



Tanla Solutions Limited
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November 01, 2018.

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 532790	National Stock Exchange of India Ltd. “Exchange Plaza” Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: TANLA
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Dear Sir / Madam,

Sub: Investor Update for Quarter & Half Year ended September 30, 2018.

With reference to the notice issued on October 23, 2018 under Regulation 29 and Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors in the meeting held today i.e., November 01, 2018, have *inter alia* approved the Statement of Unaudited Financial Results for the quarter & half year ended September 30, 2018.

Please find enclosed the Investor Update for the quarter & half year ended September 30, 2018.

Request you to take the same on record and oblige.

Yours faithfully,

For **TANLA SOLUTIONS LIMITED**




Seshanuradha Chava
VP - Legal & Secretarial
ACS-15519



Tanla Solutions Limited Investor Update

For the Quarter & Half year ended September 30, 2018

November 01, 2018

Q2FY2019 Financial Highlights:

(₹ in Crore)

Particulars	Q2 2019	Q1 2019	Shift %	Q2 2018	Shift %
Total Revenue	220.6	187.6	18%	198.2	11%
EBITDA	22.2	18.3	21%	18.1	23%
Net Profit	8.4	1.7	402%	7.3	16%

Financial Highlights:

- Business Revenue at ₹ 218.4 Cr, a growth of 18% Q-o-Q & 14% Y-o-Y due to revised pricing for A2P messaging services both in Domestic & ILD verticals.
- EBITDA from business stood at ₹ 22.2 Cr, a growth of 21% Q-o-Q and 41% Y-o-Y due to increased revenue share, an effect of the upward price revision.
- Profit before Tax stood at ₹ 5.2 Cr, a decrease of 36% Q-o-Q from ₹ 8.1 Cr and 19% Y-o-Y on account of acquisition-related expenses of ₹ 2 Cr and increase in depreciation of ₹ 7.2 Cr Q-o-Q and Rs. 7.4 Cr Y-o-Y due to usage-based depreciation of platforms and deployments.
- Net Profit stood at ₹ 8.4 Cr, a growth of 402% Q-o-Q and 16% Y-o-Y due to deferred tax credit on timing difference in depreciation on assets between tax and company laws. In comparison, there was a deferred tax charge of ₹ 6.4 Cr during Q1FY19
- Cash accruals during the quarter were ₹ 21.2 Cr [EBITDA of ₹ 22.2 Cr add Other income ₹ 2.2 Cr less Capex ₹ 2.4 Cr, Finance cost ₹ 0.3 Cr and Investment of ₹ 0.5 Cr in proposed Associate]
- Cash and Cash equivalents (including Investments in short term Liquid Funds) stood at ₹ 171 Cr, a growth of 22% Q-o-Q from ₹ 140 Cr and 17% Y-o-Y from ₹ 147 Cr
- Investment in mutual funds yielded an average interest of 7.7% p.a. resulting in interest income of ₹ 2.2 Cr in Q2FY19 against ₹ 1.8 Cr Q1FY19

Consolidated Statement of Profit and Loss (Un-audited):

(₹ in Crore)

Particulars	Quarter ended Sept 30, 2018	Quarter ended June 30, 2018	Quarter ended Sept 30, 2017
I. Revenue from operations	218.43	185.81	198.16
II. Other income	2.21	1.82	0.08
III. Total Income (I+II)	220.64	187.63	198.24
Expenses			
Cost of services	186.25	159.76	172.60
Employee benefits expense	4.09	4.13	3.78
Depreciation and amortization expense	19.19	12.04	11.79
Connectivity & related expenses	0.64	0.68	0.54
Travel expenses	0.30	0.31	0.81
Finance costs	0.05	-	-
Other expenses	4.96	2.62	2.36
Total expenses (IV)	215.48	179.55	191.88
V. Profit/(loss) before Tax (III - IV)	5.17	8.08	6.36
VI. Tax expense:			
Current tax	0.31	0.76	0.89
MAT credit entitlement	-0.31	-0.76	-
Deferred tax	-3.27	6.40	-1.82
VII. Profit for the quarter (V - VI)	8.43	1.68	7.29
VIII. Other comprehensive income	0.56	0.03	0.01
IX. Total comprehensive income for the period (VII + VIII)	9.00	1.71	7.30
Earnings per share (₹ 1/- each)			
Basic	0.75	0.15	0.65
Diluted	0.75	0.15	0.65

Condensed Consolidated Balance Sheet as at

(₹ in Crore)

Particulars	30-Sep-18	31-Mar-18
Assets		
Property, plant and equipment	399.32	451.99
Other non-current assets	27.28	25.56
Investments in Mutual Funds	128.68	-
Trade receivables	328.05	266.53
Cash and bank balances	42.48	165.44
Current Assets	39.84	24.46
Total	965.65	933.98
Equity and Liabilities		
Shareholder's funds	692.06	687.65
Non-Controlling interest	-	-
Non-current liabilities	0.39	0.20
Current liabilities	273.20	246.14
Total	965.65	933.98

Investments in Mutual Funds as at Sept 30, 2018:

S No	Particulars	(₹ in Crore)
1	Aditya Birla Cash Plus - Liquid Fund	20.03
2	Axis Liquid Fund	57.57
3	HDFC Liquid Fund	10.02
4	ICICI Prudential Mutual Fund-Liquid Plan -Growth	21.03
5	Reliance Liquid Treasury Plan	20.04
	Total	128.68

Corporate Highlights:

Appointment of Chief Operating Officer

- Mr. Sriram Vinjamuri has been appointed as the Chief Operating Officer of Tanla.
- Sriram's primary responsibilities include designing, recommending and implementing policies and processes to ensure the achievement of annual targets through operational excellence.
- Sriram was the VP (Consumer Business – South India) Tata Teleservices, based out of Bengaluru. During 2007- 09, Sriram was associated with Tanla as the Head- India Sales.

Appointment of Senior Advisor and Mentor:

- Mr. Sanjay Kapoor has been appointed as Senior Advisor and Mentor of Tanla.
- Sanjay would provide strategic insights on business growth, brand building, diversification and technical inputs in corporate decision making.
- Sanjay is an established telecom leader globally and was the Chief Executive Officer (CEO) of India & South Asia operations at Bharti Airtel between 2010 and 2013 and has spent nearly 20 years as a business leader in Indian telecom market.
- Sanjay was recently appointed as a Board member of Saudi Telecom, and also advises multiple early stage companies on Strategy.

Subscription to Warrants by Promoters:

Pursuant to the shareholders' approval for allotment of warrants to the Promoters in the EGM held on Sept 17th, 2018, the Promoters' have subscribed to the Warrants by paying ₹ 8 Cr, being 25% of the allotment price.

Closure of Acquisition:

The Share Purchase Agreement for acquisition of Karix Mobile Pvt Ltd was executed on August 20th, 2018 between Tanla and shareholders of Banyan Investment Limited. Closure of Acquisition is expected to be completed during the current quarter pending certain regulatory approvals. The Shareholders' resolution approving the allotment of shares to Banyan Investments Ltd was passed on Sept 17th, 2018 and in-principle approval from the Stock Exchanges was obtained on Sept 24th, 2018.

About Tanla Solutions:

Tanla started its journey as the new millennium set in with a small group of mobile messaging experts, with base in Hyderabad, India, to create a world-class messaging service. Today, Tanla is a global leader in its domain as one of the largest Cloud Communication providers, handling over 90 bn business communications annually. Tanla is innovating the way world communicates, continuously raising the bar through enhanced speed, ease and simplicity of Cloud Communication solutions, adopting cutting-edge technologies to meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies. Tanla is a public limited company listed on leading Indian stock exchanges (BSE CODE: 532790 and NSE: TANLA).

Contact Information:

Seshanuradha Chava

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Safe Harbor:

This presentation might contain 'forward-looking statements' that are based on our current expectations, assumptions, estimates and projections about Tanla Solutions Limited (the "Company"), our industry, economic conditions in the markets in which we operate, and certain other matters. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors and they depend on future events and circumstances. Such statements do not guarantee future results or development and the actual results or outcomes may differ materially from those implied by the forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in the services provided by the Company, including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which the Company has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, regulatory changes, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.