Acquisition cost	-	3,45,09,539
Corporate social responsibility expenses	18,63,855	14,45,915
Provision for loss of investment in mutual funds	3,66,81,732	-
<b>Total</b>	<b>28,74,80,612</b>	<b>16,62,13,615</b>

\*Note : The following is the break-up of Auditors remuneration (exclusive of GST)

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>As auditor:</b>		
Statutory audit	39,00,000	18,76,039
<b>In other capacity:</b>		
Other matters	6,85,000	1,00,000
Reimbursement of expenses	35,000	20,000
<b>Total</b>	<b>46,20,000</b>	<b>19,96,039</b>

**Note 31****a) Taxes**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	Income tax expense		
	Current tax	-	4,11,10,260
	Deferred tax	(40,88,79,213)	2,56,19,738
	Mat credit entitlement	-	(4,11,10,260)
	<b>Total income tax expense recognised in Statement of Profit &amp; Loss</b>	<b>(40,88,79,213)</b>	<b>2,56,19,738</b>
(ii)	Income tax expense charged to OCI		
	Net loss/(gain) on remeasurements of defined benefit plans	(98,627)	(6,95,513)
	<b>Income tax charged to OCI</b>	<b>(98,627)</b>	<b>(6,95,513)</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (31 March 2019: 34.94%) and the reported tax expense in the statement of profit and loss is as follows:

**b) Reconciliation of effective tax rate:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	Profit/(loss) before tax	(2,39,80,98,301)	19,63,77,433
	Tax at company's domestic tax rate	25.17%	34.94%
	Tax at statutory income tax rate	-	6,86,22,130
(ii)	Tax effect of:		
	- Depreciation deductible for tax purposes (net)	-	(6,62,29,987)
	- Other Expenses not deductible for tax purposes (net)	-	35,31,855
	- Due to adoption of new tax rate	(1,58,44,319)	-
	- Due to MAT write-off*	5,60,14,491	-
	- Others (net)	(44,90,49,385)	1,96,95,740
	<b>Income tax expense</b>	<b>(40,88,79,213)</b>	<b>2,56,19,738</b>

\* The Government of India, on 20 September 2019, vide the Taxation laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying income Tax at reduced rates as per the provisions/conditions defined in the said section. Accordingly, the Deferred Tax Liabilities (net) and the estimate of Tax Expense for the year ended March 31, 2020 have been re-measured. Consequent to such revision, there was a one-time charge of MAT credit of `5,60,14,491 to the Company's Tax Expense.

**Note 32****Fair values of financial assets and financial liabilities**

The fair value of other current financial assets, cash and cash equivalents, trade receivables, trade payables, and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Similarly, carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for disclosure.

## Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- » Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- » Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- » Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

### Financial assets and financial liabilities measured at fair value

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020		31 March 2019	
	Level 1	Level 2	Level 1	Level 2
<b>Financial assets</b>				
Investments	-	-	73,76,17,076	-

### Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	Carrying value as at		Fair value as at	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>(i)</b>	<b>Financial Assets:</b>				
	Amortised cost				
	Trade receivables	2,47,84,63,847	2,36,28,52,030	2,47,84,63,847	2,36,28,52,030
	Cash and bank balances	1,19,02,59,338	1,35,19,67,059	1,19,02,59,338	1,35,19,67,059
	Other financial assets	1,08,54,22,096	1,32,58,17,454	1,08,54,22,096	1,32,58,17,454
	FVTPL			-	
	Investment in mutual funds	-	73,76,17,076	-	73,76,17,076
	<b>Total financial assets</b>	<b>4,75,41,45,281</b>	<b>5,77,82,53,619</b>	<b>4,75,41,45,281</b>	<b>5,77,82,53,619</b>
<b>(ii)</b>	<b>Financial Liabilities:</b>				
	Amortised cost				
	Borrowings	-	12,95,67,074	-	12,95,67,074
	Trade payables	1,33,43,93,020	1,65,75,68,418	1,33,43,93,020	1,65,75,68,418
	Other financial liabilities	75,43,60,653	1,06,97,32,080	75,43,60,653	1,06,97,32,080
	<b>Total financial liabilities</b>	<b>2,08,87,53,673</b>	<b>2,85,68,67,572</b>	<b>2,08,87,53,673</b>	<b>2,85,68,67,572</b>

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values

**Note 33****Financial risk management**

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency). The Company operates in Dubai through its branch and is exposed to foreign currency rate risk through operating activities.

a) The foreign currency risks from financial instruments is as follows:

As at March 31, 2020	AED	USD	EURO
<b>Financial Assets</b>			
Trade receivables	42,22,924	8,17,83,963	1,08,961
Cash and cash equivalents	26,16,066	7,17,879	-
<b>Total</b>	<b>68,38,990</b>	<b>8,25,01,842</b>	<b>1,08,961</b>
<b>Financial Liabilities</b>			
Trade payables	4,80,268	5,07,68,265	-
<b>Total</b>	<b>4,80,268</b>	<b>5,07,68,265</b>	-
<b>As at March 31, 2019</b>			
<b>Financial Assets</b>			
Trade receivables	15,14,628	11,84,84,328	1,04,43,666
Cash and cash equivalents	2,20,37,023	8,50,76,541	-
<b>Total</b>	<b>2,35,51,651</b>	<b>20,35,60,869</b>	<b>1,04,43,666</b>
<b>Financial Liabilities</b>			
<b>Trade payables</b>	<b>3,31,669</b>	<b>11,55,73,221</b>	-
<b>Total</b>	<b>3,31,669</b>	<b>11,55,73,221</b>	-

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

As at March 31, 2020	Due in 1 year	1 - 2 years	3-5 years
<b>Financial Liabilities</b>			
Borrowings	-	-	-
Trade payables	1,33,43,93,020	-	-
Other financial liabilities	75,43,60,653	-	22,94,612
<b>Total</b>	<b>2,08,87,53,673</b>	-	<b>22,94,612</b>
<b>As at March 31, 2019</b>			
Borrowings	12,95,67,074	-	-
Trade payables	1,65,75,68,419	-	-
Other financial liabilities	1,06,74,37,468	-	22,94,612
<b>Total</b>	<b>2,85,45,72,960</b>	-	22,94,612

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The Company also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The Company does not foresee any credit risks on deposits with regulatory authorities.



## 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 Rs. 2,47,84,63,847 (March 31, 2019 - Rs. 2,36,28,52,030). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Allowance for doubtful debts	31 March 2020	31 March 2019
Opening balance	87,62,273	67,38,859
Impairment loss recognised/(reversed)	1,04,89,330	20,23,414
<b>Closing balance</b>	<b>1,92,51,603</b>	<b>87,62,273</b>

## Note 34

### Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Total Borrowings	-	59,88,20,248
Less: cash and cash equivalents	1,19,02,59,338	1,35,19,67,059
<b>Total Surplus/(debt)</b>	<b>1,19,02,59,338</b>	<b>75,31,46,811</b>
Total Equity	6,69,06,04,908	6,99,71,54,005
<b>Gearing ratio</b>	<b>0%</b>	<b>9%</b>

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with investments which is predominantly in liquid and short term mutual funds and fixed deposits being far in excess of debt.

**Note 35****Employee benefits**

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.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S.no	Particulars	31 March 2020	31 March 2019
<b>A</b>	<b>Net Employee Benefit Expense</b>		
	(Recognised in Employee Benefit Expense)		
	Current service cost	19,49,716	15,95,681
	Interest cost	(1,51,828)	(2,57,178)
	Expected return on plan assets	-	-
	Net employee benefit expense	17,97,888	13,38,503
	Actual return on plan assets	-	-
<b>B</b>	<b>Amount recognised in Balance Sheet</b>		
	Defined benefit obligation	1,29,71,200	1,05,93,717
	Fair value of plan assets	1,34,72,853	1,25,91,452
	Funded status of the plans	(5,01,653)	(19,97,735)
	(Asset)/Liability recognised in Balance sheet	(5,01,653)	(19,97,735)
<b>C</b>	<b>Changes in the present value of the defined benefit obligation</b>		
	Opening defined benefit obligation	1,05,93,717	64,92,863
	current service cost	19,49,716	15,95,681
	Interest cost	8,05,122	5,19,429
	Benefits paid	-	-
	Net actuarial (gains)/losses on obligation	(3,77,355)	19,85,744
	for the year recognised under OCI		
	<b>Closing defined benefit obligation</b>	<b>1,29,71,200</b>	<b>1,05,93,717</b>
<b>D</b>	<b>Changes in the fair of plan assets</b>		
	Opening fair value of plan assets	1,25,91,452	84,94,494
	Interest income	9,56,950	7,76,607
	Benefits paid	-	-
	Fund charges	(75,549)	(1,22,307)
	Premium expenses	-	34,42,658
	<b>Closing fair value of plan assets</b>	<b>1,34,72,853</b>	<b>1,25,91,452</b>
<b>E</b>	<b>Actuarial Assumptions</b>		
	Discount Rate	6.80%	7.60%
	Rate of increase in Salary	6.00%	6.00%
	"Expected average remaining working lives of employees (years) "	25.66	25.76
	Attrition Rate	1.0% to 3.0%	1.0% to 3.0%

**Note 36****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.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Gross amount required to be spent by the Company during the year	16,48,289	11,02,942
Amount spent during the year (in cash) on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above*	18,63,855	14,45,915
<b>Amount remaining to be spent/(spent in excess)</b>	<b>(2,15,566)</b>	<b>(3,42,973)</b>

**Note 37****A. 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 :**

During the year company has allotted 2,25,360 equity shares of face value Rs. 1/- each under Employee Stock Option Scheme. Options under this program has been granted to eligible employees at an grant price of Rs. 26.51/-. The fair value of share option grant amounting to Rs 32,65,944(March 31, 2019 Rs 51,17,664) is estimated at the date of the grant using Black-scholes method, taking into account the terms and conditions upon which the share option were granted.

Details of the grant/issue as at March 31, 2020 are given below:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of share options	Weighted average exercise price in Rs.	No. of share options	Weighted average exercise price in Rs.
Options outstanding at the beginning of the year	13,81,100	26.51	14,44,850	26.51
Granted during the year	-	26.51	-	26.51
Vested during the year	4,99,245	26.51	-	26.51
Exercised during the year	2,25,360	26.51	63,750	26.51
Lapsed during the year	-	-	-	-
Forfeited during the year	-	26.51	-	26.51
Options outstanding at the end of the year	11,55,740	26.51	13,81,100	26.51
Options vested and exercisable at the end of the year	2,22,795	26.51	-	26.51

**B. Employee Stock Purchase Scheme (ESPS) :**

The Company instituted the Tanla ESPPS Plan 2018, in which 80,00,000 shares were approved by the Shareholders at EGM i.e, September 17, 2018. During the year company has allotted 60,00,000 equity shares of face value Rs. 1/- to the employees of Karix Mobile Private limited under the ESPPS Scheme, the same has been considered as employee cost in Karix Mobile Private Limited.

**Tanla ESPS Scheme 2018:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of share options	Weighted average exercise price in Rs.	No. of share options	Weighted average exercise price in Rs.
Options outstanding at the beginning of the year	65,23,875	1.00	-	1.00
Granted during the year	60,00,000	1.00	80,00,000	1.00
Vested during the year	-	1.00	-	1.00
Exercised during the year	60,00,000	1.00	14,76,125	1.00
Lapsed during the year	-	1.00	-	1.00
Forfeited during the year	-	1.00	-	1.00
Options outstanding at the end of the year	5,23,875	1.00	65,23,875	1.00
Options vested and exercisable at the end of the year	-	1.00	-	1.00

Please refer Board Report for full details on ESOP and ESPS.

**Note 38**

The details of amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2020 and March 31, 2019 by the company. The disclosure pursuant to the said act is as under:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S.no	Particulars	31 March 2020	31 March 2019
(i)	Principal amount due to suppliers under MSMED Act	-	-
(ii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
(iii)	Total interest paid on all delayed payments during the year under MSMED Act	-	-

The information has been determined to the extent such parties have been identified on the basis of the information available with the company.

**Note 39****Contingent Liabilities**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S.No.	Particulars	31 March 2020	31 March 2019
1	Outstanding guarantees given by the company*	65,00,000	25,00,000
2	Claims against company, not acknowledged as debts**	7,45,92,062	7,45,92,062

\*Total Guarantees outstanding as of March 31, 2020 amounting to Rs. 65,00,000 (March 31, 2019 – Rs. 25,00,000) 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.

\*\*The Company had received service tax orders from the Department of Customs, Central excise and Service tax for the financial years 2007-08 to 2009-10 demanding INR 9,00,30,000 on account of taxable service on import of information technology and software services and interest and penalty amounting to INR 7,45,92,062. Against this demand the Company deposited the principal amount and has utilised input credit against the same under the GST regime. The appeal is pending hearing by CESTAT. Based on the strength of its case, Management does not expect the same to have materially adverse effect on its financial position, as it believes the likelihood of any loss is not probable.

## Note 40

### Segment Information

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

## Note 41

### Related Party Disclosures:

#### A) List of Related Parties:

(i) Name of the Related Party	Country	Relationship with the Entity
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corporation Private Limited	India	Wholly-owned subsidiary
Capitalsiri Investments Private Limited	India	Wholly-owned subsidiary
Tanla Digital Labs Private Limited *	India	Wholly-owned subsidiary
Gamooga Softtech Private Limited **	India	Wholly-owned subsidiary
Karix Mobile Private Limited ***	India	Step Down subsidiary
Unicel Technologies Private Limited ****	India	Step Down subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain
Jengatron Gaming Private Limited	India	Associate
Z-Axis Management Consultants and Strategic Advisors LLP *****	India	Entity in which Director is a Partner

\* Incorporated with effect from December 18, 2019

\*\* Acquired with effect from October 24, 2019

\*\*\* Acquired with effect from April 10, 2019

\*\*\*\* Acquired with effect from April 10, 2019

\*\*\*\*\* With effect from October 01, 2019

#### (ii) Key Managerial Personnel

D Uday Kumar Reddy - Chairman & Managing Director  
 Srinivas Gunupudi Kamoji - Chief Financial Officer  
 Seshanuradha Chava - VP - Legal & Secretarial  
 Ram Narain Agarwal \* - Independent Director  
 N Kalpana \*\* - Independent Director  
 Rohit Bhasin - Independent Director  
 Amrita Gangotra - Independent Director  
 Sanjay Baweja - Independent Director  
 A G Ravindranath Reddy - Non Executive Director  
 Sanjay Kapoor - Non Executive Director

\* Ceased to be independent director with effect from 30-09-2019

\*\* Ceased to be independent director with effect from 30-09-2019

**B) Related party Transactions for the year ended March 31, 2020:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Nature of Transactions/ Name of the Subsidiary	Transactions Dr/ (Cr)		Balance Outstanding Dr/(Cr)	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Tanla Mobile Asia Pacific Pte Ltd, Singapore</b>				
Services received	17,89,65,835	21,88,01,928	2,42,88,430	11,74,66,930
Services rendered	-	(30,73,586)	(32,93,190)	(30,54,283)
Sale of Property, plant and equipment	-	(10,28,77,632)	-	(10,28,77,632)
Reimbursement of expenses	(50,95,937)	(2,02,44,643)	-	(2,24,55,882)
<b>Tanla Corporation Private limited., India</b>				
Services rendered	(9,95,70,372)	-	9,95,70,372	-
Loans given/(taken)	(31,48,25,320)	7,33,36,683	7,54,07,742	(23,94,17,578)
Interest expense	4,54,13,250	2,63,10,962	-	-
Investment	1,96,50,55,304	-	-	-
<b>Karix Mobile Private Limited., India</b>				
Services rendered	(3,97,84,13,985)	-	1,13,20,21,256	-
Loans given/(taken)	30,88,391	-	30,88,391	-
Interest income	(2,15,65,091)	-	9,06,323	-
<b>Unicel Technologies Private Limited., India</b>				
Services rendered	(43,49,26,288)	-	1,14,48,289	-
<b>Capitalsiri Investments Private limited., India</b>				
Reimbursement of expenses	-	-	-	52,77,598
<b>Tanla Digital Labs Private Limited., India</b>				
Loans given/(taken)	9,18,26,433	-	9,18,26,433	-
Interest income	(43,380)	-	43,380	-
Investment	5,00,000	-	-	-
<b>Gamooga Softtech Private Limited., India</b>				
Reimbursement of expenses	57,42,310	-	2,62,016	-
<b>Z-Axis Management Consultants and Strategic Advisors LLP*****</b>				
Professional services received	1,16,64,000	-	-	-

**C) List of Transactions with key management personnel**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Total remuneration
D Uday Kumar Reddy - Chairman & Managing Director	2,65,48,677
Srinivas Gunupudi Kamoji - Chief Financial Officer	45,08,817
Seshanuradha Chava - VP Legal & Secretarial	47,63,147
<b>Total</b>	<b>3,58,20,641</b>

**Remuneration to non-executive directors**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Sitting & Committee Fees
Ram Narain Agarwal	63,000
A G Ravindranath Reddy	12,06,000
N Kalpana	3,96,000
Rohit Bhasin	13,50,000
Amrita Gangotra	11,88,000
Sanjay Baweja	13,50,000
<b>Total</b>	<b>55,53,000</b>

**Note 42****COVID-19**

Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 reduced the carrying value of investments in subsidiaries by Rs. 48,73,14,170 and the same has been disclosed as exceptional item. Further, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**Note 43****Earnings Per Share**

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March, 2020	31 March, 2019
Profit/(Loss) attributable to equity holders	(1,98,92,19,088)	17,07,57,696
Weighted average number of equity shares for basic EPS	14,29,27,563	11,56,26,827
Basic Profit/(loss) per share (INR)	(13.92)	1.48
Diluted Profit/(loss) per share (INR)	(13.92)	1.48

The Company has 19,64,938 share warrants as potential equity shares, since conversion of above mentioned potential equity shares would decrease loss per share from continuing ordinary activities, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are not considered in calculating diluted earning per share.

#### Note 44

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

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

For and on behalf of the Board of Directors

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

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 Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Tanla Solutions Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, associate and jointly controlled entity, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2020, of consolidated loss and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and jointly controlled entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key Audit Matters

Sr. No	Key Audit Matters	How the Key Audit Matter was addressed in our audit
1	<p><b>Revenue Recognition</b></p> <p>Refer to the disclosures related to Revenue Recognition in Note 2 to the Financial Statements.</p> <p>The Group provides mobile messaging and payment solutions for application to Peer(A2P) messaging services. The messaging platform has advanced security, reliability, analytics, service levels along with the proven ability to process the largest volume of messages per second.</p> <p>Considering the nature of business in which company operates, there is an inherent risk in relation to accuracy and completion of revenue recognition. As the complexities of the nature, significant volume of data processed and impact of different pricing models, we have considered this as a key audit matter.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> <li>1. Performed walkthroughs and test of controls, of the revenue recognition processes and assessed the design and operating effectiveness of key controls.</li> <li>2. Evaluated the appropriateness of the Group accounting policies and assessing compliance with the policies in terms of the applicable accounting standards.</li> <li>3. Verified the revenue assurance procedures and reconciliations performed by the management to validate SMS counts</li> <li>4. Performed other substantive procedures, including analytics.</li> </ol>
2	<p><b>Assessment of COVID-19 Impact</b></p> <p>The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which was further extended upto May 31, 2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.</p> <p>Covid-19 has contributed to a significant decline and volatility in global and Indian economy. Considering the uncertainty around the impact of Covid-19, the Group has made provision of Rs.4,873.14 lakhs for impairment in goodwill [Refer note no 38].</p> <p>The full extent and duration of the impact of COVID-19 is currently unknown and the provision made by the Group based on its estimates involves a significant amount of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of Covid-19 and provision thereof as a Key Audit Matter.</p>	<p>Our audit procedures in respect of COVID 19 Impact assessment include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Testing the design and operating effectiveness of key controls.</li> <li>2. Selecting samples based on quantitative and qualitative risk factors.</li> <li>3. Verifying the sample selected to assess appropriate classification and provision amount as per extant policy.</li> <li>4. Obtained an understanding of the basis of evaluation of the management.</li> </ol> <p>Our audit procedures in respect of Impairment of Goodwill include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding from the management with respect to process and controls followed by the Group to perform annual impairment test related to goodwill.</li> <li>2. Assessed the Group's internal controls over preparation of annual budgets and future forecasts for the business as a whole and the approach followed for annual impairment test and key assumptions applied.</li> <li>3. Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied and tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate</li> <li>4. Assessed reasonableness of the future revenue and margins, the historical accuracy of the Group's estimates and its ability to produce accurate long-term forecasts.</li> <li>5. Compared the future operating cash flow forecasts with the business plan and budgets approved by the Board.</li> <li>6. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements</li> <li>7. Verification of compliance with Ind AS 36 - Impairment of Assets.</li> </ol>

		<p>Our audit procedures in respect of Impairment of Investment in subsidiaries include but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Assessed the determination of the recoverable amount of the investments based on our understanding of the nature of the Group's business and the economic environment surrounding its operations</li> <li>2. Verified the adjustments in the consolidated statements of the subsidiary consequent to which the carrying value of investment was reduced</li> <li>3. Verified the arithmetical/mathematical accuracy of the management computations</li> <li>4. Assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.</li> </ol>
3	<p><b>Depreciation on Technology Assets (or) Re-measurement of useful lives of Technology Assets</b></p> <p>The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.</p> <p>The estimated useful life of an identifiable assets are 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.</p> <p>As per the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018, voice and text communications should be provided using block chain technology. For the year ended March 31, 2020, the change in technology and cloudification of services has resulted in re-assessment of useful life of technology assets leading to additional provision of accelerated depreciation amounting to 25,612.32 lakhs. Pursuant to such change in technology on account of the regulatory mandate, the group has re-assessed the useful life of assets, including those at branch and subsidiary, amounting to Rs. 32,852.32 lakhs which are fully depreciated as at March 31, 2020.</p> <p>We identified the re-assessment of useful life as a key audit matter because of the significance of these items to the Consolidated financial statements and the degree of judgement exercised by management in determining whether there was objective evidence for such re-assessment.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding of management's process for assessment/re-assessment of useful life and tested the design and operating effectiveness of internal controls over such identification and re-measurement</li> <li>2. Obtained an understanding with management whether there was any objective evidence for re-assessment of useful lives and challenging management's assertions</li> <li>3. Verified the latest financial statements of the branch/component audited by the respective auditor</li> <li>4. Verified conversion adjustments performed by the management and assessed the arithmetical/mathematical accuracy of the computations.</li> <li>5. Assessed the appropriateness of the disclosure made in the financial statements.</li> </ol>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows of the Group including its Associate and Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for assessing the ability of the Group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

## Other Matters

- a. We did not audit the financial statements of three subsidiaries and Dubai branch whose financial statements total assets of Rs. 45,444.31 Lakhs (before consolidation adjustments) as at March 31, 2020, total revenues of Rs. 49,639.32 lakhs (before consolidation adjustments) and net cash outflows amounting to Rs. 393.04 lakhs (before consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 35,881.39 lakhs (before consolidation adjustments) for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of three subsidiaries and one jointly controlled entity, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors. Further, one subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective country and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the financial statements of these subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of this subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.
- b. The consolidated financial statements also include the Group's share of net loss of Rs. 200 Lakhs for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of associate company and jointly controlled entity, whose financial statements have not been audited. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- c. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 02<sup>nd</sup> 2019 expressed an unmodified opinion on those statements.

## 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 purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The reports on the accounts of the Holding company and its subsidiaries, associate and jointly controlled entity incorporated in India, audited by the other auditors, as applicable, and have been properly dealt with in preparing this report.
  - d. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - e. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and jointly controlled entity incorporated in India, none of the directors of the Group companies, its associate company and jointly controlled entity incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.
  - h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 49 to the consolidated financial statements;
    - The Group, its associate and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company and jointly controlled entity incorporated in India.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group, its associate and jointly controlled entity to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For MSKA & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

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**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACW3599

Place: Hyderabad, INDIA

Date: June 10, 2020

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TANLA SOLUTIONS LIMITED**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For MSKA & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

---

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACW3599

Place: Hyderabad, INDIA

Date: June 10, 2020

**STATEMENTS OF TANLA SOLUTIONS LIMITED**

[Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Tanla Solutions Limited on the consolidated Financial Statements for the year ended March 31, 2020

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Tanla Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate and jointly controlled entity, which are companies incorporated in India, as of that date. Further, as one of the subsidiary Company and branch is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

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

The respective Board of Directors of the Holding company, its subsidiary companies, its associate and jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, its associate company and jointly controlled entity, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, its associate and jointly controlled entity, which are companies incorporated in India.

### **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 consolidated 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 consolidated financial statements.

### **Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, its associate and jointly controlled entity, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For MSKA & Associates****Chartered Accountants**

ICAI Firm Registration No. 105047W

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**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 20214198AAAACW3599

Place: Hyderabad, INDIA

Date: June 10, 2020

## Consolidated Balance Sheet

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	359,139,128	3,497,125,866
(b) Intangible assets	4	818,304,616	-
(c) Intangible assets under development		133,074,837	57,613,250
(d) Goodwill on consolidation	5	1,345,569,108	-
(e) Right-of-use Lease assets		50,434,904	-
(f) Financial assets			
(i) Investments	6	-	16,903,801
(ii) Loans	7	38,855,820	-
(iii) Other financial assets	8	5,685,695	-
(g) Deferred tax asset (net)	9	567,423,669	168,328,313
(h) Other non-current assets	10	904,223,684	203,606,138
<b>Total non-current assets</b>	<b>(A)</b>	<b>4,222,711,461</b>	<b>3,943,577,368</b>
<b>(2) Current Assets</b>			
(a) Financial assets			
(i) Investments	11	-	737,617,076
(ii) Trade receivables	12	3,257,693,638	3,078,295,465
(iii) Cash and cash equivalents	13	2,005,747,289	1,550,248,791
(iv) Loans and advances	14	29,457,071	11,149,792
(v) Other Financial assets	15	2,047,222,084	1,357,922,028
(b) Other current assets	16	434,091,457	389,954,008
<b>Total current assets</b>	<b>(B)</b>	<b>7,774,211,539</b>	<b>7,125,187,160</b>
<b>TOTAL ASSETS</b>	<b>(A+B)</b>	<b>11,996,923,000</b>	<b>11,068,764,528</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	145,971,699	115,626,827
(b) Other equity	18	6,871,373,000	7,139,801,490
<b>Total equity</b>	<b>(A)</b>	<b>7,017,344,699</b>	<b>7,255,428,317</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	-	469,253,174
(ii) Lease liabilities	20	43,491,015	-
(iii) Other financial liabilities	21	2,294,612	1,903,010
(b) Employee benefit obligations	22	64,480,204	-
(c) Other non-current liabilities	23	42,870,438	885,000
<b>Total Non-Current Liabilities</b>	<b>(B)</b>	<b>153,136,269</b>	<b>472,041,184</b>

<b>(3) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	24	-	129,567,074
(ii) Trade payables	25		-
- total outstanding dues of micro enterprises and small enterprises		-	2,825,252
- total outstanding dues of creditors other than micro enterprise and small enterprise		2,806,026,159	2,020,423,561
(iii) Lease liabilities	26	10,380,290	-
(iv) Other financial liabilities	27	1,597,299,554	971,406,346
(b) Other current liabilities	28	290,760,062	168,072,681
(c) Employee benefit obligations	29	9,428,937	-
(d) Current tax liabilities (net)	30	112,547,030	49,000,114
<b>Total Current liabilities</b>	<b>(C)</b>	<b>4,826,442,032</b>	<b>3,341,295,028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(A+B+C)</b>	<b>11,996,923,000</b>	<b>11,068,764,528</b>

See accompanying notes to the consolidated financial statements 1 - 55

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

For and on behalf of the Board of Directors

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

Sd/-

**D. Uday Kumar Reddy**

Chairman & Managing Director

DIN : 00003382

Sd/-

**Srinivas Kamoji Gunupudi**

Chief Financial Officer

Sd/-

**Seshanuradha Chava**

VP - Legal & Secretarial

## Consolidated Statement of Profit and Loss

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Note	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>Income</b>			
I. Revenue from operations	31	19,428,397,127	10,039,647,403
II. Other income	32	123,645,837	106,109,795
<b>III. Total Income (I+II)</b>		<b>19,552,042,964</b>	<b>10,145,757,198</b>
<b>IV. Expenses</b>			
Cost of services	33	15,517,183,560	8,606,623,625
Employee benefits expense	34	1,089,308,073	229,476,297
Connectivity & related expenses	35	81,628,555	26,964,840
Depreciation and amortization expense	3 & 4	3,777,958,444	732,275,914
Finance cost	36	64,163,434	3,234,114
Other expenses	37	890,039,508	209,345,058
<b>Total expenses (IV)</b>		<b>21,420,281,574</b>	<b>9,807,919,848</b>
<b>V. Profit / (loss) before exceptional items, share of profit/ loss of associate and tax (III - IV)</b>		<b>(1,868,238,610)</b>	<b>337,837,350</b>
VI. Exceptional item : Impairment of Goodwill	38	487,314,170	-
<b>VII. Profit / (loss) before non-controlling interest/share in net profit/(loss) of associate (V - VI)</b>		<b>(2,355,552,780)</b>	<b>337,837,350</b>
VIII. Share in net profit/(loss) of associate		(16,903,800)	(3,096,200)
<b>IX. Profit / (loss) before tax (VII - VIII)</b>		<b>(2,372,456,580)</b>	<b>334,741,150</b>
<b>X. Tax expense:</b>			
Current tax		112,547,030	49,000,114
Deferred tax:			
Tax Credit - Minimum Alternate Tax (MAT)		-	(40,377,534)
Other deferred tax		(373,346,944)	27,908,076
<b>Total tax Expense (X)</b>		<b>(260,799,914)</b>	<b>36,530,656</b>
<b>XI. Profit / (loss) for the year (IX - X)</b>		<b>(2,111,656,666)</b>	<b>298,210,494</b>
<b>XII. Other comprehensive income</b>			
A. (i) Remeasurement of defined benefit liability		(1,591,759)	(2,108,051)
(ii) Income tax relating to items that will not be reclassified to profit or loss "		(597,860)	(695,513)
B. Items that will be reclassified to profit or loss		101,456,564	14,760,828
Total other comprehensive income net of taxes		99,266,945	11,957,264
<b>XIII. Total comprehensive income for the year (XI + XII)</b>		<b>(2,012,389,721)</b>	<b>310,167,758</b>
<b>XIV. Total Comprehensive income for the year attributable to</b>			
Equity holders of the Company		(2,012,389,721)	310,167,758
Non-controlling interest		-	-
<b>XV. Earnings per equity share</b>	<b>54</b>		
1. Basic		(14.77)	2.58
2. Diluted		(14.77)	2.58
Nominal Value per equity share		1.00	1.00

See accompanying notes to the consolidated financial statements 1 - 55

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

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

## Consolidated Statement of Changes in Equity

### A. Equity share capital (Refer Note 17)

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	in INR	Number	in INR
Equity shares of Rs 1 each issued, subscribed and fully paid:				
Opening	115,626,827	115,626,827	112,421,952	112,421,952
Add: Issued during the year	30,344,872	30,344,872	3,204,875	3,204,875
Closing	145,971,699	145,971,699	115,626,827	115,626,827

### B. Other Equity

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Reserves & Surplus					Items of OCI			Total	
	Capital Reserve	General Reserve	Investment subsidy	Securities Premium Account	Money received against share warrants	Employee stock option outstanding Account	Retained Earnings	Foreign currency translation reserve		Remeasurements of the net defined benefit Plans
<b>Balance as at 1 April 2018</b>	<b>69,919,556</b>	<b>254,817,667</b>	<b>400,000</b>	<b>4,648,629,544</b>	-	<b>35,764,971</b>	<b>1,750,898,211</b>	-	<b>3,623,276</b>	<b>6,764,053,225</b>
Profit for the year	-	-	-	-	-	-	298,210,494	-	-	298,210,494
Other comprehensive income (net of tax)	-	-	-	-	62,950,000	-	-	(59,814,237)	(2,803,564)	(62,617,801)
Share application money	-	-	-	-	-	-	-	-	-	62,950,000
Issue of equity shares	-	-	-	112,680,619	-	-	-	-	-	112,680,619
Dividend and dividend tax	-	-	-	-	-	-	(40,592,711)	-	-	(40,592,711)
Exercise of share options	-	-	-	-	-	5,117,664	-	-	-	5,117,664
Balance as at 31 March 2019	69,919,556	254,817,667	400,000	4,761,310,163	62,950,000	40,882,635	2,008,515,994	(59,814,237)	819,712	7,139,801,490
<b>Balance as at 1 April 2019</b>	<b>69,919,556</b>	<b>254,817,667</b>	<b>400,000</b>	<b>4,761,310,163</b>	<b>62,950,000</b>	<b>40,882,635</b>	<b>2,008,515,994</b>	<b>(59,814,237)</b>	<b>819,712</b>	<b>7,139,801,490</b>
Profit for the year	-	-	-	-	-	-	(2,111,656,665)	-	-	(2,111,656,665)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	219,806,485	(2,189,619)	217,616,866
Remeasurement of asset/(liability)	-	-	(400,000)	-	-	-	-	-	-	(400,000)
Issue of equity shares	-	-	-	1,683,406,266	-	-	-	-	-	1,683,406,266
Dividend and dividend tax	-	-	-	-	-	-	(60,660,901)	-	-	(60,660,901)
Exercise of share options	-	-	-	-	-	3,265,944	-	-	-	3,265,944
<b>Balance as at 31 March 2020</b>	<b>69,919,556</b>	<b>254,817,667</b>	-	<b>6,444,716,429</b>	<b>62,950,000</b>	<b>44,148,579</b>	<b>(163,801,572)</b>	<b>159,992,248</b>	<b>(1,369,907)</b>	<b>6,871,373,000</b>

See accompanying notes to the consolidated financial statements 1 - 55

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

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

For and on behalf of the Board of Directors



## Consolidated Statement of Cash Flows

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S.no	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
	Profit / (loss) before exceptional items, share of profit/loss of associate and income tax	(1,868,238,609)	334,741,152
	Adjusted for :		
	Depreciation and amortisation Expense	3,777,958,444	732,275,914
	Interest & other income	(110,849,923)	(99,531,269)
	Share based Payment	296,485,944	51,237,020
	Unrealised foreign exchange loss	34,575,267	-
	Allowance for advances	26,881,749	-
	Allowances for receivables	196,365,806	2,622,526
	Operating profits before working capital charges	2,353,178,678	1,021,345,343
	<b>Changes in current assets and liabilities</b>		
	(Increase)/Decrease in trade receivables	(179,398,173)	(1,299,587,891)
	(Increase)/Decrease in financial and non-financial assets	(1,547,338,748)	(777,075,187)
	Increase/(Decrease) in financial and non-financial liabilities	982,284,991	131,480,994
	Increase/(Decrease) in trade payables & other liabilities	782,777,347	619,686,468
	Cash generated/(used) from operations	2,391,504,095	(304,150,273)
	Income taxes paid	-	-
	Net cash generated/(used) from operating activities	2,391,504,095	(304,150,273)
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
	(Purchase)/Sale of Property plant & Equipment/Intangibles	(1,373,966,022)	120,983,836
	Purchase/(Sale) of Investments in Subsidiary/associate	-	(20,000,000)
	Sale of investments	-	(737,617,076)
	Interest & other income	110,849,923	99,531,269
	Net cash used in investing activities	(1,263,116,099)	(537,101,971)
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	Proceeds from issuance of equity shares	14,093,981	178,835,494
	(Repayment)/Proceed from short term borrowings(net)	(598,820,248)	598,820,248
	Payment of lease liabilities	(22,871,022)	-
	Interest paid on lease liabilities	(4,631,308)	-
	Dividends and dividend tax paid during the year	(60,660,901)	(40,592,711)
	Net Cash generated/(used) from financing activities	(672,889,498)	737,063,031
<b>D</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>455,498,498</b>	<b>(104,189,214)</b>
<b>E</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,550,248,791</b>	<b>1,654,438,005</b>
<b>F</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>2,005,747,289</b>	<b>1,550,248,791</b>

**Note:**

a) The above consolidated statement of cash flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7) "Statement of Cash Flows".

b) Refer note 13 for the components of cash and cash equivalents

See accompanying notes to the consolidated financial statements 1 - 55

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

For and on behalf of the Board of Directors

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

Sd/-

**D. Uday Kumar Reddy**

Chairman & Managing Director

DIN : 00003382

Sd/-

**Srinivas Kamoji Gunupudi**

Chief Financial Officer

Sd/-

**Seshanuradha Chava**

VP - Legal & Secretarial

## 1. General Information

Tanla Solutions Limited (“Tanla” or “the parent Company” or “holding company” or “the company”) together with its Subsidiaries, Associate and Jointly controlled entity (hereinafter collectively referred to as “the Group”) is into A2P messaging platform provider globally. The Company was incorporated on July 28, 1995 in Hyderabad and listed on Bombay Stock Exchange(BSE) and National Stock Exchange(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 develops and delivers cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.

## 2. Significant accounting policies

Significant accounting policies adopted by the group are as under:

### 2.1 Basis of Preparation of Financial Statements

#### a) *Statement of Compliance with Ind AS*

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as notified under Section 133 of the Companies Act, 2013 (the “Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 as amended, issued by Ministry of Corporate Affairs (‘MCA’).

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been prepared for the group as a going concern on the basis of relevant Ind AS that are effective at the Group’s annual reporting date March 31, 2020.

#### b) *Basis of measurement*

The Consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)
- ii) Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

All assets and liabilities have been classified as current or non-current as per the Group’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

#### c) *Principles of consolidation Subsidiary*

Subsidiary is entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

#### d) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

**e) Interest in the subsidiaries, joint venture and Associate**

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements.

1. Karix Mobile Pvt Ltd., India, 2. Unicel Technologies Pvt Ltd., India, 3. Tanla Mobile Asia Pacific Pte Ltd., Singapore, 4. Tanla Corporation Pvt Ltd, India, 5. Capitalsiri Investments Pvt Ltd. India, 6. Gamooga Softech Pvt Ltd., India, 7. Tanla Digital Labs Pvt Ltd., India 8. TZ Mobile Private Limited, Joint venture and 9. Jengatron Gaming India Pvt Ltd, Associate.

**f) Use of estimates**

The preparation of Consolidated financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the Consolidated financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- » Useful lives of property, plant and equipment;
- » Impairment;
- » Financial instruments;
- » Employee benefits;
- » Provisions;
- » Income taxes:

**2.2 Current and non-current classification**

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

***An asset is classified as current when it is:***

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

***A liability is classified as current when:***

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period after the reporting period Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

## 2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Consolidated Statement of Profit and Loss during the year in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

### Depreciation methods, estimated useful lives

The Group depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	ScheduleII(Yrs)	Useful Life(Yrs)
Leasehold improvement*	Lease period	Lease period
Buildings & Interiors	60	6
Computer	3-6	1-6
Air Conditioner	5	5-8
Furniture & Fixtures	10	1-5
Office Equipment	5	1.67
Vehicle	8	3-4

Based on the technical assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

## 2.4 Other Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

The group amortises intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Schedule II(Yrs)	Useful life(Yrs)
Platforms	6 years	6 years
Other intangible assets	3 years	2-8 years

## 2.5 Foreign Currency Transactions

### a) *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Groups's functional and presentation currency.

### b) *Transactions and balances*

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Consolidated statement of profit and loss in the year in which they arise.

- c) The assets and liabilities of the branch and subsidiary are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year. The exchange differences arising on translation for consolidation are recognised in OCI

## 2.6 Impairment of non-financial assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the Consolidated statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

## 2.7 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

The Group has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred Further information about the assumptions made in measuring fair values is included in the Notes to accounts.

## 2.8 Revenue Recognition

The Group derives revenues primarily from Messaging services(A2P), International Long Distance & Voice services & others

The following is the summary of Significant Accounting policies related to revenue recognition:

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

Revenue from messaging services is recognized based on the no. of messages submitted/delivered on a fixed price, fixed-time frame contracts where there is no uncertainty as to measurement of collectability. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue on time proportion based contract are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

## 2.9 Other Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

## 2.10 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

### a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**b) Deferred tax**

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in Consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**2.11 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash 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 purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits.

**2.12 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby Profit / (loss) before exceptional items, share of profit/ loss of associate and income 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 group are segregated.

**2.13 Financial instruments****Initial Recognition and measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

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

**a) Financial assets****(i) On initial recognition, a financial asset is classified as measured at**

- amortised cost;
- fair value through other comprehensive income (“FVTOCI”) – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

**Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.”

**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.



**(iii) Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

**(iv) Derecognition of financial assets**

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

**b) Financial liabilities****(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

**(iv) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**2.14 Employee Benefits****(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(b) Other long-term employee benefit obligations****(i) Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

**(ii) Defined benefit plans**

Gratuity: The Group provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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's salary. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

**(iii) Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in employee stock option outstanding account (ESOP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

**2.15 Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

**2.16 Leases**

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

**Group as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 2.17 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cashgenerating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## 2.18 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group's financial performance. Items which may be considered exceptional are significant restructuring charges, impairment of investment, impairment of goodwill, significant disposal of fixed assets etc.

## 2.19 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.

## 2.20 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

### (i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) *Defined benefit plans gratuity benefits*

The cost of the defined benefit plans such as gratuity are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

#### (b) *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## 2.21 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020. There are no standards that are issued but not yet effective on March 31, 2020.

## Note 3

## Property, plant and equipment

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Gross block			Depreciation			Net block		
	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2019
<b>Owned assets</b>									
Land	76,570,150	-	-	76,570,150	-	-	-	76,570,150	76,570,150
Buildings	131,532,057	12,980,351	59,436,765	85,075,643	8,555,599	97,935,920	59,436,765	47,054,755	122,976,458
Leasehold improvements	28,743,098	-	-	28,743,098	21,168,603	7,574,495	-	28,743,098	7,574,495
Furniture	38,659,024	41,609,802	11,586,084	68,682,742	22,463,104	51,699,395	11,586,084	62,576,415	16,195,920
Computers	400,529,201	421,176,868	14,202,570	807,503,499	208,868,345	411,607,675	14,202,570	606,273,450	191,660,856
Platforms & Deployments	4,164,448,319	-	-	4,164,448,319	1,107,931,402	3,056,516,915	-	4,164,448,318	3,056,516,917
Office Equipment	28,633,291	24,468,445	789,370	52,312,366	10,334,896	31,556,416	789,370	41,101,943	18,298,395
Vehicles	5,473,050	32,212,611	158,134	37,527,527	1,463,147	12,324,856	158,134	13,629,869	4,009,903
Airconditioners	29,307,216	5,317,296	22,531,939	12,092,573	25,984,444	1,914,052	17,909,557	9,988,939	3,322,772
<b>Total</b>	4,903,895,406	537,765,373	108,704,862	5,332,955,918	1,406,769,540	3,671,129,726	104,082,480	4,973,816,786	3,497,125,866

Particulars	Gross block			Depreciation			Net block		
	As at 1 April 2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2018
<b>Owned assets</b>									
Land	76,570,150	-	-	76,570,150	-	-	-	76,570,150	76,570,150
Buildings	116,232,101	15,299,956	-	131,532,057	6,608,927	2,194,777	248,104	8,555,599	109,623,174
Leasehold improvements	28,743,098	-	-	28,743,098	11,587,570	9,581,033	-	21,168,603	17,155,528
Furniture	27,908,074	10,750,950	-	38,659,024	19,129,195	3,333,909	-	22,463,104	8,778,879
Computers	707,541,500	38,998,011	346,010,310	400,529,201	181,150,506	59,614,140	31,896,302	208,868,345	526,390,994
Platforms & Deployments	4,250,504,828	40,349,012	126,405,522	4,164,448,319	485,333,573	649,780,624	27,182,795	1,107,931,402	3,765,171,255
Office Equipment	13,134,811	15,579,779	81,299	28,633,291	7,273,858	3,138,272	77,234	10,334,896	5,860,953
Vehicles	17,428,294	3,960,822	15,916,066	5,473,050	13,444,681	1,680,409	13,661,944	1,463,147	3,983,613
Airconditioners	29,146,443	160,773	-	29,307,216	22,852,940	3,131,504	-	25,984,444	6,293,503
<b>Total</b>	5,267,209,299	125,099,303	488,413,197	4,903,895,406	747,381,251	732,454,668	73,066,379	1,406,769,540	4,519,828,048

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

## Change in useful life of Asset

"The Management reassessed the useful life of all the fixed assets as on 1 April, 2019 and consequently revised useful life which resulted in increase of depreciation charged by Rs 2,72,16,37,738 in Consolidated Statement of Profit and Loss with corresponding impact on the net assets of the group:

a) For platform and deployments, as per the Telecom Commercial Communications Customer Preference Regulations (TCCPR), 2018, Voice and Text communications should be provided using block chain technology. New Technology and cloudification of services has resulted in a need for re-assessment of useful life of technology assets leading to additional depreciation amounting to INR 2,56,12,32,120.

b) For other assets, additional depreciation amounting to INR 16,04,05,618."

**Note 4**  
**Intangible Assets**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Gross block			Depreciation			Net block	
	As at April 01, 2019	Additions	Deductions/ Adjustments	As at March 31, 2020	For the year As at April 01, 2019	Deductions/ Adjustments	As at March 31, 2020	As at April 01, 2019
Platforms	-	155,901,014	-	155,901,014	-	43,173,414	43,173,414	-
Customer Relationships*		621,471,784		621,471,784		115,430,982	115,430,982	-
Trade name*		108,829,126		108,829,126		34,469,094	34,469,094	-
Technology*		111,232,407		111,232,407		30,796,168	30,796,168	-
Non Compete*		50,742,137		50,742,137		6,002,195	6,002,195	-
Total	-	1,048,176,467	-	1,048,176,467	-	229,871,852	229,871,852	818,304,616

\*Refer note 45 for details

**Note 5****Goodwill**

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment.

Goodwill on consolidation and acquisition is not amortised but is tested or impairment on a periodic basis and impairment losses are recognised where applicable.

Excess of consideration paid over net assets taken over aggregating to INR 1,83,28,83,278 is recognized as Goodwill.

**Reconciliation of the carrying amount of goodwill:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Opening balance	-	-
Add: Due to acquisition during the year(Refer Note 45)	1,832,883,278	-
<b>Less: Impairment(Refer Note 38)</b>	487,314,170	-
<b>Closing Balance</b>	<b>1,345,569,108</b>	-

The recoverable amount of the above cash generating unit ("CGU") has been assessed using a value-in-use model. The recoverable value is computed based on the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates for three years developed using internal forecasts and a terminal growth rate thereafter of 3%. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience, and management's expectations / extrapolation of normal increase / steady terminal growth rate. Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rates used were 18.25% for the year ended March 31, 2020. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

**Note 6**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Investments accounted for using equity method		
"In Associate(carried at cost)"		
Jengatron Gaming Pvt Ltd	-	16,903,800
60,000 (60,000) equity shares of Rs.10 each, fully paid-up		
Net of Diminution in value of Investments of Rs 2,00,00,000 and share of loss 30,96,200(March 31, 2019)		
<b>Total</b>	<b>-</b>	<b>16,903,800</b>
Aggregate value of unquoted investments	20,000,000	20,000,000
Aggregate amount of provision in value (including provision for diminution in investments)	20,000,000	3,096,200
<b>Total</b>	<b>-</b>	<b>16,903,800</b>

**Note 7**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Loans (Unsecured, good)</b>		
(a) EMD deposits	34,141,180	-
(a) Rental deposits	4,714,640	-
<b>Total</b>	<b>38,855,820</b>	-



**Note 8**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other financial assets</b>		
Fixed deposits *	5,685,695	-
<b>Total</b>	<b>5,685,695</b>	<b>-</b>

\*The fixed deposits have been made for the purpose of loan with banks for obtaining bank guarantees and overdraft facilities and have restricted use having an remaining maturity of more than 12 months.

**Note 9**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Deferred Tax Asset (Net)</b>	567,423,669	168,328,313
<b>Total</b>	<b>567,423,669</b>	<b>168,328,313</b>

Deferred tax relates to the following:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Opening Balances	Adjustment on account of Acquisition	Charge to P & I	Closing
Deferred tax assets				
On property, plant and equipment	6,221,506	4,587,800	(527,609,285)	538,418,591
On Unabsorbed Losses	303,984,270	-	258,203,161	45,781,109
On Provision for employee benefits		1,485,833	(145,162)	1,630,995
On others	-	19,674,778	3,558,616	16,116,162
Unused Tax Credit (MAT)	56,014,492	-	56,014,492	-
Subtotal (A)	366,220,268	25,748,411	(209,978,178)	601,946,857
Deferred tax liabilities				
On property, plant and equipment	197,891,955	-	197,891,955	-
On others	-	-	(34,523,188)	34,523,188
Subtotal (B)	197,891,955	-	163,368,767	34,523,188
Deferred tax asset net (A+B)	168,328,313	25,748,411	(373,346,945)	567,423,669

In assessing whether the deferred tax assets will be realised, management considers whether some portion or all of the deferred tax assets will not be realised. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the group will realise the benefits of those recognised deductible difference. Recoverability of deferred tax assets is based on estimates of future taxable income and any changes in such future taxable income would impact the recoverability of deferred tax assets. However, management believes that any reasonable possible change in the key assumptions would not effect the Group's ability to recover the deferred tax asset.

**Note 10**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other Non Current Assets</b>		
(a) Advances recoverable in cash or kind	17,261,856	5,692,792
(b) Balances with revenue authorities *	884,746,713	195,698,231
(c) Mat Credit entitlement	2,215,115	2,215,115
<b>Total</b>	<b>904,223,684</b>	<b>203,606,138</b>

\* Represents advance income tax and tds of group companies

**Note 11**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Investments (carried at fair value through profit and loss)</b>		
Axis Liquid Fund	-	202,003,422
Franklin Fund (Net of provision of Rs 3,66,81,732, March 31, 2019 Nil)	-	100,178,301
ICICI Prudential Mutual Fund-Liquid Plan -Growth	-	100,184,350
Reliance Liquid Treasury Plan	-	335,251,003
<b>Total</b>	<b>-</b>	<b>737,617,076</b>

**Note 12**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Trade Receivables</b>		
<b>Unsecured</b>		
Considered good	3,257,693,638	3,078,295,465
Considered doubtful	143,509,784	9,361,385
<b>Total</b>	<b>3,401,203,422</b>	<b>3,087,656,850</b>
Less:		
Allowance for doubtful receivables	(143,509,784)	(9,361,385)
<b>Total</b>	<b>3,257,693,638</b>	<b>3,078,295,465</b>

No trade or other receivables are due from directors or other officers of the group 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.

**Note 13**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Cash and cash equivalents</b>		
(a) Balances with banks		
- Current accounts	251,577,032	746,536,745
- Deposit accounts *	1,386,233,532	770,513,053
- Deposit accounts < 3 months maturity *	70,059,250	-
(b) Cash on hand	28,380	503,085
	1,707,898,194	1,517,552,883
(c) Other bank balances		
(i) Unclaimed dividends	2,294,612	1,903,010
(ii) Balances under deposits**	295,554,483	30,792,898
	297,849,095	32,695,908
<b>Total</b>	<b>2,005,747,289</b>	<b>1,550,248,791</b>

\*The deposits maintained by the Group with banks comprises time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

\*\* Deposits with a carrying amount of INR 28,90,54,482 (March 2019 - INR 3.07,92,898) are towards margin money given for bank guarantees given to Telcom companies

**Note 14**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current financial assets - Loans Unsecured, Considered Good</b>		
(i) Loans to employees	3,952,497	11,149,792
(ii) EMD Deposits	7,036,589	-
(iii) Rental Deposits	18,467,985	-
<b>Total</b>	<b>29,457,071</b>	<b>11,149,792</b>

**Note 15**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other Financial assets Unsecured, Considered Good</b>		
(i) Other receivable	-	471,379,395
(ii) Unbilled revenue	2,031,210,920	886,542,633
(iii) Interest receivable	16,011,164	-
<b>Total</b>	<b>2,047,222,084</b>	<b>1,357,922,028</b>

**Note 16**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other current assets Unsecured, Considered Good</b>		
(i) Advances recoverable in cash or kind	44,911,999	319,116,317
(ii) GST Input credit	90,144,002	3,453,918
(iii) Balances with government authorities	299,035,456	67,383,774
<b>Total</b>	<b>434,091,457</b>	<b>389,954,009</b>

**Note 17**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Equity Share Capital</b>		
(i) Authorised		
20,00,00,000 Equity shares of Rs. 1/- each	200,000,000	200,000,000
(ii) Issued Subscribed and fully paid up:		
<b>14,59,71,699 (11,56,26,827) Equity Shares of Rs. 1/- each fully paid-up</b>	<b>145,971,699</b>	<b>115,626,827</b>
<b>Total</b>	<b>145,971,699</b>	<b>115,626,827</b>

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

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	in INR	Number	in INR
Shares outstanding at the beginning of the year	115,626,827	115,626,827	112,421,952	112,421,952
Add: Issued and allotted during the year	30,344,872	30,344,872	3,204,875	3,204,875
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	145,971,699	145,971,699	115,626,827	115,626,827

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

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the parent company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	in %	Number	in %
D Uday Kumar Reddy	24,960,502	17.10%	20,965,947	18.13%
D Tanuja Reddy	17,945,198	12.29%	15,151,770	13.10%
Banyan Investments Limited ("BIL") ( BIL owned by GSO Capital Partners (a Blackstone Company)	21,999,824	15.07%	-	0.00%

## iv) Employee stock based compensation

The Parent Company instituted the Employee Stock Purchase Plan 2015 ('ESOP 2015') and Employee Stock Purchase Scheme (ESPS 2018) during the fiscal 2019; and have been approved by the Board of Directors. Refer note 44 of Consolidated financial statements.

v) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

vi) The Board of Directors at their meeting held on April 22, 2020, approved the Buyback of the fully paid up equity shares having face value of Rs. 1/- each not exceeding 1,90,12,345 equity shares at a price of Rs. 81/- per equity share payable in cash, for an aggregate maximum amount not exceeding INR 1,54,00,00,000 excluding any expenses incurred or to be incurred for the buyback viz. brokerage, costs, fees, turnover charges, taxes such as buyback tax, securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("Transaction Costs") (such maximum amount hereinafter referred to as the "Buyback Offer Size").

The approval of the members of the Company was sought by way of Postal Ballot and was approved by the members on May 23, 2020. Subsequently the Company had made Public Announcement for the Buyback which was published on May 27 2020, and the Company filed the Draft letter of Offer with the SEBI and respective stock exchanges on which the shares of the Company are listed i.e. Bombay stock exchange Limited (BSE) and National Stock Exchange Limited (NSE) on June 01, 2020.

**Note 18**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other Equity</b>		
- Capital reserve	69,919,556	69,919,556
- General reserve	254,817,667	254,817,667
- Investment subsidy	-	400,000
- Securities premium account	6,444,716,429	4,761,310,163
- Money received against share warrants	62,950,000	62,950,000
- Employee stock options outstanding account	44,148,579	40,882,635
<b>- Retained earnings</b>		
Opening	2,008,515,995	1,750,898,211
Profit/(loss) for the year	(2,111,656,665)	298,210,495
Less: Dividend	(50,317,696)	(33,726,586)
Dividend tax	(10,343,205)	(6,866,125)
sub-total	(163,801,571)	2,008,515,995
- Foreign currency translation reserve*	159,992,247	(59,814,238)
- Other items of other comprehensive income	(1,369,907)	819,712
<b>Total</b>	<b>6,871,373,000</b>	<b>7,139,801,490</b>

\*The Group has re-classified INR 89,38,90,024 from FCTR to Retained Earnings pertaining to the subsidiaries disposed of as per the accounting treatment provided in IND AS 21 w.e.f., April 1, 2018

**Nature and Purpose of Reserves**

**Capital Reserve-Capital Reserves-**Represents capital reserve balances of acquired entities which are transferred to the company upon mergers in the earlier years.

**Employee stock options outstanding account :** The fair value of the equity-settled share based payment transactions with employees is recognised in Consolidated statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account. This will be utilised for allotment of equity shares against outstanding employee stock options.

**Securities premium account:** The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

**General Reserve:** The Company has transferred a portion of the net profit of the company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**Retained earnings:** Retained earnings are the profits that the group has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

**OCI represents Re-measurement on defined employee benefit plan :** Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified into consolidated statement of profit and loss.

**Money received against share warrants:** The 25% subscription amount received at the time of issue of warrants less utilised for conversion of warrants into equity shares.

**Note 19**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Borrowings-Non Current</b>		
Secured	-	469,253,174
Term loan from bank		
<b>Total</b>	<b>-</b>	<b>469,253,174</b>

Tanla availed a term loan from HDFC limited bank repayable in 48 equal instalments starting from May 2019 which carries an interest rate of MCLR + spread aggregating to 9.6% p.a. This loan is secured by hypothecation of book debts as primary security and collateral of other assets of commercial office building located at Madhapur, Hyderabad The loan has been settled during the year.

**Note 20**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Lease Liabilities-Non Current</b>		
Lease liabilities	43,491,015	-
<b>Total</b>	<b>43,491,015</b>	<b>-</b>

**Note 21**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other financial liabilities</b>		
Unclaimed dividend*	2,294,612	1,903,010
<b>Total</b>	<b>2,294,612</b>	<b>1,903,010</b>

\*Unclaimed amounts are transferred to Investor Protection and Education Fund after seven years from the due date.

**Note 22**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Provisions</b>		
Gratuity(Unfunded)	45,969,701	-
Leave encashment(Unfunded)	18,160,530	-
Other Provisions	349,973	
<b>Total</b>	<b>64,480,204</b>	<b>-</b>

**Note 23**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other non-current liabilities</b>		
Other security deposits	42,870,438	885,000
<b>Total</b>	<b>42,870,438</b>	<b>885,000</b>

**Note 24**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Borrowings-Current-Secured</b>		
Term loan from bank (refer note 19)	-	129,567,074
<b>Total</b>	<b>-</b>	<b>129,567,074</b>

**Note 25**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	2,825,252
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,806,026,159	2,020,423,561
<b>Total</b>	<b>2,806,026,159</b>	<b>2,023,248,813</b>

**Note 26**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Lease liabilities - Current</b>		
Lease liabilities	10,380,290	-
<b>Total</b>	<b>10,380,290</b>	<b>-</b>

**Note 27**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other financial liabilities</b>		
Payable for Capital Goods	56,075,105	5,880,799
Provision for Cost	1,541,224,449	965,525,547
<b>Total</b>	<b>1,597,299,554</b>	<b>971,406,346</b>

**Note 28**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Other current liabilities</b>		
Statutory dues payable	82,442,588	124,287,896
Other liabilities	208,317,474	43,784,785
<b>Total</b>	<b>290,760,062</b>	<b>168,072,681</b>

**Note 29**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Short term provisions</b>		
Provision for Gratuity (Unfunded)	9,394,437	-
Provision for leave encashment (Unfunded)	34,500	-
<b>Total</b>	<b>9,428,937</b>	<b>-</b>

**Note 30**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current Tax Liabilities (Net)</b>		
Provision for income tax	112,547,030	49,000,114
<b>Total</b>	<b>112,547,030</b>	<b>49,000,114</b>

**Note 31**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Revenue from Operations</b>		
Overseas	4,534,959,340	1,864,177,762
Domestic	14,893,437,787	8,175,469,641
<b>Total</b>	<b>19,428,397,127</b>	<b>10,039,647,403</b>

**Note 32**

Particulars	31 March 2020	31 March 2019
<b>Other Income</b>		
Interest income	93,322,193	25,560,527
Gain on liquid funds	17,527,730	73,970,742
Miscellaneous income	12,795,914	6,578,526
<b>Total</b>	<b>123,645,837</b>	<b>106,109,795</b>

**Note 33**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Cost of services</b>		
Cost of services	15,517,183,560	8,606,623,625
<b>Total</b>	<b>15,517,183,560</b>	<b>8,606,623,625</b>



**Note 34**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Employee benefit expense</b>		
Salaries, wages, bonus and other allowances	742,398,406	158,767,935
Employee stock options (refer note 44)	3,265,944	5,117,664
Employee stock purchase scheme(refer note 44)	293,220,000	46,119,356
Contribution to provident and other funds	20,070,583	9,538,555
Staff welfare expenses	30,353,140	9,932,787
<b>Total</b>	<b>1,089,308,073</b>	<b>229,476,297</b>

**Note 35**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Connectivity and Related expenses</b>		
Data centre and hosting charges	56,571,532	15,910,943
Internet and cloud computing charges	25,057,023	11,053,897
<b>Total</b>	<b>81,628,555</b>	<b>26,964,840</b>

**Note 36**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Finance Cost</b>		
Interest on Cash Credit	1,094,136	781,311
Interest on Term Loan	56,633,297	-
Other Borrowing Cost	1,074,085	2,452,802
Interest on lease liability	5,361,917	
<b>Total</b>	<b>64,163,434</b>	<b>3,234,113</b>

**Note 37**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Other Expenses</b>		
Advertisement expense	52,842,474	9,770,630
Communication expenses	18,422,464	2,053,890
Repairs & maintenance expenses	8,112,176	12,605,140
Rent, rates & taxes	56,397,205	26,269,891
Postage & Courier	428,955	425,041
Printing & stationery	538,823	824,094
Office maintenance	36,452,810	9,689,160
Power & fuel	12,170,317	3,663,946
Travelling & Conveyance expense	63,524,352	25,996,448
General expenses	17,253,860	9,691,105
Insurance expenses	10,139,855	1,280,608
Listing fees to stock exchanges	1,612,763	3,222,074
Professional charges	159,603,850	35,999,405
Research & Development Expenses	4,106,228	2,413,993
Exchange Fluctuation	34,575,267	22,020,882
Auditors remuneration*	8,317,000	3,143,989
Bank charges	10,704,726	1,696,780
Allowance for doubtful debts	196,365,806	2,622,526
Allowance for advance	26,881,749	-
Acquisition cost	79,082,463	34,509,539
Corporate social responsibility expense	1,863,855	1,445,915
Provision for loss of investment in mutual funds	36,681,732	-
Marketing expenses	53,960,778	-
<b>Total</b>	<b>890,039,508</b>	<b>209,345,058</b>

\*Note : The following is the break-up of Auditors remuneration (exclusive of GST)

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>As auditor:</b>		
Statutory audit	7,500,000	3,020,000
<b>In other capacity:</b>		
Other matters	775,000	100,000
Reimbursement of expenses	42,000	23,989
<b>Total</b>	<b>8,317,000</b>	<b>3,143,989</b>

**Note 38****Covid-19 note**

Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures during March, 2020. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the year ended March 31, 2020 and basis the same, the Group has INR 48,73,14,170 as impairment of goodwill which has been disclosed as exceptional item. Further, the actual impact of COVID-19 on the group's financial statements may differ from that estimated as at the date of approval of these financial statements.

**Note 39**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	<b>Income tax expense</b>		
	Current tax	112,547,030	49,000,114
	Deferred tax	(373,346,944)	27,908,076
	Mat credit entitlement	-	(40,377,534)
	<b>Total income tax expense recognised in Statement of Profit &amp; Loss</b>	<b>(260,799,914)</b>	<b>36,530,656</b>
(ii)	Income tax expense charged to OCI		
	Net loss/(gain) on remeasurements of defined benefit plans	(597,860)	(695,513)
	<b>Income tax charged to OCI</b>	<b>(597,860)</b>	<b>(695,513)</b>

Due to COVID-The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (31 March 2019: 34.94%) and the reported tax expense in the statement of profit and loss is as follows:

**(b) Reconciliation of effective tax rate:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	Profit/(loss) before tax	(2,372,456,581)	334,741,151
	Tax at company's domestic tax rate	25.17%	34.94%
	Tax at statutory income tax rate	-	116,971,948
(ii)	Tax effect of:		
	- Depreciation deductible for tax purposes (net)	-	(66,229,987)
	- Other Expenses not deductible for tax purposes (net)	-	3,531,854
	- Due to adoption of new tax rate	(15,844,319)	-
	- Due to MAT write-off*	56,014,491	-
	- Others (net)	(300,970,086)	(17,743,158)
	Income tax expense	(260,799,914)	36,530,657

\* The Government of India, on 20 September 2019, vide the Taxation laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying income Tax at reduced rates as per the provisions/conditions defined in the said section. Accordingly, the Deferred Tax Liabilities (net) and the estimate of Tax Expense for the year ended March 31, 2020 have been re-measured. Consequent to such revision, there was a one-time charge of MAT credit of `5,60,14,491 to the Company's Tax Expense.

**Note 40****Financial Instruments**

## Fair values of financial assets and financial liabilities

The fair value of other current financial assets, cash and cash equivalents, trade receivables, trade payables, and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Similarly, carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for disclosure.

**Fair value hierarchy**

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

## Financial assets and financial liabilities measured at fair value

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Investments	-	-	737,617,076	-

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Level 1	Level 2	Level 1	Level 2
(i)	<b>Financial Assets:</b>				
	<b>Amortised cost</b>				
	Trade Receivables	3,257,693,638	3,078,295,465	3,257,693,638	3,078,295,465
	Cash and bank balances	2,005,747,289	1,550,248,791	2,005,747,289	1,550,248,791
	Other financial assets	2,035,163,417	897,692,425	2,035,163,417	897,692,425
	<b>FVTPL</b>			-	
	Investments	-	737,617,076	-	737,617,076
	<b>Total Financial assets</b>	<b>7,298,604,344</b>	<b>6,263,853,757</b>	<b>7,298,604,344</b>	<b>6,263,853,757</b>
(ii)	<b>Financial Liabilities:</b>				
	<b>Amortised cost</b>				
	Borrowings	-	129,567,074	-	129,567,074
	Trade Payables	2,806,026,159	2,020,423,561	2,806,026,159	2,020,423,561
	Other financial liabilities	1,599,594,166	973,309,356	1,599,594,166	973,309,356
	<b>Total Financial Liabilities</b>	<b>4,405,620,325</b>	<b>3,123,299,991</b>	<b>4,405,620,325</b>	<b>3,123,299,991</b>

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For financial assets measured at fair values, the carrying amounts are equal to the fair values.

## Note 41

### Financial risk management

The Group is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Group's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Group does not engage in trading of financial assets for speculative purposes.

#### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

##### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group operates in Dubai through its branch and Singapore through its subsidiary is exposed to foreign currency rate risk through operating activities.

As at March 31, 2020 (in INR)	AED	USD	EURO	SGD	GBP
<b>Financial Assets</b>					
Trade Receivables	7,984,005	1,615,697,980	165,214,218	6,944,785	-
Cash and Cash equivalents	2,616,066	1,597,984	9,989,012	113,608	368,342
	<b>10,600,071</b>	<b>1,617,295,963</b>	<b>175,203,230</b>	<b>7,058,392</b>	<b>368,342</b>
<b>Financial Liabilities</b>					
Trade Payables	4,919,000	1,366,442,856	45,040,904	-	41,126,421
	<b>4,919,000</b>	<b>1,366,442,856</b>	<b>45,040,904</b>	<b>-</b>	<b>41,126,421</b>
<b>As at March 31, 2019</b>					
<b>Financial Assets</b>					
Trade Receivables	1,514,628	748,119,276	19,747,861	-	-
Cash and Cash equivalents	22,037,023	203,618,570	11,564,892	928,693	356,460
	<b>23,551,651</b>	<b>951,737,847</b>	<b>31,312,753</b>	<b>928,693</b>	<b>356,460</b>
<b>Financial Liabilities</b>					
Trade Payables	3,349,282	640,707,247	4,072,747	-	222,520
<b>Total</b>	<b>3,349,282</b>	<b>640,707,247</b>	<b>4,072,747</b>	<b>-</b>	<b>222,520</b>

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's investment in deposits with banks are for short durations and therefore do not expose the Group to significant interest rate risk. Below are the details of exposure to fixed rate instruments: The Group's principle source of liquidity are cash and cash equivalents and the cash flow is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars (in INR)	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	5,685,695	-

**(b) Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Group's financial liabilities:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

As at March 31, 2020 (in INR)	Due in 1 year	1 - 2 years	3-5 years
<b>Financial Liabilities</b>			
Borrowings	-	-	-
Trade Payables	2,806,026,159	-	-
Other financial liabilities	1,597,299,554	-	2,294,612
<b>Total</b>	<b>4,403,325,713</b>	<b>-</b>	<b>2,294,612</b>
<b>As at March 31, 2019</b>			
Borrowings	129,567,074	-	-
Trade Payables	2,020,423,561	-	-
Other financial liabilities	973,309,356	-	2,294,612
<b>Total</b>	<b>3,123,299,991</b>	<b>-</b>	<b>2,294,612</b>

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Group limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Group does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The Group also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The Company does not foresee any credit risks on deposits with regulatory authorities.

The Group limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Group does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The Group also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The Group does not foresee any credit risks on deposits with regulatory authorities.

### Trade receivables

The customer's credit risk is managed by the Group'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 Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to INR 3,25,76,93,638 (March 31, 2019 - Rs. 3,07,82,95,465). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Allowance for doubtful debts	31 March 2020	31 March 2019
Opening balance	9,361,385	6,738,859
Impairment loss recognised/(reversed)	134,148,399	2,622,526
<b>Closing balance</b>	<b>143,509,784</b>	<b>9,361,385</b>

## Note 42

### Capital Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Group may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Group primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Total Borrowings</b>	-	598,820,248
Less: cash and cash equivalents	2,005,747,289	1,550,248,791
<b>Total Surplus/(debt)</b>	<b>2,005,747,289</b>	<b>951,428,543</b>
Total Equity	7,017,344,699	7,255,428,317
<b>Gearing ratio</b>	<b>0%</b>	<b>8%</b>

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with investments which is predominantly in liquid and short term mutual funds and fixed deposits being far in excess of debt.

**Note 43****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.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Employee benefit expense		
Gross amount required to be spent by the Company during the year	1,648,289	1,102,942
Amount spent during the year (in cash) on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,863,855	1,445,915
<b>Amount remaining to be spent/(spent in excess)</b>	<b>(215,566)</b>	<b>(342,973)</b>

**Note 44****Employee Stock Based Compensation:****A. Employee Stock Option Plan (ESOP) :**

The parent company instituted the Tanla ESOP Plan 2015, in which 50,00,000 stock options were approved by the Shareholders at 19th AGM i.e, September 16, 2015.

**Tanla ESOP Plan :**

During the year parent company has allotted 2,25,360 equity shares of face value Rs. 1/- each under Employee Stock Option Scheme. Options under this program have been granted to eligible employees at a grant price of Rs. 26.51/-. The fair value of share option grant amounting to Rs 32,65,944 (March 31, 2019 Rs 51,17,664) is estimated at the date of the grant using Black-scholes method, taking into account the terms and conditions upon which the share option were granted.

Details of the grant/issue as at March 31, 2020 are given below:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of share options	Weighted average exercise price in Rs.	No. of share options	Weighted average exercise price in Rs.
Options outstanding at the beginning of the year	1,381,100	26.51	1,444,850	26.51
Granted during the year	-	26.51	-	26.51
Vested during the year	4,99,245	26.51	-	26.51
Exercised during the year	225,360	26.51	63,750	26.51
Lapsed during the year	-	-	-	-
Forfeited during the year	-	26.51	-	26.51
Options outstanding at the end of the year	1,155,740	26.51	1,381,100	26.51
Options vested and exercisable at the end of the year	222,795	26.51	-	26.51



**B. Employee Stock Purchase Scheme (ESPS) :**

The Company instituted the Tanla ESPS Plan 2018, in which 80,00,000 shares were approved by the Shareholders at EGM i.e, September 17, 2018. During the year company has allotted 60,00,000 equity shares of face value `1/- to the employees of Karix Mobile Private limited under the ESPS Scheme, the same has been considered as employee cost in Karix Mobile Private Limited.

**Tanla ESPS Scheme 2018:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of share options	Weighted average exercise price in Rs.	No. of share options	Weighted average exercise price in Rs.
Options outstanding at the beginning of the year	6,523,875	1.00	-	1.00
Granted during the year	6,000,000	1.00	8,000,000	1.00
Vested during the year	-	1.00	-	1.00
Exercised during the year	6,000,000	1.00	1,476,125	1.00
Lapsed during the year	-	1.00	-	1.00
Forfeited during the year	-	1.00	-	1.00
Options outstanding at the end of the year	523,875	1.00	6,523,875	1.00
Options vested and exercisable at the end of the year	-	1.00	-	1.00

Please refer Board Report for full details on ESOP and ESPS.

**Note 45****Acquisition of Subsidiary**

- (i) Tanla solutions limited by virtue of transitory control through its subsidiary Tanla Corporation Private limited acquired Karix Mobile Private Limited and its subsidiary Unicel Technologies private limited w.e.f., April 10, 2019 as on date of Acquisition.
- (ii) Tanla solution limited has acquired Gamooga Softech Private Limited w.e.f., October 24, 2019.

Karix Mobile Private Limited is a private limited company domiciled in India & Unicel Technologies Private Limited, its indian subsidiary. The Companies are primarily engaged in the business of providing messaging services to enterprises in various business segments like banking, insurance, social media, e-commerce and Government sector.

Gamooga Softech Private Limited is a private limited company domiciled in India and is primarily engaged in the business of providing SAAS Products.

As at 31 March 2020, the consolidated balance sheet reflects the purchase price allocated to the assets acquired based on the fair values. The excess of the purchase consideration over fair value of the assets acquired has been allocated to Goodwill. The following table summarizes the allocation of purchase price consideration, for the fair values of the assets acquired and the determination of Goodwill.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Karix Mobile Private Limited	Gamooga Softech Private Limited	Total
Purchase Consideration (A)	2,369,700,000	484,500,000	2,854,200,000
Liabilities Assumed (B)	926,000,000	12,271,346	938,271,346
Fair Value of Assets Acquired			-
- Tangible Assets	1,014,500,000	52,812,615	1,067,312,615
- Identifiable Intangibles	697,100,000	195,175,453	892,275,453
Total (C)	1,711,600,000	247,988,068	1,959,588,068
<b>Goodwill (A+B-C)</b>	<b>1,584,100,000</b>	<b>248,783,278</b>	<b>1,832,883,278</b>

**Note 46****Employee benefits**

The parent 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**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

<b>S. No.</b>	<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>A</b>	<b>Net Employee Benefit Expense</b>		
	(Recognised in Employee Benefit Expense)		
	Current service cost	1,949,716	1,595,681
	Interest cost	(151,828)	(257,178)
	Expected return on plan assets	-	-
	Net employee benefit expense	1,797,888	1,338,503
	Actual return on plan assets	-	-
<b>B</b>	<b>Amount recognised in Balance Sheet</b>		
	Defined benefit obligation	12,971,200	10,593,717
	Fair value of plan assets	13,472,853	12,591,452
	Funded status of the plans	(501,653)	(1,997,735)
	(Asset)/Liability recognised in Balance sheet	(501,653)	(1,997,735)
<b>C</b>	<b>Changes in the present value of the defined benefit obligation</b>		
	Opening defined benefit obligation	10,593,717	6,492,863
	current service cost	1,949,716	1,595,681
	Interest cost	805,122	519,429
	Benefits paid	-	-
	Net actuarial (gains)/losses on obligation	(377,355)	1,985,744
	for the year recognised under OCI		
	Closing defined benefit obligation	12,971,200	10,593,717
<b>D</b>	<b>Changes in the fair of plan assets</b>		
	Opening fair value of plan assets	12,591,452	8,494,494
	Interest income	956,950	776,607
	Benefits paid	-	-
	Fund charges	(75,549)	(122,307)
	Premium expenses	-	3,442,658
	Closing fair value of plan assets	13,472,853	12,591,452
<b>E</b>	<b>Actuarial Assumptions</b>		
	Discount Rate	6.80%	7.60%
	Rate of increase in Salary	6.00%	6.00%
	Expected average remaining working lives of employees (years)	25.66	25.76
	Attrition Rate	1.0% to 3.0%	1.0% to 3.0%

**Note 47**

Additional Disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the schedule III of the Act.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in Profit or loss for the year ended March 31, 2020		Share in other comprehensive income year ended March 31, 2020		Share in Total Comprehensive income for the year ended March 31, 2020	
	As % of Consolidated net assets	Amount Rs in Lakhs	As % of consolidated profit or loss	Amount Rs in Lakhs	As % of consolidated profit or loss	Amount Rs in Lakhs	As % of consolidated profit or loss	Amount
<b>Parent Company</b>								
Tanla Solutions Limited	95.3%	6,690,604,908	94.2%	(1,989,219,088)	16.45%	16,325,608	98.0%	(1,972,893,480)
<b>Foreign Subsidiary</b>								
Tanla Mobile Asia Pacific Pte Ltd., Singapore	4.5%	314,070,432	2.5%	(52,199,706)	38.90%	38,615,802	0.7%	(13,583,904)
<b>Indian Subsidiaries</b>								
Karix Mobile Private Limited	13.2%	925,800,711	-7.9%	166,893,811	-2.00%	(1,983,602)	-8.2%	164,910,209
Tanla Corporation Private Limited	34.9%	2,450,217,058	22.1%	(465,799,460)	0.00%	-	23.1%	(465,799,460)
Tanla Digital Labs Private Limited	-0.1%	(6,663,787)	0.3%	(7,163,787)	0.00%	-	0.4%	(7,163,787)
Gamooga Softech Private Limited	0.9%	62,774,470	-1.1%	22,233,200	0.00%	-	-1.1%	22,233,200
Capitalsiri Investments Private Limited	0.3%	17,958,977	-0.1%	1,600,078	0.00%	-	-0.1%	1,600,078
<b>Joint Venture in India</b>								
TZ Mobile Private Limited	0.0%	1,057,456	0.0%	-	0.00%	-	0.0%	-
<b>Associate in India</b>								
Jengatron Gaming Private Limited	0.0%	-	0.8%	(16,903,800)	0.00%	-	0.8%	(16,903,800)
<b>Total</b>	<b>149.00%</b>	<b>10,455,820,224</b>	<b>110.84%</b>	<b>(2,340,558,752)</b>	<b>53.35%</b>	<b>52,957,808</b>	<b>113.68%</b>	<b>(2,287,600,944)</b>
Consolidation Adjustments	49.00%	3,438,475,525	10.84%	(228,902,087)	-46.65%	(46,309,137)	13.68%	(275,211,224)
<b>Net Amount</b>	<b>100.00%</b>	<b>7,017,344,699</b>	<b>100.00%</b>	<b>(2,111,656,665)</b>	<b>100.00%</b>	<b>99,266,945</b>	<b>100.00%</b>	<b>(2,012,389,720)</b>

**Note 48****Leases**

Operating leases where Company is a lessee:

The Group's lease assets primarily consist of buildings for corporate offices and guest houses having various lease terms. Effective April 01, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the rate of 9.90% at the date of initial application.

The adoption of the standard resulted in recognition of Right-of-use assets (ROU) of Rs 2,81,11,458 and a lease liability of Rs. 3,22,11,062. The cumulative effect of applying the standard resulted in Rs 40,99,604 being debited to retained earnings. Although, the effect of this adoption is insignificant on the profit for the year and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020
<b>(i) The adoption of Ind AS 116 had the following impact as at the year end:</b>	
Increase in lease liability by	53,871,305
Increase in rights of use by	50,434,904
Increase in Deferred tax assets by	289,926
Increase in finance cost by	5,361,917
Increase in depreciation by	21,477,300
<b>(ii) The movement in right-of-use assets is as follows :</b>	
<b>Balance at April 01, 2019</b>	
Reclassified on account of adoption of Ind AS 116	28,111,458
Addition during the year	43,800,746
Deletions during the year	-
Depreciation charge for the year	21,477,300
<b>Balance at 31 March 2020</b>	<b>50,434,904</b>
<b>(iii) The break-up of current and non-current lease liabilities is as follows</b>	
Non-current lease liabilities	43,491,015
Current lease liabilities	10,380,290
<b>(iv) The movement in lease liabilities is as follows:</b>	
Balance at April 01, 2019	
Reclassified on account of adoption of Ind AS 116	32,211,062
Addition during the year	49,162,663
Deletions during the year	-
Payment of principal portion of lease liabilities	22,140,503
Payment of interest portion of lease liabilities	5,361,917
<b>Balance at March 31, 2020</b>	<b>53,871,305</b>
<b>(iv) The contractual maturities of lease liabilities on an undiscounted basis are as follows:</b>	
Less than one year	14,594,964
One to five years	50,516,443
More than five years	9,969,288

**Note 49****Contingent Liabilities**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

S. No.	Particulars	31 March 2020	31 March 2019
1	Outstanding guarantees given by the company*	324,026,007	2,500,000
2	Claims against company, not acknowledged as debts**	83,914,142	74,592,062

\*Total Guarantees outstanding as of March 31, 2020 amounting to INR 32,40,26,007 (March 31, 2019 – INR 25,00,000) have been issued by banks on behalf of the Group. These guarantees have been given by the banks to mobile operators/banks/public sector undertakings towards performance guarantee from the Group.

\*\*Tanla had received service tax orders from the Department of Customs, Central excise and Service tax for the financial years 2007-08 to 2009-10 demanding INR 9,00,30,000 on account of taxable service on import of information technology and software services and interest and penalty amounting to INR 7,45,92,062. Against this demand the Company deposited the principal amount and has utilised input credit against the same under the GST regime. The appeal is pending hearing by CESTAT. Based on the strength of its case, Management does not expect the same to have materially adverse effect on its financial position, as it believes the likely hood of any loss is not probable.

\*\*The Assessing Officer for the assessment year 2009-10 has disallowed certain expenditure on the grounds that tax was not deducted at source in accordance with Section 40(a) and income accrued is not offered to the Income-Tax Act, 1961 and demanded an additional tax of INR 93,22,080. The Karix Mobile Private Limited filed necessary appeals against the said demand with the Commissioner of Income-Tax (Appeals). The CIT(A) passed the order in favour of Assessee. Aggrieved by the order of CIT(A), the Department has filed an appeal with Income Tax Appellate Tribunal (ITAT). The ITAT passed the order in favour of Assessee, further the department filed an appeal with the High Court (Madras). The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities and the necessary advise received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against the Assessee is remote and accordingly no adjustments to the financial statements are considered necessary in this regard.

**Note 50****Segment Reporting**

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Group has only one reportable segment namely "A2P Messaging services".

Geography-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

(i) Analysis of Group's revenues (excluding other operating revenue) based on the location of the customers:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
India	14,893,437,787	8,175,469,641
Rest of the world	4,534,959,340	1,864,177,762
<b>Total</b>	<b>19,428,397,127</b>	<b>10,039,647,404</b>

(ii) Analysis of Group's non-current assets based on the location of the assets:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
India	904,223,684	195,499,389
Rest of the world	8,559,226	8,106,749
<b>Total</b>	<b>912,782,910</b>	<b>203,606,138</b>

**Note 51****Related Party Disclosures:****A) List of Related Parties:**

(i) Name of the Related Party	Country	Relationship with the Entity
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corporation Private Limited	India	Wholly-owned subsidiary
Capitalsiri Investments Private Limited	India	Wholly-owned subsidiary
Tanla Digital Labs Private Limited *	India	Wholly-owned subsidiary
Gamooga Softtech Private Limited **	India	Wholly-owned subsidiary
Karix Mobile Private Limited ***	India	Step Down subsidiary
Unicel Technologies Private Limited ****	India	Step Down subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain (All amounts are in Indian Rupees, except for share data and where otherwise stated)
Jengatron Gaming Private Limited	India	Associate
Z-Axis Management Consultants and Strategic Advisors LLP*****	India	Entity in which Director is a Partner

\* Incorporated with effect from December 18, 2019

\*\* Acquired with effect from October 24, 2019

\*\*\* Acquired with effect from April 10, 2019

\*\*\*\* Acquired with effect from April 10, 2019

\*\*\*\*\* With effect from October 01, 2019

**(ii) Key Managerial Personnel**

D Uday Kumar Reddy - Chairman & Managing Director  
 Srinivas Gunupudi Kamoji - Chief Financial Officer  
 Seshanuradha Chava - VP - Legal & Secretarial  
 Ram Narain Agarwal \*- Independent Director  
 N Kalpana \*\*-Independent Director  
 Rohit Bhasin-Independent Director  
 Amrita Gangotra-Independent Director  
 Sanjay Baweja-Independent Director  
 A G Ravindranath Reddy- Non Executive Director  
 Sanjay Kapoor- Non Executive Director

\* Ceased to be independent director with effect from 30-09-2019

\*\* Ceased to be independent director with effect from 30-09-2019

**B) Related party Transactions:**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Nature of Transactions	Transactions Dr/(Cr)		Balance Outstanding Dr/(Cr)	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Z-Axis Management Consultants and Strategic Advisors LLP				
Professional services received	11,664,000	-	-	-

**C) List of Transactions with key management personnel**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Total remuneration
D Uday Kumar Reddy - Chairman & Managing Director	26,548,677
Srinivas Gunupudi Kamoji - Chief Financial Officer	4,508,817
Seshanuradha Chava - General Counsel & Regulatory	4,763,147
<b>Total</b>	<b>35,820,641</b>

**Remuneration to non-executive directors**

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	Sitting & Committee Fees
Ram Narain Agarwal	63,000
A G Ravindranath Reddy	1,206,000
N Kalpana	396,000
Rohit Bhasin	1,350,000
Amrita Gangotra	1,188,000
Sanjay Baweja	1,350,000
<b>Total</b>	<b>5,553,000</b>

**Note 52**

Merger petition requesting approval for merger of Karix Mobile Private Limited (“Karix”) and Unicel Technologies Private Limited (“Unicel”) with Tanla Corporation Private Limited (“TCPL”) was filed in National Company Law Tribunal (NCLT), Hyderabad on Sept 30, 2019. In view of the prevailing COVID situation, the case was listed for on-line hearing on May 27th 2020 where the reports of the Official Liquidator and the Regional Director were submitted. NCLT Registry has conveyed that the matter may be listed for hearing on June 11, 2020. Consequently the group has provided for Tax of INR 10,74,77,043 lakhs pending merger.

**Note 53**

The company during the FY 2019-20 has filed an application for liquidation of investment in one of its joint ventures TZ mobile Private Limited., India.

**Note 54**

Earnings/ Loss per share

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(All amounts are in Indian Rupees, except for share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Profit/(Loss) attributable to equity holders	(2,111,656,665)	298,210,495
Weighted average number of equity shares for EPS	142,927,563	115,626,827
Basic Profit/(loss) per share (INR)	(14.77)	2.58
Diluted Profit/(loss) per share (INR)	(14.77)	2.58

The Company has 19,64,938 share warrants as potential equity shares. Since conversion of above mentioned potential equity shares would decrease loss per share from continuing ordinary activities, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are ignored in calculating diluted earning per share.

### Note 55

Previous year figures have been reclassified/regrouped wherever necessary to correspond with the current year's classification/disclosures. However the figures are not comparable due to acquisition of the subsidiaries during the current financial year.

As per our report of even date

**For MSKA & Associates**

Chartered Accountants

Firm Regn. No. 105047W

For and on behalf of the Board of Directors

Sd/-

**Amit Kumar Agarwal**

Partner

Membership No. 214198

Hyderabad

June 10, 2020

Sd/-

**D. Uday Kumar Reddy**

Chairman & Managing Director

DIN : 00003382

Sd/-

**Srinivas Kamoji Gunupudi**

Chief Financial Officer

Sd/-

**Seshanuradha Chava**

VP - Legal & Secretarial



## NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Notice is hereby given that the 24<sup>th</sup> (Twenty Fourth) Annual General Meeting of the Members of Tanla Solutions Limited will be held on Friday, September 25, 2020 at 03:00 P.M through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following businesses:

### ORDINARY BUSINESS(ES):

#### 1. Adoption of Financial Statements.

To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and of the Auditors thereon.

#### 2. Appointment of Dr. AG Ravindranath Reddy (DIN: 01729114) as Director liable to retire by rotation.

To appoint a Director in place of Dr. AG Ravindranath Reddy (DIN: 01729114), who retires by rotation and being eligible, seeks re-appointment.

### SPECIAL BUSINESS(ES):

#### 3. Change in the name of the Company.

*To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:*

**“RESOLVED THAT** pursuant to the provisions of Section 4, 5, 13 and 14 and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and any other applicable law(s), rule(s), regulation(s), guideline(s), the provisions of the Memorandum and Articles of Association of the Company and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and subject to the approval of the Central Government and / or any other authority as may be necessary, consent of the members be and is hereby accorded for change of name of the Company from “*Tanla Solutions Limited*” to “*Tanla Platforms Limited*”.

**RESOLVED FURTHER THAT** upon issuance of the fresh certificate of incorporation by the Registrar of Companies consequent upon change of name, the old name “*Tanla Solutions Limited*” as appearing in Name Clause of the Memorandum of Association of the Company and wherever appearing in the Articles of Association of the Company and other documents and places be substituted with the new name “*Tanla Platforms Limited*”.

**RESOLVED FURTHER THAT** any Director or the Company Secretary of the Company be and are hereby severally authorised to sign, execute and file necessary application, forms, deeds, documents and writings as may be necessary for and on behalf of the Company and to settle and finalise all issues that may arise in this regard and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution and to delegate all or any of the powers conferred herein as they may be deemed fit.

#### 4. Re-designation of Mr. Uday Kumar Reddy (DIN: 00003382) as Executive Chairman & CEO.

*To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:*

**“RESOLVED THAT** in accordance with the recommendations of the Nomination and Remuneration Committee of the Board of Directors and pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), and the Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 read with Schedule V to the Act, the Articles of Association of the Company and in terms of the Special Resolution passed by members in the 23<sup>rd</sup> Annual General Meeting with respect to re-appointment of Mr. D Uday Kumar Reddy (DIN: 00003382) as Chairman & Managing Director of the Company, the consent of the members be and is hereby accorded to change the designation of Mr. D Uday Kumar Reddy from Chairman and Managing Director to Chairman, Whole-time Director and Chief Executive Officer and designated as Executive Chairman & Chief Executive Officer of the Company with effect from September 01, 2020 for the remaining period of his tenure of five years originally commencing from October 01, 2019, subject to review of his tenure by Board of Directors from time to time.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person and to do all such acts, deeds, matters and things as, in its absolute discretion, it may consider necessary, expedient and desirable to give effect to this resolution.”

**5. To appoint Mr. Rahul Khanna (DIN:07997083) as an Independent Director of the Company.**

*To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:*

“**RESOLVED THAT** pursuant to the provisions of section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Rahul Khanna (DIN:07997083), who was appointed by the Board of Directors as an Additional Director under the category of Non-Executive & Independent Director on July 17, 2020 and who holds office as Independent Director up to the conclusion of ensuing annual general meeting and has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of the SEBI (LODR) Regulations, 2015, as amended and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years with effect from the date of the ensuing annual general meeting and whose office shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** any of the Director(s)/Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

**6. To appoint Mr. Deepak Satyaprakash Goyal (DIN:01755263) as an Executive Director of the Company.**

*To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:*

“**RESOLVED THAT** pursuant to provisions of sections 196, 197 read with Schedule V and rules issued thereunder and such other applicable provisions, if any, of the Companies Act 2013 and SEBI (Listing Regulations) 2015, as amended from time to time thereto and the Articles of Association of the Company and such modifications, variations as may be approved and acceptable and subject to such other requisite approvals as may be required in this regard, Mr. Deepak Satyaprakash Goyal (DIN: 01755263) who was appointed by the Board of Directors as an Additional Director under the category of Executive Director on July 17, 2020 and who holds office as such up to the conclusion of ensuing annual general meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Deepak Satyaprakash Goyal as an Executive Director of the Company, be and is hereby appointed as an Executive Director and shall be designated as Chief Business Officer of the Company for a period of 5 (five) years, with effect from the date of the ensuing annual general meeting.

**RESOLVED FURTHER THAT** any of the Directors/Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

**7. To approve the remuneration payable to Mr. Sanjay Kapoor, Non-Executive Director through his consulting firm:**

*To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:*

**“RESOLVED THAT** pursuant to the provisions of Sections 188, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and regulation 17 of SEBI (LODR) regulations, 2015, and on the basis of the recommendation of the Nomination and Remuneration Committee of the Company, consent of the members of the Company be and is hereby accorded to remunerate Mr. Sanjay Kapoor (DIN: 01973450), Non-executive Director of the Company, through M/s. Z-Axis Management Consultants & Strategic Advisors LLP (hereinafter referred to as “Consulting Firm”) an amount not exceeding Rs 18,00,000/- per month (Rupees Eighteen lakhs only) as fixed consultation charges excluding applicable taxes and a variable pay not exceeding Rs.5,00,00,000/- (Rupees Five crores only) excluding applicable taxes for every period of 12 months as per terms and conditions mentioned in the contract executed between the Company and his Consulting firm and as approved by the Board, pursuant to the recommendation of the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** any of the Director/Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

Date: September 01, 2020  
Place: Hyderabad

For and on behalf of the Board of  
**Tanla Solutions Limited**

**Registered Office:**

Tanla Solutions Limited  
Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad - 500 081.  
CIN: L72200TG1995PLC021262  
www.tanla.com

Sd/-  
**Seshanuradha Chava**  
General Counsel & Chief Regulatory Officer  
M. No. - A15519

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agents, to provide VC/OAVM facility for the Annual General Meeting and the attendant enablers for conducting of the AGM
3. 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. Since this AGM is being held through VC/OAVM, physical attendance of the members of the Company are dispensed with. Accordingly the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance slip are not annexed to this Notice.
4. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution/authorization letter, authorizing their representative(s) to attend the AGM through VC/OAVM and vote on their behalf through remote e-voting. The said resolution/authorization letter shall be sent to the Scrutinizer by email through its registered email address to [cssumanbijarnia@gmail.com](mailto:cssumanbijarnia@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com).
5. Pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015, the information about the Directors proposed to be appointed /re- appointed is given in the **Annexure -1** to the notice.
6. 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.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from September 19, 2020 to September 25, 2020.
8. Members holding shares in physical form are requested to avail the demat facility in order to ensure timely and efficient delivery of corporate actions and announcements. Further the Members holding shares in physical form are also requested to immediately notify change in their address, if any, to the Registrar and Transfer Agents of the Company namely M/s. KFin Technologies Private Limited (hereinafter referred to as “**KFintech**”) having its Office at Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032 quoting their folio Numbers.
9. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank account details, ECS mandates, nominations, power of attorney, change of address/ name etc. to their depository participant only and not to the Company or its Registrar and Transfer Agent. The said nominations will be automatically reflected in the Company’s records.
10. Non-Resident Indian Members are requested to inform KFintech, 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.
11. 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.
12. 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 / KFintech.

13. 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.
14. 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@kfintech.com](mailto:evoting@kfintech.com)
15. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report for the year ending 31<sup>st</sup> March 2020 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depositories.
16. Members may also note that the Notice of the 24<sup>th</sup> AGM and the Annual Report for FY 2019-20 will also be available on the Company’s website [www.tanla.com/investors.html](http://www.tanla.com/investors.html), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of KFin Technologies Private Limited i.e [www.evoting.kfintech.com](http://www.evoting.kfintech.com). For any communication, the shareholders may also send requests to the Company’s email id: [investorhelp@tanla.com](mailto:investorhelp@tanla.com).
17. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
18. Since the AGM is being held through VC/OAVM, the Route Map is not annexed in this Notice.
19. The Members can join the AGM, 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice.
20. Up to 1000 members will be able to join on a FIFO basis to the AGM.
21. There will be no restrictions on account of FIFO entry into AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
22. **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, your Company is pleased to provide its members, facility to exercise their right to vote at the 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by KFin Technologies Private Limited. The procedure for participating in the e-voting is given below:

#### **Instructions for the members attending the AGM through VC/OAVM.**

1. Member will be provided with a facility to attend the AGM through video conferencing platform provided by M/s. KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and **click on the “video conference”** and access the shareholders/members login by using the remote e-voting credentials. The link for AGM will be available in shareholder/members login where the EVENT and the name of the Company can be selected.
2. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
3. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

4. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. **AGM Questions prior to AGM:** Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on "Post your Questions" may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, members questions will be answered only if the shareholder continues to hold the shares as of cut-off date benpose. The facility to post questions shall commence on September 24, 2020 at 9.00 AM and will close on September 24, 2020 at 5.00 PM.
7. Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the AGM conference.
8. **Speaker Registration during AGM session:** In case of decision to allow the Q&A session in the meeting, members may log into <https://emeetings.kfintech.com/> and click on "Speaker Registration" by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commence on September 22, 2020 at 9.00 AM and will close on September 24, 2020 at 5.00 PM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM

#### **Instructions for the members for e-voting during the AGM session:**

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the Chairman during the AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page
2. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those shareholders, who are present in the AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

#### **Procedure for remote e-voting through electronic means:**

- i. Initial password is provided in the body of the email.
- ii. Launch internet browser and type the URL: <https://evoting.karvy.com> in the address bar.
- iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the 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.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.

- vii. On successful login, the system will prompt you to select the EVENT i.e. Tanla Solutions Limited.
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at [cssumanbijarnia@gmail.com](mailto:cssumanbijarnia@gmail.com) and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BAL\_EVENT No.'
- xii. Members can cast their vote online from September 22, 2020 (9.00 a.m.) till September 24, 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.
- xiii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.karvy.com> or call KFin on 1800 345 4001 (toll free).

#### Other Instructions:

- i. Members can also update their mobile number and e-mail id in their user profile details of the folio which may be used for sending future communication(s).
- ii. Any person, who becomes a member of the Company after sending of the notice of the meeting and holding shares as on the cut-off date i.e. September 18, 2020 may write to [evoting@karvy.com](mailto:evoting@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 (xiii) mentioned above should be followed for casting their vote, if the member is already registered with Karvy e-voting platform then he/she can use his/her existing User ID and password for casting the vote through remote e-voting.
- iii. 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 18, 2020.
- iv. The Board of Directors has appointed Ms. Suman Bijarnia, Practicing Company Secretary (Certificate of Practice Number 19013) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- v. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- vi. 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 favor of the Resolution(s).
- vii. 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 KFin Technologies Private Limited 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. 3:**

The members of the Company may kindly be informed that, the Board of Directors of the Company at their meeting held on August 12, 2020 has decided to change the name of the Company from Tanla Solutions Limited to Tanla Platforms Limited.

The Board is of the opinion that the new name of the Company i.e. Tanla Platforms Limited reflects the major source of revenue of the Company i.e through Platform.

As per the provisions of Sections 13 of the Companies Act, 2013, approval of the shareholders is required to be accorded for changing the name of the Company & consequent alteration in the Memorandum of Association and Articles of Association by way of passing a Special Resolution.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors of the Company accordingly commends the special resolution as set out in Item No. 3 of this Notice for your approval.

#### **Item No. 4:**

The shareholders had approved the re-appointment of Mr. Uday Kumar Reddy as Chairman and Managing Director of the Company along with the remuneration and other terms and conditions of re-appointment for a period of 5 (Five) years, with effect from October 1, 2019 at the 23<sup>rd</sup> Annual General Meeting of the Company held on September 30, 2019.

Statement required under Part II of Section II of Schedule V to the Companies Act 2013 was provided under Explanatory Statement to the Notice of the 23<sup>rd</sup> Annual General Meeting.

Considering Mr. Uday Kumar Reddy's persistent endeavour in strengthening the operations, his insights in developing and implementing business strategies, managing the Company's overall operations and resources, it is now proposed that he is appointed as Chief Executive Officer and that his designation be changed from Chairman and Managing Director to Chairman, Whole-time Director and Chief Executive Officer of the Company and be designated as 'Executive Chairman & Chief Executive Officer'.

With the recommendation of the Nomination and Remuneration Committee the Board of Directors, at its meeting held on September 01, 2020, approved the change in designation of Mr. Uday Kumar Reddy to Executive Chairman & Chief Executive Officer of the Company with effect from September 01, 2020 for the remaining period of his tenure of five years originally commencing from October 01, 2019, subject to the approval of the shareholders.

Except Mr. D Uday Kumar Reddy and his relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

#### **Item No. 5:**

Mr. Rahul Khanna (DIN:07997083) was appointed as an Additional Director under the category of Independent Director as per the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, on the Board of the Company with effect from July 17, 2020. He holds office as an Independent Director of the Company up to the conclusion of the ensuing annual general meeting.



The Board, as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, the association of Mr. Rahul Khanna would be beneficial to the Company.

Accordingly, it is proposed to appoint Mr. Rahul Khanna as an Independent Director of the Company, not liable to retire by rotation and to hold office for a first term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Companies Act, 2013 and provisions of the SEBI (LODR) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as specified therein.

Mr. Rahul Khanna is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as an Independent Director.

The Company has also received declaration from Mr. Rahul Khanna that he meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the SEBI (LODR) Regulations, 2015.

In the opinion of the Board, Mr. Rahul Khanna fulfils the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Additional information of Mr. Rahul Khanna whose appointment as Independent Directors is proposed at Item No. 5, is provided in the "**Annexure I**" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except Mr. Rahul Khanna and his relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

#### **Item No. 6:**

Mr. Deepak Satyaprakash Goyal (DIN:01755263) was appointed as an Additional Director under the category of Executive Director as per the provisions of Section 196, 197 read with Schedule V and rules issued thereunder and such other applicable provisions, if any, of the Companies Act 2013 and SEBI (Listing Regulations) 2015, on the Board of the Company with effect from July 17, 2020. He holds office as an Executive Director of the Company up to the conclusion of the ensuing annual general meeting.

The Board, as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, the association of Mr. Deepak Satyaprakash Goyal would be beneficial to the Company.

Mr. Deepak Satyaprakash Goyal will not draw any remuneration from the Company, however he draws remuneration from Karix Mobile Private Limited (formerly known as Tanla Corporation Private Limited) a whollyowned subsidiary of Tanla Solutions Limited as an Executive Director.

Accordingly, it is proposed to appoint Mr. Deepak Satyaprakash Goyal as an Executive Director and shall be designated as Chief Business Officer of the Company to hold office for period of 5 (five) consecutive years on the Board of the Company.

Additional information of Mr. Deepak Satyaprakash Goyal whose appointment as Executive Directors is proposed at Item No. 6, is provided in the "**Annexure I**" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except Mr. Deepak Satyaprakash Goyal and his relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

**Item No. 7:**

As per Regulation 17 (6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, a listed entity is required to obtain the approval of members of the Company every year by way of Special Resolution for payment of remuneration to a single Non-Executive Director exceeding 50% of the total remuneration payable to all Non-Executive Directors of the Company.

Further, as per the provision of Section 188 (1) (f) of the Companies Act, 2013 and rules issued thereunder, consent of the members of the Company by way of a resolution is required to be obtained, where a Director or relative of a Director is appointed to an office or a place of profit under the Company or a subsidiary of the Company.

At present, Company is availing the professional services from Mr. Sanjay Kapoor through his Consulting firm M/s. Z-Axis Management Consultants & Strategic Advisors LLP. The Company is paying remuneration by way of consultancy fees for availing the professional services as per the terms and conditions executed between the Company and M/s. Z-Axis Management Consultants & Strategic Advisors LLP. The details of the material terms of the Contract are as follows:

S No.	Particulars	Remarks
1	Nature and material terms/Particulars of the contract or arrangement	Partnership of Digital Projects and Brand building and networking.
2	Maximum value of transactions	Monthly fixed remuneration of Rs. 18 lakhs and variable remuneration not exceeding Rs. 5 crores for a period of every 12 months. The fixed and variable remuneration mentioned above are excluding applicable taxes.
3	Name of the related party	Z-Axis Management Consultants & Strategic Advisors LLP
4	Relationship	LLP in which the Director of the Company is a Designated Partner/Partner.

Based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors concurs that taking into consideration the contribution and expertise of Mr. Sanjay Kapoor, it is desirable to avail the services and remunerate by way of paying consultancy fees as mentioned in the resolution set out at Item no. 7 of the notice.

Except Mr. Sanjay Kapoor and his relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

Date: September 01, 2020

Place: Hyderabad

For and on behalf of the Board of  
**Tanla Solutions Limited**

Sd/-

**Seshanuradha Chava**

General Counsel & Chief Regulatory Officer

M. No. - A15519

**Registered Office:**

Tanla Solutions Limited  
Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad - 500 081.  
CIN: L72200TG1995PLC021262  
www.tanla.com

**Annexure-1**  
**Additional Information**

(Details of the Directors proposed to be appointed/ re-appointed pursuant to Regulation 36(3) of SEBI (LODR) Regulation, 2015 and Secretarial Standards on General meetings).

Particulars	Dr. A. G. Ravindranath Reddy	Mr. Rahul Khanna	Mr. Deepak Satyaprakash Goyal
Date of Birth.	18-06-1957	18-12-1974	31-10-1971
Date of appointment on the Board.	29-01-2014	17-07-2020	17-07-2020
Qualification, Experience & Expertise.	<p>A. G. Ravindranath Reddy is a Fellow Company Secretary, a Postgraduate in Commerce and a Graduate in Law. Dr. AGR is a Corporate Consultant for the past 28 years, specialising in corporate laws, economic laws, foreign exchange laws, corporate restructuring, etc.</p> <p>Dr. AGR specialises in legal and court proceedings, handling public issues, coordinating amalgamation proceedings, advising on BIFR matters, negotiating and drafting various agreements (joint venture agreements, agreement of sale, sale deed, construction agreement, shareholders agreements, etc.) and implementation and compliance of corporate governance.</p>	<p>Mr. Rahul Khanna has 19 years of experience investing in global Publicly Listed Companies.</p> <p>He is Chief Investment Officer at Habrok Capital Management LLP, which he joined in 2005, and is responsible for managing the Habrok Fund. Before Habrok, Rahul worked at Fidelity International in Europe, and Aditya Birla Sunlife Asset Management in India. He holds an MBA from London Business School.</p>	<p>Mr. Deepak Satyaprakash Goyal comes with an experience of more than 25 years in scaling, diversifying, and transforming businesses of different size and scale across the IT and Telecom domain.</p> <p>Mr. Goyal joined Karix Mobile Private Limited (previously known as Air2Web) in 2006 as Vice President - Sales and became COO in the year 2013. He has been instrumental in driving revenue growth and establishing Karix as the market leader in India.</p> <p>Earlier Mr. Goyal worked in General Management roles with companies like Tulip Telecom, Free Markets Inc. and Wyse Technology. Mr Goyal is a Computer Science Engineer from Amravati University. He has also completed MBA in Marketing from Fore School of Management in 1997.</p>
Directorship in other Companies.	<ol style="list-style-type: none"> <li>1. E To E Transportation Infrastructure Private Limited</li> <li>2. Ramky Infrastructure Limited</li> <li>3. Rockwell Industries Limited</li> <li>4. Karix Mobile Private Limited (Formerly known as Tanla Corporation Private Limited)</li> <li>5. Vijayanagar Sugar Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. HCMR India Private Limited</li> <li>2. Habrok India Advisors Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Karix Mobile Private Limited (Formerly known as Tanla Corporation Private Limited)</li> </ol>
Number of Shares held in the Company.	3000	Nil	37,24,261
Disclosure of Inter-se relationship between Directors and KMP's.	No inter-se relationship between Directors and KMP's	No inter-se relationship between Directors and KMP's	No inter-se relationship between Directors and KMP's

Membership of Committees in other Companies.	3	Nil	Nil
Chairmanships of Committees in other Companies.	Nil	Nil	Nil
Details of Remuneration sought to be paid and the remuneration last drawn by such person.	Nil	Nil	Nil
Number of Board meetings attended during the year.	11	NA	NA

# Tanla Solutions Limited

## Corporate Information:

### Board of Directors:

Mr. D. Uday Kumar Reddy	Chairman & Managing Director
Ms. Amrita Gangotra	Director – Independent
Mr. Rohit Bhasin	Director – Independent
Mr. Sanjay Baweja	Director – Independent
Dr. A. G. Ravindranath Reddy	Director – Non-Executive
Mr. Sanjay Kapoor	Director – Non-Executive
Mr. Srinivas Gunupudi Kamoji	Chief Financial Officer
Ms. Seshanuradha Chava	Company Secretary & Compliance Officer

### Committees of the Board:

#### Audit Committee:

1. Mr. Rohit Bhasin	Chairperson
2. Ms. Amrita Gangotra	Member
3. Mr. Sanjay Baweja	Member

#### Stakeholders Relationship Committee:

1. Mr. Sanjay Baweja	Chairperson
2. Ms. Amrita Gangotra	Member
3. Mr. Rohit Bhasin	Member
4. Dr. A. G. Ravindranath Reddy	Member

#### Nomination and Remuneration Committee:

1. Ms. Amrita Gangotra	Chairperson
2. Mr. Rohit Bhasin	Member
3. Mr. Sanjay Baweja	Member
4. Dr. A. G. Ravindranath Reddy	Member
5. Mr. Sanjay Kapoor	Member

#### Corporate Social Responsibility Committee:

1. Mr. Rohit Bhasin	Chairperson
2. Mr. D. Uday Kumar Reddy	Member
3. Dr. A. G. Ravindranath Reddy	Member
4. Ms. Amrita Gangotra	Member
5. Mr. Sanjay Baweja	Member

#### Risk Management Committee:

1. Mr. Sanjay Kapoor	Chairperson
2. Mr. D. Uday Kumar Reddy	Member
3. Ms. Amrita Gangotra	Member
4. Mr. Rohit Bhasin	Member
5. Mr. Sanjay Baweja	Member

**Statutory Auditors:**

M/s. MSKA & Associates,  
Chartered Accountants  
1101/B, Manjeera Trinity Corporate  
JNTU-Hitech City Road, Kukatpally,  
Telangana State, Hyderabad - 500 071, INDIA.

**Internal Auditors:**

Deloitte Haskins & Sells LLP  
KRB Towers, Plot no 1 to 4 & 4A  
1st, 2nd & 3rd Floor, Jubilee Enclave  
Madhapur, Hyderabad - 500 081, Telangana, INDIA.

**Secretarial Auditors:**

Ms. Madhu Lakhlan,  
Practicing Company Secretary  
Flat No. 505, Legend Cyrus Residence,  
Street No. 2, Uma Nagar, Begumpet,  
Hyderabad - 500 016, Telangana, INDIA.

***Stock Exchanges where Company's Securities are listed:***

1. National Stock Exchange of India Ltd.
2. BSE Limited

**Registered Office Address:**

Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad – 500 081,  
Telangana, India.

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