



Enterprise Cloud Communication

Indian leadership. Global ambition.

CONTENTS

1-5



Corporate Overview

- 2 From the Chairman's Desk
- 4 Key Performance Indicators

6-67



Statutory Reports

- 6 Management Discussion & Analysis
- 16 Boards' Report
- 48 Corporate Governance Report

68-122



Financial Statements

- 68 Statutory Auditor's Report - Standalone
- 74 Financial Results - Standalone
- 97 Statutory Auditor's Report - Consolidated
- 100 Financial Results - Consolidated

123-131



Notice

- 123 AGM Notice
- Attendance Slip
- Proxy
- Route-map

ENTERPRISE CLOUD COMMUNICATION

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From the Chairman's Desk



Dear Shareholders,

The last time we met I had made a commitment to you that going forward your Company would perform on the tenets of Plan, Collaborate and Deliver. Together with our committed workforce we have been able to achieve our stated objective of secular revenue and profit growth along with developing innovative and cutting-edge technology.



Our collaborative approach has held us in good stead with our clients and business partners. Our periodic MIS reports and reviews coupled with one-on-one field visits ensure mission-critical customer feedback on platform performance and for taking corrective action to fix deviations.

On the operational front our engagement process with all employees cutting across different functions starts with formulating the Company's constitution for the year i.e. The Annual Operating Plan. It then percolates down to all employees through individual KRAs (Key Result Areas) and Department QOPs (Quarterly Operating Plans). These plans and the resultant business are monitored by me on a monthly and quarterly basis on forums such as the On Deck and Townhall meetings. With the concerted efforts of all employees, your Company has processed 110 Bn messages during FY 2018 making it one of the biggest platforms in the world. I am proud to share that the intellectual inputs I get from our employees truly fosters Tanla's collaborative culture both internally as well as with our business and channel partners.

Our collaborative approach has held us in good stead with our clients and business partners. Our periodic MIS reports and reviews coupled with one-on-one field visits ensure mission-critical customer feedback on platform performance and for taking corrective action to fix deviations. This has helped Tanla achieve scalability and deploy innovative and robust platforms to service bespoke client requirements.

These initiatives have helped us achieve a stellar set of financial numbers and operational excellence this fiscal.

Revenue and Business Revenue grew by 37% to ₹ 792 Crore from ₹ 579 Crore Y-o-Y, and to ₹ 763 Crore from ₹ 556 Crore Y-o-Y, respectively. EBITDA grew by 16% to ₹ 65.2 Crore from ₹ 56.1 Crore Y-o-Y and Net Profit for FY 2018 stood at ₹ 19 Crore Cash and Cash equivalents improved by 24% to ₹ 165.4 Crore from ₹ 133.3 Crore Y-o-Y.

Besides the numerical benchmarking, we take qualitative analysis of our business very seriously. Ethical business practices are ingrained in our employees' DNA and client satisfaction surveys and feedback play a vital part in our holistic management of business. Employee satisfaction is never a cliché in Tanla. This is borne out by our low attrition rates, much below mean industry levels.

As informed on August 20th, 2018, Tanla signed a definitive share purchase agreement to acquire 100% of Karix Mobile (formerly known as mGage India) and its wholly owned subsidiary Unicel from GSO Capital Partners, a Blackstone Company, at an enterprise value of ₹ 340 Crore

With combined revenues of over ₹ 1,170 Crore in FY 2018, Tanla and Karix will emerge as a leading cloud communication provider in India rendering formidable digital transformation strategies to its enterprise clients.

This strategic acquisition leverages Tanla's strong telecom carrier partnerships and Karix's enterprise selling expertise to build a rationalised yet comprehensive solutions portfolio that can quickly generate revenues and reduce go-to-market timelines.

With the industry growing at 20-30% annually, entry of global brands and new companies into the Indian market would result in increase in demand for digital communication, thereby expanding the scope for cloud communication services.

Tanla proposes to complete a seamless integration of Karix with a three-pronged approach:

A. Strategy – An acquisition the size of Karix makes it incumbent on us to formulate a business and growth strategy to ensure maximum shareholder value. A leading global consultant would be advising your company on growth strategy encompassing target markets, products and market share targeting.

B. Human Resources – We are in the process of mandating one of the world's largest HR consulting firms to reformulate and implement industry best practices on recruitment, employee KRAs and incentivisation.

C. Integration – Your Company seeks to hire an industry leading consulting firm to drive the technological and personnel integration with Karix.

The acquisition of Karix catapults your company revenues, products and clientele to elevated levels. With effective implementation of our business strategy your company will be well on its way to maximise shareholder return. With a view to increasing investor engagement, a dedicated Investor Relations team will be in place from Q3FY19 to be the interface between the company and investors.

We look forward to your continued support in our endeavour to be a global leader in Cloud Communications. I thank my fellow Board members, employees, shareholders and all stakeholders for their support and look forward to welcoming you all to the ensuing Annual General Meeting.

Warm Regards,

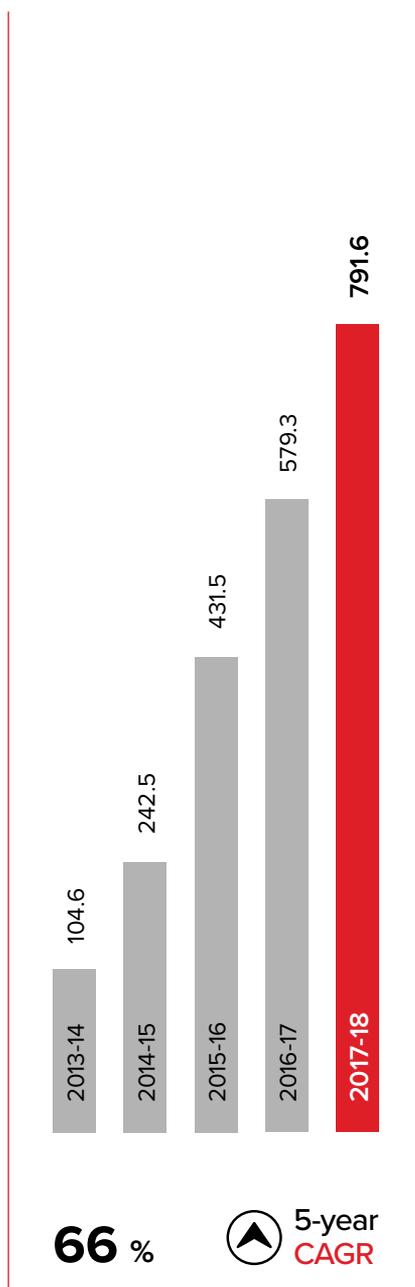


D. Uday Kumar Reddy

Key Performance Indicators

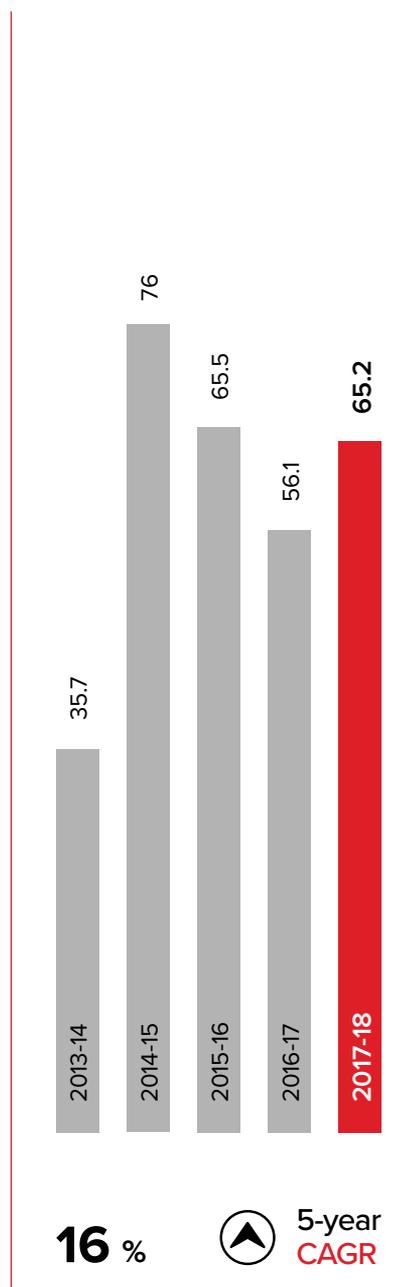
Revenue

(₹ in Crore)



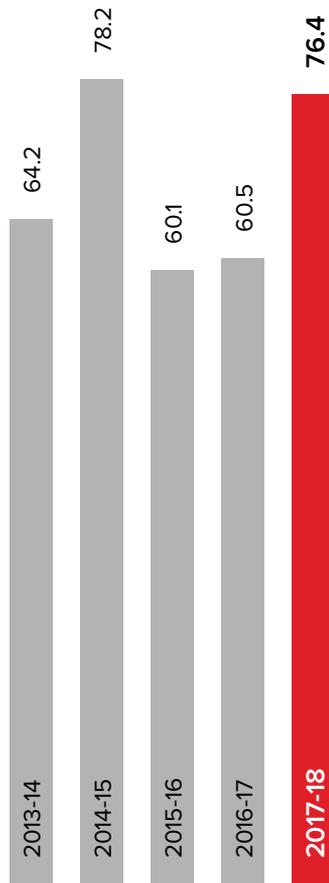
EBITDA

(₹ in Crore)



Cash profits

(₹ in Crore)



4 %

**5-year
CAGR**

PAT (Profit after tax)

(₹ in Crore)

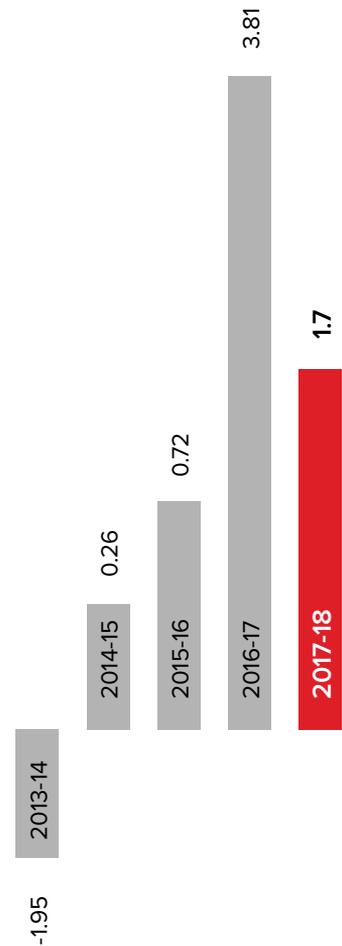


272 %

**5-year
CAGR**

EPS (Earnings per share)

(₹)



103 %

**5-year
CAGR**

Management Discussion and Analysis



Industry Overview

Globally, the market for cloud communications platforms is expected to grow exponentially during the 2017-27 period. The market is estimated to reach about US\$ 12 billion by 2027 from US\$ 1.4 billion in 2017, according to Future Market Insights. The increase in the use of Application Programming Interfaces (APIs) in Unified Communication as a Service (UCaaS), cost-effectiveness of cloud communications platform solutions, shift of enterprise infrastructure towards cloud, increasing adoption of Cloud Private Branch Exchange (PBX) business services, rising focus on customer experience enhancement and demand for real-time communication are few factors boosting the growth of the cloud communications platform.

India is currently the world's second-largest telecommunications market with a subscriber base of 1.2 billion and has registered strong growth in the past decade and half. India will emerge as a leading player in the virtual world with 700 million of the 4.7 billion global internet users by 2025, as per a Microsoft report. The internet economy is expected to touch ₹ 10 trillion (US\$ 155 billion) by 2018, contributing around 5 % to the country's GDP.

Company Overview

Tanla offers dedicated A2P SMSC service that address the challenges of telcos in managing A2P messaging, with improved quality of service for enterprises. We maintain industry standards, high levels of security, resilient infrastructure and also manage operations including invoicing, credit monitoring and collections, all resulting in increased productivity across the messaging business value chain. The Tanla Mobile Engagement with Push Notifications product is part of the Mobile Messaging Suite, which enables enterprises to create and manage multiple push notification campaigns through a single user interface. To reach customers the way they want to be reached.

The Tanla Advantage

Quick-to-market

As we own our products and solutions, we have no third-party dependency.

Mission-critical

We bring our customers the highest-quality deliverable at the lowest latency. A 99.95% uptime Service-level Agreement (SLA) experience is made possible with automated failover and zero-maintenance windows.

Scalability

We currently process more than 7 billion messages per month. Our platform can scale to all customer needs, irrespective of their size.

Transparency and flexibility

We have no hidden costs and offer customers pay-as-you-go pricing, 24/7 support and the freedom to scale up or down.

Opportunities and concerns

Acquisition of Karix Mobile Private Limited will pave the way for migration of our business approach from aggregators to enterprises. Following are the risks that underlie the mammoth opportunity:

1. **With sales efforts to be targeted at enterprise customers, the sales cycle may become more time-consuming and expensive, encountering pricing pressure and implementation and customisation challenges. Moreover, we may have to delay revenue recognition for some complex transactions, which could harm revenues and operating results.** Enterprise customers also tend to demand more customisations, integrations and additional features. Any delay in closing, or failure to close with

a large enterprise in a particular quarter or year could significantly harm our targeted growth rates.

2. **Intense competition in the markets in which we compete could prevent us from increasing or sustaining our revenue growth and increasing or maintaining profitability.**

The cloud communications industry is highly competitive, and we expect this trend to continue. Increased competition could require us to lower our prices, resulting in lower sales revenue and lower gross profits, and/or lower market share. New technologies might emerge that are able to deliver communications and collaboration solutions services at lower prices, more efficiently, more conveniently or more securely. Such technologies could adversely impact our ability to compete. The constantly growing competition from over-the-top (OTT) players will drive telecom companies and other service providers to partner with and become primary OTT solution providers to drive revenue, counterbalance the downward price pressures and build customer loyalty. As the overall digital market grows—an additional billion middle-tier customers for telcos, mainly in emerging markets, is expected by 2025—the door for new OTT entrants is opening. These digital natives are offering the same staple services of voice, messaging and video calls that used to be the domain of traditional telcos.

3. **We may have difficulty attracting or retaining personnel with the technical skills and experience necessary to support our growth.**

Companies in the cloud communications industry compete aggressively for top talent in all areas of business, especially in sales and marketing, professional services and engineering, where employees with industry experience, technical knowledge and specialised skill-sets are highly valued and in demand. If we increase employee compensation (beyond levels that reflect customary performance-based and/or cost-of-living adjustments) in response to competitive pressures, we may sustain greater operating costs than we predicted in the near term. Also, we may not achieve profitability within the timeframe we had expected, or at all.

We have limited experience in operating our business internationally, which increases the risk of any future expansion efforts being unsuccessful. We expect to invest substantial time and resources to expand our international operations. If we are unable to do this successfully and in a timely manner, our business and operating results could be adversely affected.

4. Our future operating results may vary substantially from period to period and may be difficult to predict.

Our historical operating results have fluctuated significantly and will likely continue to fluctuate in the future. On an annual and a quarterly basis, there are a number of factors that may affect our operating results, some of which are outside our control.

Financial Review

The table below gives an overview of the consolidated financial results for FY 2018 and FY 2017.

Particulars	FY18		FY17		Growth %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Revenue	791.6	100.0%	579.3	100.0%	36.6%
Overseas	84.9	10.7%	83.5	14.4%	1.8%
Domestic	706.7	89.3%	495.8	85.6%	42.5%
Expenses					
Cost of Services	695.5	87.9%	494.5	85.4%	40.6%
Employee Benefits Expenses	14.2	1.8%	14.4	2.5%	-1.8%
Other Operating Expenses	16.8	2.1%	14.2	2.5%	18.0%
Total Expenses	726.4	91.8%	523.2	90.3%	38.8%
EBITDA	65.2	8.2%	56.1	9.7%	16.2%
Depreciation and Amortisation	57.3	7.2%	19.6	3.4%	192.6%
Other Income	4.8	0.6%	2.5	0.4%	91.0%
Profit before Tax	12.6	1.6%	39.0	6.7%	-67.6%
Tax Expense	(6.5)	-0.8%	(1.9)	-0.3%	238.7%
Profit after Tax (PAT)	19.1	2.4%	40.9	7.1%	-53.3%

Revenue

Revenue grew by ₹ 212.3 Crore from ₹ 579.3 Crore to ₹ 791.6 Crore in FY 2018, a growth of 37%, which is mainly due to increased business volumes in cloud communication services.

Business revenue grew by ₹ 207 Crore from ₹ 556 Crore to ₹ 763 Crore in FY 2018, a growth of 37%, and Property revenue grew by ₹ 5.6 Crore from ₹ 23 Crore to ₹ 28.6 Crore in FY 2018, a growth of 24%.

Tanla has increased its reach in the domestic market serving all categories of enterprises through its Messaging and Voice platforms. The Voice vertical in its second year of operations has grown 4X times year-on-year.

Footprint in new geographies, deployment and stabilisation of the ILD hub in Singapore and continued acceleration of volumes in existing markets have contributed growth FY 2017. Revenue has grown at CAGR of 43% over the past six years.

Tanla Solutions Limited

Gross margin

Gross margin grew by ₹ 11.4 Crore from ₹ 84.7 Crore to ₹ 96.14 Crore in FY 2018, a growth of 13.5%. Increased revenue realised from the deployment of the ILD hub and domestic Messaging volumes contributed to improvement in margins. This has also enabled addressing the negative impact on revenue share pursuant to the renewal of the A2P messaging agreement with a telecom operator in Q3 FY 2018

Other income

Other income for FY 2018 grew by ₹ 2.3 Crore from ₹ 2.5 Crore to ₹ 4.8 Crore in FY 2018, a growth of 91%. The significant increase is a result of net income on sale of property which the Company held as investment property.

Employee benefits expense

Particulars	March 2018		March 2017		Increase/ (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Salaries, Incentives and Allowances	11.7	1.5%	10.8	1.9%	8.6%
Employee Stock Options Cost	0.8	0.1%	1.9	0.3%	-60.0%
Contributions to Provident Fund and Other Funds	0.6	0.1%	0.4	0.1%	37.8%
Staff Welfare Expenses	1.1	0.1%	1.3	0.2%	-16.3%
Total	14.2	1.8%	14.4	2.5%	-1.8%

Employee benefit expense decreased by ₹ 0.3 Crore from ₹ 14.4 Crore to ₹ 14.1 Crore in FY 2018, a saving of 2% year-on-year. The saving is due to a decrease in the amortisation cost on Employee Stock Ownership Plans (ESOPs) as per Ind AS.

Other operating expenses

Particulars	Mar '18	% of Revenue	Mar '17	% of Revenue	Increase/ (Decrease) %
Travel expenses	2.6	0.3%	2.6	0.4%	0.1%
Connectivity & related expenses	3.8	0.5%	2.0	0.4%	87.9%
Advertisement & Promotion	0.9	0.1%	1.3	0.2%	-26.7%
Bad debts written off	0.6	0.1%	-	0.0%	100.0%
Other expenses	8.8	1.1%	8.3	1.4%	6.0%
Total	16.8	2.1%	14.2	2.5%	18.0%

Other expenses have increased by 18% compared to the previous year owing to an increase in connectivity, data centre and co-location charges due to increased business. These expenses, in relation to revenue, have increased marginally by 0.1% compared to the previous year.

Bad debts to the extent of ₹ 0.6 Crore pertaining to receivables in In Bound Dialler (IBD) and Out Bound Dialler (OBD) vertical for the period FY 2014-16 were written off during FY 2018.

Other major components under this head are professional charges of ₹ 1.6 Crore; Rent, rates and taxes of ₹ 2.8 Crore and Repairs and maintenance of ₹ 1.1 Crore.

Depreciation and amortisation

Particulars	March 2018		March 2017		Increase/ (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Depreciation and amortisation	57.3	7.2%	19.6	3.4%	193%

Depreciation and amortisation grew by ₹ 37.7 Crore from ₹ 19.6 Crore to ₹ 57.3 Crore in FY 2018, a growth of 193%. During the previous year, assets held as Intangible Assets were deployed in business and depreciation on these assets was provided for the full year in FY 2018 resulting in increase in Depreciation expense.

Depreciation is provided on straight line method based on the useful life of the asset. Life of assets is assessed at the end of each financial year and assets whose useful life has expired are depreciated fully.

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

Profit before tax (PBT)

PBT decreased by ₹ 26.4 Crore from ₹ 39 Crore to ₹ 12.6 Crore in FY 2018. The drop was primarily due to increase in depreciation which was charged for the full year in FY 2018 on assets deployed and capitalised during Q4 of FY 2017.

Tax expense

Tax expense comprises of current tax and deferred tax. During FY 2018, tax liability under Minimum Alternative Tax (MAT) increased by ₹ 1.9 Crore from ₹ 0.5 Crore to ₹ 2.4 Crore. MAT is charged on profit as per Profit and Loss account drawn up in accordance with Companies Act 2013 and is payable at a rate of 20.4% when tax calculated in accordance with Income Tax is nil. During FY 2018, Deferred tax asset increased by ₹ 5.3 Crore from ₹ 1.9 Crore in FY 2017 to ₹ 7.2 Crore. Deferred tax arises on account of timing differences in depreciation charge between Income Tax Act and Companies Act and is reversed in future periods.

Profit after tax (PAT)

Profit after tax decreased by ₹ 21.8 Crore from ₹ 40.9 Crore to ₹ 19.1 Crore in FY 2018. The decrease was a result of higher depreciation in FY 2018 and deferred tax credit during FY 2017.

Consolidated balance sheet

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Equity and Liabilities		
Shareholder's Funds	687.6	656.3
Non-controlling Interest	-	-
Non-current Liabilities	0.2	0.3
Current Liabilities	246.1	134.4
Total	934.0	790.9
Assets		
Property, Plant and Equipment	452.0	486.4
Goodwill	-	0.5
Other Non-current Assets	25.6	28.6
Inventories	-	22.1
Trade Receivables	266.5	113.6
Cash and Bank Balances	165.4	133.3
Current Assets	24.5	6.4
Total	934.0	790.9

Share capital

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Authorised 120,000,000 Equity Shares of ₹ 1/- each	12.0	12.0
Issued, Subscribed and Fully Paid-up 112,421,952 Equity Shares of ₹ 1/- each (107,485,785 Equity Shares as at March 31, 2017)	11.2	10.8
Total	11.2	10.8

Tanla has one class of fully paid-up equity shares of ₹ 1/- each. As on March 31st, 2017, our paid-up share capital was ₹ 107,485,785. During FY 2018, 49,36,167 fully paid-up equity shares of ₹ 1/- each were allotted to promoters pursuant to the conversion of preferential warrants into equity as follows:

Date of Allotment	No. of Shares Allotted
May 18, 2017	19,68,310
July 04, 2017	14,83,929
September 11, 2017	14,83,928
Total	49,36,167

As at March 31st, 2018, our paid-up share capital was ₹ 112,421,952.

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Capital Reserve	7.0	7.0
Investment Subsidy	0.04	0.04
Share Premium	464.9	448.6
General Reserve	25.5	25.5
Retained Earnings	85.7	69.9
Other Reserves	93.3	94.5
Total	676.4	645.6

Other equity

Other equity comprises share premium, general reserve, retained earnings and other reserves. Total Other Equity increased by 5% in FY 2018, due to profit accumulation during the year and increase in share premium on allotment of preferential warrants to promoters.

Current and non-current liabilities

(₹ in Crore)

Particulars	As at March 2018	As at March 2017
Trade Payables	237.5	123.4
Statutory Liabilities	2.1	3.2
Outstanding Expenses	4.3	6.7
Provision for Tax	2.4	1.4
Total	246.3	134.6

During FY 2018, trade payables increased by 92% due to increased business and enhancement of credit period offered by suppliers. Consequently, creditor days have increased to 125 in FY 2018 from 91 days during FY 2017.

Property, plant and equipment

(₹ in Crore)

Particulars	Gross Block as at March 2018	Gross Block as at March 2017	Accumulated Depreciation as on March 31, 2018	Accumulated Depreciation as on March 31, 2017	Net Block as at March 2018	Net Block as at March 2017
Office Building – Land	7.7	7.7	-	-	7.7	7.7
Buildings	11.6	11.6	0.7	0.5	11.0	11.2
Leasehold Improvements	2.9	1.7	1.2	0.6	1.7	1.2
Furniture and Fixtures	2.8	2.7	1.9	1.3	0.9	1.5
Computers	70.8	28.6	18.1	4.4	52.6	20.7
Platforms and deployments	425.1	425.1	48.5	8.3	376.5	416.7
Office Equipment	1.3	1.2	0.7	0.5	0.6	0.7
Vehicles	1.7	1.7	1.3	0.5	0.4	1.2
Air-conditioners	2.9	2.9	2.3	1.8	0.6	1.1
Total	526.7	483.3	74.7	17.9	452.0	461.9

During FY 2018, assets held under capital work-in-progress were capitalised on deployment for ILD and NLD segments to enhance business operations and provide better connectivity, resulting in increase in Gross block of ₹ 43.4 Crore. After accounting for depreciation for the year of ₹ 57.3 Crore, net block decreased by ₹ 10 Crore from ₹ 462 Crore to ₹ 452 Crore in FY 2018.

Trade receivables

(₹ in Crore)

Particulars	March 2018	% of Revenue	March 2017	% of Revenue
Trade Receivables	266.5	33.7%	113.6	19.6%

During FY 2018, trends in the cloud communications business changed significantly, represented by an increase in the credit period, increase in tariffs for data and consolidation of business among operators. As a strategy, in line with the market, we offered competitive credit periods to customers, resulting in an increase in Days Sales Outstanding (DSO) to 123 days as on March 31, 2018, from 72 days as on March 31st, 2017. Extended credit periods are expected to stabilise at current levels during the ensuing quarters. However, these are being offset by a commensurate increase in buy-side credit periods.

Current and non-current assets

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Inventories	-	22.1
Cash and Cash Equivalents	165.4	133.3
Other Advances	20.8	21.2
Advances in Income Tax and GST	14.7	3.1
Total	200.9	179.7

During FY 2018, stock-in-trade of land was sold and revenue from sale of plots was recognised. With the completion of these sales, realisation of revenues by unlocking the value of land that we held has been completed successfully and no further activity in this line of business is proposed.

Summarised Cash Flow Statement

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Net Cash Provided by/(Used in) Operating Activities	32.3	71.6
Investing Activities	(5.2)	(4.6)
Financing Activities	5.0	15.4
Net Increase in Cash and Cash Equivalents	32.1	82.4

Cash and cash equivalents

Particulars	(₹ in Crore)	
	As at March 2018	As at March 2017
Current Accounts	54.2	94.4
Deposit Accounts	111.2	38.8
Total	165.4	133.2
Current Accounts		
INR	41.0	90.8
USD	11.8	-
AED	1.2	2.7
Others	0.1	1.0
Sub-total	54.2	94.4
Deposit Accounts		
INR	109.0	34.8
SGD	2.2	4.0
Sub-total	111.2	38.8
Grand Total	165.4	133.2

Cash and cash equivalents increased by ₹ 32.2 Crore from ₹ 133.2 Crore to ₹ 165.4 Crore in FY 2018, a growth of 24% year-on-year.

Cash and cash equivalents represent the balances held with various banks in current accounts and in the form of deposits. Cash and cash equivalents are used in the business to fund working capital requirements as the Company has been debt-free since inception. Surplus funds are invested in bank deposits or mutual funds with average yields ranging between 7% and 7.5% p.a.

Cash and cash equivalents increased in FY 2018 compared to FY 2017 due to inflow of ₹ 8.4 Crore towards receipt of allotment money from promoters for conversion of share warrants to equity and net cash generated from operations of ₹ 32.3 Crore, utilised for payment of dividend of ₹ 3.3 Crore and purchase of assets ₹ 5.2 Crore after netting off of Other income of ₹ 4.3 Crore.

Dividend

Tanla paid dividend consistently for a period of eight years from FY 2004 to FY 2011 and again from FY 2016 onwards. At Tanla, our goal is to reward shareholders by continuing to distribute steadily increasing annual dividends in future periods.

For FY 2016, an interim and final dividend of 20%, aggregating to ₹ 2.4 Crore, was paid and for FY 2017, a final dividend of 25%, aggregating to ₹ 3.2 Crore, was paid.

Tanla's Board of Directors, at their meeting held on May 18, 2018, has recommended a final dividend of 30% which would result in a cash outflow of ₹ 4.1 Crore inclusive of dividend distribution tax of ₹ 0.7 Crore. This is subject to the approval of the shareholders at the ensuing Annual General Meeting.



Human Capital

Human Resources (HR) has become a multi-disciplinary field with its scope including everything that touches employees, the organisation, its leadership, its performance, its culture and its sustainability.

In addition to being an organisational function, HR is also a philosophy and an approach to manage employees.

HR is well-known for the wide array of practices it involves around employees and the organisations, such as recruitment and selection, talent management, employee development, performance management, potential assessment, leadership development, job design, diversity and inclusion, compensation and benefits, organisation culture and so on.

HR's evolution and maturity can be measured by the growth of various specialisations within the profession. The HR function is broadly organised in three parts:

1. Specialised work (centres of expertise)
2. Operations and transactional work (HR operations)
3. Employee and business engagement (business partner roles)

To perform these roles effectively, it is imperative for HR professionals to have the required skill-sets and competencies, along with professional qualification in Human Resource Management (HRM). The competencies can further be grouped into three categories:

1. Functional – helps in the know-how of HR
2. Managerial and leadership – helps in managing employees, planning and organising, etc
3. Business partnership – helps in driving the business agenda by supporting and engaging both business leaders and their respective teams

HR's role/maturity in an organisation depends upon the focus it gets from the management. Centricity depends on what role it is required to play, at what level and how critical it is as a function in driving business objectives. By ensuring clear role/goal expectations, HR as a function can have tremendous impact on business growth.

During FY 2018, team bonding, talent display and belongingness to the organisation set a new benchmark. Right from Fun Fridays, which relieve stress from the work routine, to Potluck, where employees get to taste home-made delicacies depicting different cultures, employee engagement was a treat for all participants. Employee talent was brought to the fore through indoor sports such as Table Tennis tournaments and Carrom competitions in which employees demonstrated exceptional skills. Unity in diversity was no longer a slogan, but a practice strengthening bonds between employees from diverse cultures. This was aptly displayed during national celebrations such as Independence Day. We also conducted townhall gatherings to review performance for the previous quarter and prepare for the ensuing quarters. The freshers underwent the required technical and soft skills training for three months and then moved to their respective teams. The annual appraisal of employees and related revisions to salaries and designations were also completed as per the Company's policy. The total number of employees is 150 as on March 31st 2018.

While HR is a function in the organisation, it is also a philosophy and an approach to manage employees. HR is a wide array of practices. It involves employees and the organisation's various functions such as recruitment and selection, talent management, employee development, performance management, potential assessment, leadership development, job design, diversity and inclusion, compensation and benefits, organisation culture and so on.

Corporate Social Responsibility

To meet this requirement, we formed the Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013. This Committee aims to:

- Develop pre-primary, primary and upper primary education
- Build partnerships and associations across segments
- Optimise Tanla's technology platforms and resources to reach out to areas affected by natural calamities and enable provision of necessities
- Empower differently-abled children, women and senior citizens

- Empower communities with self-sustainable livelihood options

The CSR initiative this year, marked with a team of employees working on identifying the initiative that needs immediate attention in the rural areas where needs such as drinking water and dwellings are being addressed by the government, it was decided that primary and secondary schools in Gangaram village and adjoining villages in Saththupalli Mandal of Khammam district, Telangana, be adopted to improve the quality of education and the overall acceptability of government schools among students and parents. In this direction, meetings with non-government organisations that specialise in imparting training were held and a report was prepared on requirements and the way forward was agreed.

Risk Management

Risk management is the identification, evaluation and prioritisation of risks to minimise the effect of uncertainty on Company objectives, Through coordinated and economical application of resources it minimises, monitors and controls the probability or impact of unfortunate events and maximises the realisation of opportunities.

Risks can come from various sources, including uncertainty in financial markets, threats from project failures (at any phase in design, development, production or sustainment lifecycles), legal liabilities, regulatory changes, credit risk, natural causes and disasters, deliberate attack from an adversary or events of uncertain or unpredictable root cause.

Thus, a company's risk management plan increasingly includes its processes for identifying and controlling threats to its digital assets, including proprietary corporate data, a customer's personally identifiable information and intellectual property.

Following are the risks we encountered during FY 2018 apart from a brief description of the opportunities and risks that lie ahead.

Business risks

1. Commercial agreements with clients and telecom partners are subject to periodic reviews. A revision in the transaction cost or reduction in the revenue share payable by the telecom partners would impact Tanla's business, as clients might choose to shift to a partner with competitive cost advantage.
2. We also face significant risks in implementing and supporting aggregators. If we do not manage these efforts effectively, our recurring revenue may not grow at the rate expected and our business and results of operations could be materially and adversely affected.

Other major risks that we encounter are:

- Compliance threats – A dynamic regulatory environment necessitates newer tools and implementation of newer technology to ensure compliance to changed regulations. This results in large capital outlays and renders the existing technology obsolete. To mitigate this risk, our employees

are constantly trained on new regulations and equipped with the necessary training to meet the new challenges.

- Operational threats – Implementation of new technology and introduction of new processes and systems impacts the overall value chain of a business, in turn affecting operational capabilities. Bringing on board consultants to implement new processes, retaining employees with the required skill-set and constantly training employees to upgrade the required skills are a few steps that we have adopted to address the operational risks. Constant regulatory changes also impact the operational efficiencies. For instance, non-adherence or bypassing regulation by an internationally acclaimed networking platform was checked by the firewall implemented by our team in telecom networks. The ability to arrest non-adherence and implement the regulation has resulted in the Company being looked up to by various players in the ecosystem to implement the firewalls to ringfence their networks.
- Strategic threats – Concentration of clientele and a limited number of customers will result in a company constantly nurturing client/customer relationships and adjusting to their terms to continue the relationships. To avoid this risk, we are developing inclusive business strategies, which ensure harmonious relationships with the clients/customers and assure business growth in real or absolute terms. A strategic move by any large customer/client impacting the existing relationship would have a huge impact on our revenues and margins. Therefore, we are focusing on diversifying the clientele base, expanding into newer geographies with more products and emerging as an enterprise cloud communications provider to safeguard against this threat.

Tanla's Risk Management Team

Tanla's leadership team believes in identifying, assessing and controlling major risks that impact our business, operational and financial results. Teams comprising internal resources and consultant subject experts have been identified and bestowed with the responsibility of identifying, assessing and devising means and methods to address the probable risk.

Internal control systems and adequacy

At Tanla, we have adequate internal controls commensurate with the size of the operations and industry in which we operate. These controls have been designed to provide assurance regarding recording and providing reliable financial and operational information. The controls comply with the applicable statutes that safeguard assets and systems from unauthorised use and access, thereby preventing us from incurring losses. Access is granted with proper authorisation and permission.

We have well-defined operating procedures for recording and approving revenue and cost. These standard operating procedures are being vetted by KPMG India to ensure compliance with industry best practices. Ernst & Young, the internal auditors for FY 2018, carried out quarterly internal audits and submitted reports to the Audit Committee for review and discussion. The Audit Committee and the Statutory Auditors, in their meetings with the internal auditors, have reviewed the reports and suggested certain corrective actions, which we have acted upon.

The auditors have also independently audited the internal financial controls on financial reporting as on March 31st, 2018, and have opined that adequate controls over financial reporting exist and that such controls were operating effectively.

Board's Report

To the Members of Tanla Solutions Limited,

Your Directors are pleased to submit their 22nd report together with the audited financial statements of the Company for the year ended 31st March 2018.

Summary of Financial Results

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	79,161.33	57,930.00	69,193.52	49,871.50
Other Income	476.00	249.20	467.22	239.77
Total Income	79,637.32	58,179.21	69,660.75	50,111.27
Expenses				
Operating expenses	72,642.45	52,320.33	64,131.75	49,157.07
Depreciation	5,733.04	1,959.13	4,891.48	1,105.51
Total Expenses	78,375.49	54,279.47	69,023.24	50,262.58
Profit before Tax	1,261.83	3,899.74	637.51	(151.31)
Less: Provision for Tax incl. deferred Tax	(648.96)	(191.60)	(671.71)	(88.43)
Profit After Tax	1,910.79	4,091.34	1,309.22	(62.88)
Other Comprehensive Income	227.77	5.49	34.66	5.48
Total Comprehensive Income	2,138.56	4,096.83	1,343.87	(57.40)
Attributable to:				
Shareholders of the Company	2,138.56	4,096.83	1,343.87	(57.40)
Non-controlling interests	-	-	-	-
Retained earnings - opening balance	6,993.10	2,901.76	15,509.20	15,572.08
Add: Profit/(Loss) for the period	1,910.79	4,091.34	1,309.22	(62.88)
Less: Dividend and dividend tax	(333.81)	-	(333.81)	-
Retained earnings - closing balance	8,570.08	6,993.10	16,484.60	15,509.20
Earnings per Share (EPS) (₹)				
Basic & Diluted	1.70	3.81	1.16	(0.06)

State of Company's Affairs

Consolidated Performance:

The Consolidated Revenue from operations at ₹ 791.6 Crore grew by 37% during FY 2017-18 primarily due to increased business volumes in Cloud Communication Services, increased reach in the domestic market serving all categories of enterprises through its messaging and voice platforms stabilisation of ILD hub in Singapore, global footprints and accelerated volumes in existing markets have contributed to the achieved growth during the year. Revenue has grown at a CAGR of 66% and Profit after Tax (PAT) of 103% over the past five years.

Transfer to Reserves

The Company has not proposed to transfer any amount to the general reserve for the Financial Year ended 31st March 2018.

Dividend

During the year under review, the Board has recommended a final dividend for FY 2017-18 @ 30% of the paid-up equity share capital i.e. ₹ 0.30 per fully paid-up equity share of ₹ 1/- each, for your consideration and approval at the ensuing 22nd Annual General Meeting of the Company.

With the proposed final dividend, the dividend for FY 2017-18 would be ₹ 0.30 per fully paid-up equity share of ₹ 1/- each (30% of the paid-up value) as against the total dividend of ₹ 0.25 per equity share (25% of the paid-up value) declared in the previous year 2016-17.

The dividend would result in a cash outflow of ₹ 4.06 Crore including dividend distribution tax.

Operations

Tanla was founded in 1999 and listed since 2007, started its journey as the new-millennium 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 billion business communications annually. Tanla is innovating the way enterprises communicate, continuously raising the bar through enhanced speed, ease and simplicity of Cloud Communication solutions, adopting cutting-edge technologies backed by the best of IT setup, highly scalable cloud infrastructure, industry standard processes and world-class security (ISO 27001:2013) to meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies. Tanla is a public limited company on leading Indian stock exchanges (BSE CODE: 532790 and NSE: TANLA).

Listing with Stock Exchanges

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

Particulars of Loans, Guarantees or Investments

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

Material Changes and Commitments

There are no Material changes and commitments, affecting the financial position of the Company during financial year 2017-18 to which the financial statements relate and the date of signing of this report.

Management Discussion & Analysis

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

Directors' Responsibility Statement as required under Section 134 of the Companies Act, 2013

The Directors' Responsibility Statement pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013 ("the Act") is appended as Annexure-1 to this Report.

Consolidated Financial Results

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

Consolidated Financial Statements incorporating the operations of the Company, its subsidiaries and Joint Venture Company is appended. As required under the provisions of the Act, a statement showing the salient features of the financial statements of the subsidiaries and joint venture is enclosed in Form AOC-1 as an Annexure-2 to this Report.

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

Change in the nature of business, if any

Company has formed a new subsidiary, Capitalsiri Investments Private Limited for entering into the business of Non-Banking Financial Company and has received a certificate of registration of NBFC ND TYPE – II from the Reserve Bank of India dated May 28, 2018. Apart from entering into Non-Banking sector, there is no change in the nature of business of the Company or any of its subsidiaries or joint venture, during the year under review.

Subsidiary Companies

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

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

Capitalsiri Investments Private Limited a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in NBFC activity. It received a Certificate of Registration from the Reserve Bank of India on May 28, 2018 and the Company is expected to commence its operations during the financial year 2018-19.

Safety, Health and Environment (SHE)

The Company believes that a clean environment in and around the work place fosters health and prosperity for individuals, groups and the community they belong to. The employees of Tanla are encouraged to undergo periodical medical examinations and as such certain health care schemes are an integral part of the Company's policy. There were nil reportable complaints or incidents during the year under review. The Company's policies give highest priority to safety, both occupational and general health of employees, and on environment protection.

Deposits

The 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 Balance Sheet date.

Share Capital

The paid-up equity share capital of the Company as on March 31st, 2018 was ₹ 1,124.22 Lakhs. During the year the Company had issued shares as detailed below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	₹	Number of shares	₹
SHARE CAPITAL				
(a) Authorised Equity shares of ₹ 1/- each	12,00,00,000	12,00,00,000	12,00,00,000	12,00,00,000
(b) Issued Subscribed and fully paid up:				
Equity Shares of ₹ 1/- each fully paid-up	11,24,21,952	11,24,21,952	10,74,85,785	10,74,85,785
	11,24,21,952	11,24,21,952	10,74,85,785	10,74,85,785

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
Shares outstanding at the beginning of the year	10,74,85,785	10,74,85,785	10,14,79,593	10,14,79,593
Add: Issued and allotted during the year	49,36,167	49,36,167	60,06,192	60,06,192
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	11,24,21,952	11,24,21,952	10,74,85,785	10,74,85,785

The Company has one class of equity shares of ₹ 1/- each fully paid-up. As on April 01, 2017 the paid-up share capital of the Company was ₹ 10,74,85,785. For the year under review, the Company has allotted shares to the Promoters as mentioned below:

(a) 24,68,084 number of equity shares of face value ₹ 1/- each to Mr. D. Uday Kumar Reddy (b) 24,68,083 number of equity shares of face value ₹ 1/- each to Ms. D. Tanuja Reddy, upon conversion of preferential warrants into equity. With this allotment, both the promoters have subscribed in total to the preferential allotment of 99,99,999 warrants. During the FY 2016-17, the Promoters were allotted 50,63,832 equity shares subsequent to subscription to warrants and 9,42,360 fully paid up equity shares under Tanla ESOP Plan 2015. As on March 31st, 2018 the paid-up share capital of the Company is ₹ 11,24,21,952.

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

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

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

Sl. No	D Uday Kumar Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,70,28,409	15.84	-	-
	18/05/2017	9,84,155	0.90	1,80,12,564	16.46
	04/07/2017	14,83,929	1.34	1,94,96,493	17.57
	At the end of the year (or on the date of separation, if separated during the year)			1,94,96,493	17.34

Sl. No	D Tanuja Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	At the beginning of the year	1,18,51,187	11.03	-	-
	18/05/2017	9,84,155	0.90	1,28,35,342	11.73
	11/09/2017	14,83,928	1.32	1,43,19,270	12.74
	At the end of the year (or on the date of separation, if separated during the year)			1,43,19,270	12.74

Particulars of Employees

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 including the amendments thereto, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in Annexure-4 to this report.

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure-3 of this Report.

Extract of the Annual Return

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013 and rules framed there under, an extract of the Annual Return in form MGT-9 in the prescribed format is appended as Annexure-5 to this Report. The weblink for accessing the extract of annual return is www.tanla.com.

Your Company is committed to good Corporate Governance coupled with good corporate practices. The report on corporate governance for the year ended March 31st, 2018 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 forms part of this annual report. A Compliance Report on Corporate Governance for the year 2017-18 from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the Report of Corporate Governance.

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

- i. Number of Board Meetings
- ii. Composition of Audit Committee

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

Directors and Key Managerial Personnel

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

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

Mr. Gautam Sabharwal resigned as Director effective May 31, 2017 and was also reclassified from Promoter category to Public Category basis shareholders' approval through Postal Ballot and approval from the exchanges with effect from August 04, 2017.

Apart from the above, no other Director or KMP were appointed or had retired or resigned during FY 2017-18.

Brief particulars and expertise of director seeking reappointment together with their other directorships and committee memberships have been given in the annexure to the notice of the Annual General Meeting in accordance with the requirements of the Listing Regulations and applicable Secretarial Standards.

Declaration from Independent Directors

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

Familiarisation Programme for Independent Directors

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

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

A meeting of Independent Directors was held on January 24, 2018.

Board Meetings

During the year ended March 31st, 2018, four (4) Board Meetings were held. And the dates on which they were held are – May 18, 2017; July 28, 2017; October 31, 2017; January 24, 2018.

Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Internal Financial Control

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

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

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

Whistle Blower Policy/Vigil Mechanism

In staying true to our values of Passion, Result-Oriented, Wellness, Transparent & Trust, Customer Success, Give back and in line with our vision of being one of the most respected companies, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

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

During the year, no Whistle Blower complaints were received.

Board Evaluation

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

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

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

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

Remuneration Policy:

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 remuneration for the Directors, key managerial personnel (KMP) and other employees. The philosophy for remuneration is based on the commitment of fostering a culture of leadership with trust. While formulating this policy, the NRC has considered the factors laid down in Section 178(4) of the Companies Act, 2013, which are as under:

- That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Remuneration Policy are as follows:

- Market competitiveness;
- Role played by the individual;
- Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay;
- Consistent with recognized best practices; and
- Aligned to any regulatory requirements.

In accordance with the policy, the Managing Director, Executive Director, KMPs and employees are paid basic salary, benefits, perquisites, allowances and annual incentive remuneration / performance linked bonus subject to achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

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 adopted by the Board is placed on the Company's website at www.tanla.com.

Risk Management

The Company has laid down the procedure for risk assessment and its mitigation through an internal Risk Committee. Key risks and their mitigation arising out of reviews by the Committee are assessed and reported to the Audit Committee on a periodic basis. The Risk Management Policy details the Company's objectives and principles of Risk Management along with an overview of the Risk Management processes, procedures and related roles and responsibilities.

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

Material Subsidiary Policy

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

Related Party Transactions

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

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

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

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into, if any, by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as "Annexure-6".

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

Audit Committee

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

The Audit Committee comprises of Dr. A.G.Ravindranath Reddy - Chairman, and Mr. D. Uday Kumar Reddy, Mr. Ram Narain Agarwal & Ms. Kalpana Reddy - Members.

Nomination and Remuneration cum Compensation Committee

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

Corporate Social Responsibility Committee (CSR)

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

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are provided elsewhere in this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The said policy is available on the Company's website www.tanla.com. The CSR Report for the FY 2017-18 has been annexed as Annexure-7.

2% of the average net profits of the Company for the immediately preceding three financial years calculated as per Section 198 of the Companies Act, 2013 is ₹ 4.05 lakhs and the Company has spent ₹ 4.5 lakhs on CSR activities as described in Annexure-7.

Auditors

Statutory Auditors

M/s. M.N.Rao & Associates, Chartered Accountants, the auditors of the Company have completed their term of 1 year from the date of 21st AGM until the conclusion of 22nd AGM to be held in 2018 and therefore, the Board of Directors of your Company, on the recommendation of the Audit Committee, have recommended reappointment of M/s. M.N.Rao & Associates,

Chartered Accountants, Hyderabad, Firm Registration number 005386S as Statutory Auditors of the Company for a period of 1 year from the conclusion of 22nd Annual General Meeting of the Company till the conclusion of 23rd Annual General Meeting to be held in 2019.

Internal Auditors

The Company appointed Ernst & Young LLP as the Internal Auditors for FY 2017-18 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 BS & Company Company Secretaries LLP as Secretarial Auditors to conduct Secretarial audit of the company for the financial year 2017-18. The Secretarial Audit Report issued by BS & Company Company Secretaries LLP in form MR-3 is enclosed as Annexure-8 to this Annual Report. There were nil observations / qualifications stated in the Secretarial Audit Report for FY 2017-18.

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 31st, 2018.

Auditors' Qualifications/reservations/adverse remarks/Frauds reported

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

Significant and material orders passed by the Courts/Regulators

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

Rating

CARE has affirmed its rating as **CARE A2+**

Dun & Bradstreet has affirmed its rating as **5a3**

Insurance

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

Human Capital

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

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

The Human Resources team plays a critical role in your Company's talent management process. The team continues to strive to build a performance driven culture and create an environment conducive for the employee's growth. Your Company also believes that the human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets.

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

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Act, read with Companies (Accounts) Rules, 2014, are enclosed as Annexure-9 to this Report.

Employee Stock Option Scheme (ESOP)

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

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

The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 and erstwhile SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

are provided in Annexure-10 to this Report and there were 2,00,000* grant of options during FY 2017-18.

*These ESOPs were brought back to the pool due to resignation of employees who were granted options, but were not vested / exercised

Sexual Harassment Policy

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

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

Acknowledgement

The Board of Directors take this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz., customers, investors, banks, regulators, suppliers and other business associates for the support received from them during the year under review. The Directors also wish to place on record their deep sense of gratitude and appreciation to all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of The Board of
Directors

for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 14, 2018

Annexures to Boards' Report

ANNEXURE - 1

Directors' Responsibility Statement

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

- i) In preparation of the Annual Accounts for the year ended 31st March 2018, all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- ii) We have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended 31st March 2018.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts for the year ended 31st March 2018 has been prepared on a going concern basis.
- v) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

(DIN: 00003382)

Hyderabad
August 14, 2018

Form AOC-1

(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	Tanla Corporation Private Limited	16-11-1998	31.03.2018	INR	1,32,86,470	5,72,30,835	57,53,69,914	6,42,88,652	48,60,97,268	49,89,47,311	2,55,70,615	22,75,065	2,32,95,550	-	100
2	Tanla Mobile Asia Pacific Pte Ltd	24-04-2007	31.03.2018	SGD	3,59,99,315	18,09,66,189	49,32,82,712	27,63,35,626	3,09,28,918	49,78,32,935	3,26,37,988	-	3,26,37,988	-	100
3	Capitalisiri Investments Private Limited	17-11-2017	31.03.2018	INR	2,05,00,000	-4,51,495	2,05,00,000	4,51,495	2,05,00,000	-	-4,51,495	-	-4,51,495	-	100

Capitalisiri Investments Private Limited was incorporated on 17th November 2017, a wholly owned subsidiary of Tanla Solutions Limited which is a Non-Banking Financial Company and has received a certificate of registration of NBFC ND TYPE – II from the Reserve Bank of India dated May 28, 2018 and shall become operational in the year 2018-19.

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
1	Latest audited Balance Sheet Date	31.03.2018
2	Date on which the Associate or Joint Venture was associated or acquired	27.07.2009
3	Shares of Associate or Joint Ventures held by the company on the year end	
	No.	1,03,490
	Amount of Investment in Associates or Joint Venture	₹ 10349000
	Extent of Holding (in percentage)	50%
4	Description of how there is significant influence	Company holds 50% of shares in TZ Mobile Private Limited.
5	Reason why the associate/joint venture is not consolidated	The company has no operation and is in the process of winding up. Hence, not consolidated.
6	Networth attributable to shareholding as per latest audited Balance Sheet	34,93,971
7	Profit or Loss for the year	-
(i)	Considered in Consolidation	-
(ii)	Not Considered in Consolidation	-

On behalf of The Board
for **Tanla Solutions Limited**

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

On behalf of The Board
for **Tanla Solutions Limited**

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

On behalf of The Board
for **Tanla Solutions Limited**

Sd/-
Seshanuradha Chava
VP - Legal & Secretarial

Hyderabad
August 14, 2018

The details of remuneration during the year 2017-18 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

Sl. No	Disclosure Requirement	Disclosure Details	
1.	Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:	Executive Directors	Ratio to median remuneration (In %)
		Mr. D Uday Kumar Reddy	26.5
		Non-Executive Directors	
		Mr. Ram Narain Agarwal	0.24
		Dr. A G Ravindranath Reddy	0.28
		Ms. Kalpana Reddy	0.28
2.	Percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
		Mr. D Uday Kumar Reddy, Chairman & Managing Director	-
		Mr. Ram Narain Agarwal	-
		Dr. A G Ravindranath Reddy	-
		Ms. Kalpana Reddy	-
		Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer	10%
		Mrs. Seshanuradha Chava, Company Secretary	10%
3.	Percentage increase/(decrease) in the median remuneration of the employees in the financial year –There was a decrease in median remuneration in the financial year 2017-18 by 7.5%.		
4.	Number of permanent employees on the rolls of the Company as on 31st March 2018 is 150		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The average annual increase in salaries of employees was around 9% Increase in the managerial remuneration for the year was 8%.		
6.	Affirmation that the remuneration is as per the remuneration policy of the Company: The Company is in compliance with its remuneration policy.		

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 14, 2018

ANNEXURE - 4

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

a) Employed throughout the Financial Year and in receipt of remuneration aggregating ₹ 1,02,00,000 Per year or more:

Name, Age and Qualification	Designation and nature of duties	Date of commencement of employment	Experience in years	Remuneration (In ₹)	Last Employment
D Uday Kumar Reddy	Chairman & Managing Director	27/11/1999	22 Years	₹ 13,274,332 (per annum)	-

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 (₹) 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	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub rule (2) of Rule 5	Whether the employee is a relative of any director or manager of the company
1	Venkata Papi Reddy Konda	AVP - Delivery Product Engineering	35,72,400	Permanent	MCA and 24 Years	08-11-2006	48	Virtu Mobile Pvt Ltd	No Employee was in receipt	No
2	Srinivas Gunupudi Kamoji	CFO	35,36,402	Permanent	CA and 26 Years	08-08-2008	56	Omeir Travel Agency	of remuneration above the	No
3	Ravichandra Reddy Kanuparthi	Manager - Delivery	34,40,400	Permanent	MBA and 19 Years	01-06-2001	42	Poojitha Infotech	remuneration of Managing	No
4	Chandra Sekhar Konetiseti	VP - Product Planning	34,37,292	Permanent	MBA and 22.9 Years	01-11-2007	39	Tecsys Pvt Ltd	Director / Whole-	No
5	Badrinath Krishnarao Agnihotri	AVP - India Sales	32,48,400	Permanent	MBA and 20.6 Years	12-02-2014	49	Loop Mobile Pvt.Ltd	time Director	No
6	Kiran Kumar Sikhakoli	GM - Operations	31,84,092	Permanent	MBA and 17.6 Years	11-02-2008	39	People infocom Pvt.Ltd		No
7	Amar Reddy Chilukuri	Manager - Delivery	29,84,400	Permanent	B.Tech and 15.8 Years	11-12-2002	38	-		No
8	Chiranjeevi Chekka	Sr. Manager - IT	25,77,276	Permanent	B.Tech and 18.3 Years	16-05-2016	41	Agility Services Pvt. Ltd		No
9	Seshanuradha Chava	VP - Legal & Secretarial	25,76,400	Permanent	M.COM,LLB,ACS-21.9 Years	06-11-2005	46	Virtusa Consulting Services Private Limited		No
10	Praveen Kumar Reddy Narra	DGM-Presales	25,02,000	Permanent	MBA and 13.1 Years	16-07-2008	38	XIUS-BCGI Pvt Ltd		No

b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹ 8,50,000 per month or more:

There are no personnel in the Company who fall under this category

- 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.
- There are no employees in the service of the Company within the category covered by Rule 5 (2) (iii) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.
- None of the above employees is a relative of any Director of the Company.

Form No. MGT-9

ANNEXURE - 5

Extract of Annual Return

as on the financial year ended 31st March 2018

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

I. Registration & Other Details:

i)	CIN	L72200TG1995PLC021262
ii)	Registration Date	28/07/1995
iii)	Name of the Company	TANLA SOLUTIONS LIMITED
iv)	Category/Sub-category of the Company	Company Limited by Shares/ Non- Government Company
v)	Address of the Registered office & contact details	Tanla Technology Centre, Hitec City Road, Madhapur, Hyderabad, Telangana- 500 081. Telephone: +91 40 40099999 Tax: +91 40 23122999 Website: www.tanla.com Email: investorhelp@tanla.com
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Karvy Computershare Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri Lingampally, Hyderabad – 500 032, Telangana State, India. Phone: +91 40 6716 1585/2222 Fax: +91 40 2300 1153

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary & Joint Venture Companies

SI. No.	Name and Description of main products/ services	CIN/GLN	Holding, Subsidiary and Associate	% of Shares held	Applicable Section
1	Tanla Corporation Private Limited	U70100TG1998PTC054527	Subsidiary	100%	Section 2(87)
2	Tanla Mobile Asia Pacific Pte. Ltd., Singapore	Not Applicable	Subsidiary	100%	Section 2(87)
3	Capitalsiri Investments Private Limited	U65929TG2017PTC120679	Subsidiary	100%	Section 2(87)
4	TZ Mobile Private Limited	U64203TG2009PTC064512	Joint Venture	50%	

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category Code	Category Of Shareholder	No. of Shares held at the Beginning of the Year 31/03/2017				No. of Shares Held at the End of the Year 31/03/2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	31146364	5063832	36210196	33.69	32951835	1483928	34435763	30.63	-3.06
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	31146364	5063832	36210196	33.69	32951835	1483928	34435763	30.63	-3.06
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	31146364	5063832	36210196	33.69	32951835	1483928	34435763	30.63	-3.06
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	288744	0	288744	0.27	146847	0	146847	0.13	-0.14
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	670490	0	670490	0.62	0	0	0	0.00	-0.62
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	959234	0	959234	0.89	146847	0	146847	0.13	-0.76
(2)	Non-Institutions									
(a)	Bodies Corporate	9741537	0	9741537	9.06	9394243	0	9394243	8.36	-0.71
(b)	Individuals									
(i)	Individuals holding nominal share capital upto ₹ 1 lakh	41175420	58782	41234202	38.36	48660118	38683	48698801	43.32	4.96
(ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	15259115	0	15259115	14.20	15905365	0	15905365	14.15	-0.05
(c)	Others									
	Clearing Members	526464	0	526464	0.49	319659	0	319659	0.28	-0.21
	Foreign Nationals	0	85886	85886	0.08	0	85886	85886	0.08	0.00
	I E P F	0	0	0	0.00	32998	0	32998	0.03	0.03
	NBFC	9338	0	9338	0.01	118687	0	118687	0.11	0.10
	Non Resident Indians	3085654	20	3085674	2.87	2648539	20	2648559	2.36	-0.51
	NRII Non-Repatriation	364247	0	364247	0.34	624068	0	624068	0.56	0.22
	Trusts	9892	0	9892	0.01	11076	0	11076	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	7017667	144688	7036355	65.42	77714753	124589	77839342	69.24	3.82
	Total B=B(1)+B(2) :	71130901	144688	71275589	66.31	77861600	124589	77986189	69.37	3.06
	Total (A+B) :	102277265	5208520	107485785	100.00	110813435	1608517	112421952	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	102277265	5208520	107485785	100.00	110813435	1608517	112421952	100.00	0.00

ii) Shareholding of Promoters (including promoter group)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2017			Shareholding at the end of the year i.e. 31.03.2018			% Change During The Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	D Uday Kumar Reddy	1,70,28,409	15.84	0.00	1,94,96,493	17.34	0.00	1.5
2	D Tanuja Reddy	1,18,51,187	11.03	0.00	1,43,19,270	12.74	0.00	1.71
3	Gautam Sabharwal*	73,30,600	6.82	0.00	N.A.	N.A.	N.A.	N.A.
4	Arka Dresswear Private Limited#	N.A.	N.A.	N.A.	3,15,000	0.28	0.00	0.00
5	Veda Matha Technologies Private Limited#	N.A.	N.A.	N.A.	3,05,000	0.27	0.00	0.00
TOTAL		3,62,10,196	33.69	0.00	3,44,35,763	30.63	0.00	(3.06)

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

Part of Promoter Group with effect from December 28, 2017 and hence not included their shareholding at beginning of the year.

iii) Change in Promoters' Shareholding (including promoter group) (please specify, if there is no change)

Sl. No.	D Uday Kumar Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,70,28,409	15.84	-	-
	18/05/2017	9,84,155	0.90	1,80,12,564	16.46
	04/07/2017	14,83,929	0.01	1,94,96,493	17.57
At the end of the year (or on the date of separation, if separated during the year)				1,94,96,493	17.34

Sl. No.	D Tanuja Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	At the beginning of the year	1,18,51,187	11.03	-	-
	18/05/2017	9,84,155	0.90	1,28,35,342	11.73
	11/09/2017	14,83,928	0.01	1,43,19,270	12.74
At the end of the year (or on the date of separation, if separated during the year)				1,43,19,270	12.74

Sl. No.	Arka Dresswear Private Limited	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	At the beginning of the year	3,15,000	0.29	-	-
At the end of the year (or on the date of separation, if separated during the year)				3,15,000	0.29

Sl. No.	Veda Matha Technologies Private Limited	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	At the beginning of the year	3,05,000	0.28	-	-
At the end of the year (or on the date of separation, if separated during the year)				3,05,000	0.28

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

Part of Promoter Group with effect from December 28, 2017.

iv) **Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Mounika Finance and Leasing Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	34,79,000	3.24	34,79,000	3.09
	At the end of the year (or on the date of separation, if separated during the year)				

Sl. No.	Gautam Sabharwal	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
2	At the beginning of the year	73,30,600	6.82	-	-	
	Date					
	Reason					
	09/06/2017	Sale	(3,30,498)	0.30	70,00,102	6.40
	16/06/2017	Sale	(61,690)	0.06	69,38,412	6.34
	23/06/2017	Sale	(1,72,834)	0.16	67,65,578	6.18
	30/06/2017	Sale	(38,645)	0.04	67,26,933	6.15
	07/07/2017	Sale	(2,48,832)	0.23	64,78,101	5.92
	14/07/2017	Sale	(1,92,972)	0.18	62,85,129	5.74
	21/07/2017	Sale	(2,59,077)	0.24	60,26,052	5.51
	11/08/2017	Sale	(1,49,566)	0.14	58,76,486	5.37
	25/08/2017	Sale	(1,43,981)	0.13	57,32,505	5.24
	01/09/2017	Sale	(1,26,066)	0.12	56,06,439	5.12
	15/09/2017	Sale	(1,86,010)	0.17	54,20,429	4.82
	22/09/2017	Sale	(4,19,613)	0.37	50,00,816	4.45
	06/10/2017	Sale	(1,07,519)	0.10	48,93,297	4.35
	03/11/2017	Sale	(1,08,468)	0.10	47,84,829	4.26
	10/11/2017	Sale	(2,86,951)	0.26	44,97,878	4.00
	17/11/2017	Sale	(1,13,210)	0.10	43,84,668	3.90
	24/11/2017	Sale	(1,18,087)	0.11	42,66,581	3.80
	01/12/2017	Sale	(1,30,585)	0.12	41,35,996	3.68
	08/12/2017	Sale	(2,18,175)	0.19	39,17,821	3.48
	15/12/2017	Sale	(81,322)	0.07	38,36,499	3.41
	22/12/2017	Sale	(2,97,906)	0.26	35,38,593	3.15
	29/12/2017	Sale	(1,10,000)	0.10	34,28,593	3.05
	05/01/2018	Sale	(25,000)	0.02	34,03,593	3.03
	12/01/2018	Sale	(1,90,000)	0.17	32,13,593	2.86
	26/01/2018	Sale	(1,10,000)	0.10	31,03,593	2.76
	09/03/2018	Sale	(94,135)	0.08	30,09,458	2.68
	16/03/2018	Sale	(20,000)	0.02	29,89,458	2.66
	23/03/2018	Sale	(4,17,694)	0.37	25,71,764	2.29
	At the end of the year (or on the date of separation, if separated during the year)				25,71,764	2.29

Sl. No.	Madhavi Mareddy	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
3	At the beginning of the year	16,50,000	1.54	-	-	
	Date					
	Reason					
			16,50,000	1.54	16,50,000	1.54
	21/04/2017	Sale	(31,318)	0.03	16,18,682	1.51
	05/05/2017	Sale	(25,000)	0.02	15,93,682	1.48
	21/07/2017	Sale	(25,000)	0.02	15,68,682	1.43
	25/08/2017	Purchase	1,69,335	0.15	17,38,017	1.59
	15/09/2017	Sale	(10,000)	0.01	17,28,017	1.54
	29/12/2017	Sale	(1,28,017)	0.11	16,00,000	1.42
	At the end of the year (or on the date of separation, if separated during the year)				16,00,000	1.42

Sl. No.	Mareddy Pera Reddy		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	At the beginning of the year		18,31,207	1.70	-	-
	Date	Reason				
	07/04/2017	Sale	(45,355)	0.04	17,85,852	1.66
	05/05/2017	Sale	(22,044)	0.02	17,63,808	1.64
	12/05/2017	Sale	(75,949)	0.07	16,87,859	1.57
	26/05/2017	Purchase	55,468	0.05	17,43,327	1.62
	26/05/2017	Sale	(50,000)	0.05	16,93,327	1.58
	02/06/2017	Purchase	3,50,000	0.32	20,43,327	1.87
	02/06/2017	Sale	(9,63,357)	0.88	10,79,970	0.99
	25/08/2017	Purchase	47,844	0.04	11,27,814	1.03
	01/09/2017	Purchase	3,276	0.00	11,31,090	1.03
	08/09/2017	Purchase	3,845	0.00	11,34,935	1.02
	15/09/2017	Purchase	45,035	0.04	11,79,970	1.05
	15/09/2017	Sale	(10,000)	0.01	11,69,970	1.04
	22/09/2017	Purchase	4,42,470	0.39	16,12,440	1.43
	22/09/2017	Sale	(17,007)	0.02	15,95,433	1.42
	29/09/2017	Purchase	60,149	0.05	16,55,582	1.47
	06/10/2017	Purchase	14,514	0.01	16,70,096	1.49
	06/10/2017	Sale	(14,514)	0.01	16,55,582	1.47
	13/10/2017	Purchase	68,400	0.06	17,23,982	1.53
	20/10/2017	Purchase	6,600	0.01	17,30,582	1.54
	03/11/2017	Sale	(96,914)	0.09	16,33,668	1.45
	24/11/2017	Purchase	1,75,446	0.16	18,09,114	1.61
	24/11/2017	Sale	(53,000)	0.05	17,56,114	1.56
	08/12/2017	Sale	(100)	0.00	17,56,014	1.56
	22/12/2017	Purchase	12,175	0.01	17,68,189	1.57
	22/12/2017	Sale	(12,175)	0.01	17,56,014	1.56
	29/12/2017	Purchase	1,19,202	0.11	18,75,216	1.67
	29/12/2017	Sale	(1,04,266)	0.09	17,70,950	1.58
	05/01/2018	Purchase	46,938	0.04	18,17,888	1.62
	05/01/2018	Sale	(46,938)	0.04	17,70,950	1.58
	12/01/2018	Sale	(23,264)	0.02	17,47,686	1.55
	02/02/2018	Sale	(51,145)	0.05	16,96,541	1.51
	09/02/2018	Sale	(95,713)	0.09	16,00,828	1.42
	23/02/2018	Purchase	31,370	0.03	16,32,198	1.45
	23/02/2018	Sale	(31,370)	0.03	16,00,828	1.42
	16/03/2018	Purchase	36,023	0.03	16,36,851	1.46
	23/03/2018	Purchase	34,977	0.03	16,71,828	1.49
	At the end of the year (or on the date of separation, if separated during the year)				15,19,427	1.35

Sl. No.	Pushpa Govinda		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	At the beginning of the year		6,70,520	0.62	-	-
	Date	Reason				
	12/05/2017	Purchase	40,000	0.04	7,10,520	0.66
	At the end of the year (or on the date of separation, if separated during the year)				7,10,520	0.63

Sl. No.	Jatindra Nath Kohli	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	At the beginning of the year	4,67,899	0.44	-	-
	Date				
	Reason				
	07/04/2017	(10,173)	0.01	4,57,726	0.43
	14/04/2017	2,938	0.00	4,60,664	0.43
	21/04/2017	(972)	0.00	4,59,692	0.43
	28/04/2017	(3,060)	0.00	4,56,632	0.42
	05/05/2017	(6,532)	0.01	4,50,100	0.42
	12/05/2017	(907)	0.00	4,49,193	0.42
	19/05/2017	5,796	0.01	4,54,989	0.42
	26/05/2017	(17,468)	0.02	4,37,521	0.41
	02/06/2017	20,179	0.02	4,57,700	0.42
	09/06/2017	(4,603)	0.00	4,53,097	0.41
	16/06/2017	(6,265)	0.01	4,46,832	0.41
	23/06/2017	(7,389)	0.01	4,39,443	0.40
	30/06/2017	(1,922)	0.00	4,37,521	0.40
	14/07/2017	14,136	0.01	4,51,657	0.41
	21/07/2017	(6,067)	0.01	4,45,590	0.41
	28/07/2017	(3,614)	0.00	4,41,976	0.40
	04/08/2017	(2,510)	0.00	4,39,466	0.40
	11/08/2017	10,616	0.01	4,50,082	0.41
	18/08/2017	2,940	0.00	4,53,022	0.41
	25/08/2017	3,193	0.00	4,56,215	0.42
	01/09/2017	(3,168)	0.00	4,53,047	0.41
	08/09/2017	12,127	0.01	4,65,174	0.42
	15/09/2017	(4,050)	0.00	4,61,124	0.41
	22/09/2017	(7,156)	0.01	4,53,968	0.40
	29/09/2017	(3,708)	0.00	4,50,260	0.40
	06/10/2017	130	0.00	4,50,390	0.40
	13/10/2017	2,806	0.00	4,53,196	0.40
	20/10/2017	(426)	0.00	4,52,770	0.40
	27/10/2017	7,831	0.01	4,60,601	0.41
	31/10/2017	6,851	0.01	4,67,452	0.42
	03/11/2017	(15,841)	0.01	4,51,611	0.40
	10/11/2017	1,612	0.00	4,53,223	0.40
	17/11/2017	13,844	0.01	4,67,067	0.42
	24/11/2017	8,066	0.01	4,75,133	0.42
	01/12/2017	5,890	0.01	4,81,023	0.43
	08/12/2017	(8,169)	0.01	4,72,854	0.42
	15/12/2017	(3,297)	0.00	4,69,557	0.42
	22/12/2017	13,264	0.01	4,82,821	0.43
	29/12/2017	12,732	0.01	4,95,553	0.44
	05/01/2018	(2,376)	0.00	4,93,177	0.44
	12/01/2018	7,114	0.01	5,00,291	0.45
	19/01/2018	(23,206)	0.02	4,77,085	0.42
	26/01/2018	(9,885)	0.01	4,67,200	0.42
	02/02/2018	(13,367)	0.01	4,53,833	0.40
	09/02/2018	(1,886)	0.00	4,51,947	0.40
	23/02/2018	2,563	0.00	4,54,510	0.40
	02/03/2018	15,675	0.01	4,70,185	0.42
	09/03/2018	2,25,000	0.20	6,95,185	0.62
	09/03/2018	(19,128)	0.02	6,76,057	0.60
	16/03/2018	6,409	0.01	6,82,466	0.61
	23/03/2018	(8,214)	0.01	6,74,252	0.60
	30/03/2018	(5,981)	0.01	6,68,271	0.59
	At the end of the year (or on the date of separation, if separated during the year)			6,68,812	0.59

Sl. No.	Philip Koshy	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	At the beginning of the year	9,07,955	0.84	-	-
	Date	Reason			
	07/04/2017	Purchase	10,056	0.01	9,18,011
	14/04/2017	Sale	(10,000)	0.01	9,08,011
	21/04/2017	Purchase	35,450	0.03	9,43,461
	21/04/2017	Sale	(13,509)	0.01	9,29,952
	05/05/2017	Purchase	4,000	0.00	9,33,952
	12/05/2017	Purchase	12,500	0.01	9,46,452
	19/05/2017	Purchase	10,709	0.01	9,57,161
	26/05/2017	Sale	(10,000)	0.01	9,47,161
	02/06/2017	Purchase	32,407	0.03	9,79,568
	09/06/2017	Purchase	18,907	0.02	9,98,475
	16/06/2017	Purchase	13,207	0.01	10,11,682
	23/06/2017	Purchase	3,600	0.00	10,15,282
	30/06/2017	Purchase	5,008	0.00	10,20,290
	07/07/2017	Sale	(16,000)	0.01	10,04,290
	14/07/2017	Purchase	5,009	0.00	10,09,299
	04/08/2017	Sale	(39,000)	0.04	9,70,299
	11/08/2017	Sale	(62,834)	0.06	9,07,465
	18/08/2017	Sale	(1,10,093)	0.10	7,97,372
	25/08/2017	Sale	(2,60,600)	0.24	5,36,772
	29/09/2017	Purchase	1,000	0.00	5,37,772
	30/09/2017	Sale	(1,000)	0.00	5,36,772
	06/10/2017	Sale	(5,000)	0.00	5,31,772
	13/10/2017	Purchase	1,85,393	0.16	7,17,165
	13/10/2017	Sale	(1,077)	0.00	7,16,088
	27/10/2017	Sale	(1,891)	0.00	7,14,197
	17/11/2017	Sale	(3,000)	0.00	7,11,197
	24/11/2017	Sale	(94,000)	0.08	6,17,197
	01/12/2017	Sale	(33,907)	0.03	5,83,290
	08/12/2017	Sale	(3,000)	0.00	5,80,290
	15/12/2017	Sale	(45,763)	0.04	5,34,527
	22/12/2017	Sale	(29,000)	0.03	5,05,527
	29/12/2017	Purchase	30,659	0.03	5,36,186
	05/01/2018	Purchase	28,977	0.03	5,65,163
	12/01/2018	Sale	(1,400)	0.00	5,63,763
	26/01/2018	Purchase	1,407	0.00	5,65,170
	02/02/2018	Purchase	1,400	0.00	5,66,570
	09/03/2018	Purchase	5,800	0.01	5,72,370
	23/03/2018	Sale	(6)	0.00	5,72,364
	30/03/2018	Purchase	13,000	0.01	5,85,364
	At the end of the year (or on the date of separation, if separated during the year)				5,81,208
8	At the beginning of the year	5,51,000	0.51	-	-
	At the end of the year (or on the date of separation, if separated during the year)				5,51,000

Sl. No.	V Satya Narayana	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	At the beginning of the year	3,82,997	0.36	-	-
	Date				
	21/04/2017	Purchase	75,000	0.07	4,57,997
	28/04/2017	Purchase	42,003	0.04	5,00,000
	At the end of the year (or on the date of separation, if separated during the year)			5,00,000	0.44

Sl. No.	K Saritha	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10	At the beginning of the year	5,00,000	0.47	-	-
	At the end of the year (or on the date of separation, if separated during the year)			5,00,000	0.44

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	D Uday Kumar Reddy Chairman & Managing Director	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,70,28,409	15.84	-	-
	18/05/2017	9,84,155	0.88	1,80,12,564	16.46
	04/07/2017	14,83,929		1,94,96,493	17.57
	At the end of the year (or on the date of separation, if separated during the year)			1,94,96,493	17.34

Sl. No.	Ram Narain Agarwal Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	At the beginning of the year	5,100	0.005	-	-
	Purchase / (Sale)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)			5,100	0.005

Sl. No.	A.G. Ravindranath Reddy Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	At the beginning of the year	3,000	0.003	-	-
	Purchase / (Sale)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)			3,000	0.003

Sl. No.	N. Kalpana Reddy Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	At the beginning of the year	-	-	-	-
	Purchase / (Sale)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

Sl. No.	Seshanuradha Chava Company Secretary	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	At the beginning of the year	65,370	0.06	65,370	0.06
	26/05/2017	20,000	0.02	85,370	0.08
	At the end of the year (or on the date of separation, if separated during the year)			85,370	0.08

Sl. No.	Srinivas G.K Chief Financial Officer	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	At the beginning of the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

V) Indebtedness

Tanla is a debt-free Company since inception.

VI. Remuneration of Directors and Key Managerial Personnel**A. Remuneration to Managing Director, Whole-time Directors and/or Manager (In ₹)**

SN	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
D Uday Kumar Reddy			
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,637,164	12,637,164
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit		
	- others, specify..		
5	Others, please specify (Contribution to Provident Fund & Others	637,168	637,168
	Total (A)	13,274,332	13,274,332
	Ceiling as per the Act:		

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

B. Remuneration to other Directors (In ₹)

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Mr. Ram Narain Agarwal	Dr. A G Ravindranath Reddy	Ms. Kalpana Reddy	
	Fee for attending board & committee meetings	1,35,000	1,70,000	1,70,000	4,75,000
	Commission	-	-	-	-
	Others - Reimbursement of Expenses	-	-	-	-
	Total (1)	1,35,000	1,70,000	1,70,000	4,75,000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	1,35,000	1,70,000	1,70,000	4,75,000
	Overall Ceiling as per the Act	Sitting fees not exceeding ₹ 1 lakh per meeting			

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (In ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO	CS	
		Mr. Srinivas Gunupudi Kamoji	Ms. Seshanuradha Chava	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,445,879	2,467,205	5,913,084
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	86,147	187,854	274,001
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify PF	165,403	121,889	287,292
	Total	3,697,429	2,776,948	6,474,377

- Salary figures are including benefits
- PF including Employers contribution

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers In Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

(DIN: 00003382)

Hyderabad
August 14, 2018

Form No. AOC-2

ANNEXURE - 6

(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.

SI. No.	Particulars	Details
1.	<ol style="list-style-type: none"> (a) Name (s) of the related party & nature of relationship (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 	Not Applicable

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

NOTE:

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

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

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

Hyderabad
August 14, 2018

CSR Report for the FY 2017-18

ANNEXURE - 7

The Company operates on the backdrop of 6 core corporate goals: (1) Passion (2) Result oriented (3) Trust & Transparency (4) Customer success (5) Wellness and (6) Give back. Giving back to the society in a form that will leave an impression in years to come is the guiding principle at Tanla, which has thus resulted in us contributing in the area of school education. We are aiming at improving the schooling experience of underserved children, helping the students make informed career choices and provide the required means to equip the school management committees to take up school development.

The CSR policy of the Company is available on www.tanla.com

Average net profit of the Company for the last 3 financial years for the purpose of computation of minimum amount to be spent towards CSR:

Prescribed CSR expenditure:

Details of CSR spent during the financial year: ₹ 4.5 lacs has been spent towards preparing the preliminary report on the status of Government Schools in Khammam District of Telangana. Apart from appointing a full-time resource to further the CSR initiatives of the Company, a group of employees also worked on preparing a report in association with non-government organizations, to assess the improvements to be made in the teaching techniques, need to train teachers to impart education in English and apprise the students about available career options, thereby resulting in an improvement in the turnout in govt. schools. Primary and Secondary schools in Gangaram village, Khammam Dist. Telangana State and neighbouring villages have been identified for this purpose.

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

(DIN: 00003382)

Hyderabad

August 14, 2018

Form No. MR-3

ANNEXURE - 8

[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 31st March, 2018

To,
The Members,
Tanla Solutions Limited
Hyderabad

We were appointed by the Board of Directors of Tanla Solutions Limited ("the Company") to conduct the Secretarial Audit for the financial year ended March 31st, 2018.

We 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 us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other documents/ records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and relied on the information provided by the management and its officers for the financial year ended on 31st March, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Depositories Act, 1996 and the regulations and bye-laws framed there under;
- (3) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-

- (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, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

(6) The Company has identified that no Industry specific laws were applicable to the Company.

We have also examined compliances with the applicable clauses of Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India (ICS).

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

We further report that

- a. 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.
- b. Adequate notice was given to all directors for convening the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and through shorter notice for some of the board and committee meetings, 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.
- c. During the period under review, resolutions were carried through majority. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meeting held during the period under review.
- d. Based on the information, documents provided and the representations made by the Company, its officers during our audit process and also on review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company periodically, in our opinion, there are adequate systems and processes exists in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e. The compliance by the Company of the applicable HR laws and financial laws, filing of periodical returns, maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals.

We further report that following were the major events during the audit period:

1. Mr. Gautam Sabharwal resigned from the office of Director w.e.f 31st May, 2017.
2. The Company re-classified the shareholding of Mr. Gautam Sabharwal in the Company from Promoter category to Non-Promoter category.
3. The Company has allotted 49,36,137 (Forty Nine Lakhs thirty Six Thousand One Hundred and Thirty Seven) equity shares in physical form to Mr. D. Uday Kumar Reddy and Ms. D. Tanuja Reddy, Promoters of the Company upon conversion of share warrants which were later dematerialized post receipt of listing approvals from the Stock Exchanges.
4. The Company has incorporated M/s. Capitalsiri Investments Private Limited as its wholly owned subsidiary and subscribed ₹ 2.05 Crore towards its share capital.
5. The Company has appointed M/s. M.N. Rao & Associates, Chartered Accountants as the Statutory Auditors of the Company in place of the retiring Auditors.
6. The Company has approved ₹ 120 lakhs per annum as the remuneration payable to Mr. D. Uday Kumar, Chairman and Managing Director of the Company for a period of 3 years with effect from October 2017.

**For BS & Company
Company Secretaries LLP**

Sd/-

K.V.S. Subramanyam

Designated Partner

FCS No. 5400

C P No.: 4815

Hyderabad

August 14, 2018

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 MR-3

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 as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 audit and other designated professionals.

For BS & Company Company Secretaries LLP

Sd/-

K.V.S. Subramanyam

Designated Partner

FCS No. 5400

C P No.: 4815

Hyderabad
August 14, 2018

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

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

(A) Conservation of Energy

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

(B) Technology absorption

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

(C) Foreign Exchange Earnings and Outgo:

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

Particulars	For the Year 2017-18	For the Year 2016-17
Import of capital goods	-	-

Foreign Exchange earned and outgo:

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

(In ₹)

Particulars	2017-18	2016-17
Import of capital goods	-	-
b. Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	35,13,93,802	16,78,50,599
Cash outflow	26,69,60,148	14,68,37,408
Net earnings in foreign exchange	8,44,33,655	21,013,191

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

(DIN: 00003382)

Hyderabad
August 14, 2018

Disclosure pursuant to Section 62 of the Companies Act, 2013 read with rules made there under and SEBI (Share Based Employee Benefits) Regulations, 2014 regarding stock options.

Sl. No.	Description	TANLA ESOP 2015-16
1	Date of Shareholders Approval	September 16, 2015
2	Total number of options granted as per scheme	50,00,000
3	Vesting Requirements	<ul style="list-style-type: none"> - 30% of the Granted Options on completion of 1 year from the date of Grant. - 15% of the Granted Options on completion of 2 years from the date of Grant. - 15% of the Granted Options on completion of 3 years from the date of Grant. - 15% of the Granted Options on completion of 4 years from the date of Grant. - 20% of the Granted Options on completion of 5 years from the date of Grant.
4	The pricing formula/Exercise Price	Fair Value and the options have been granted at ₹ 26.51/- per option (Grant Price) during FY 2015-16.
5	Maximum Term of Options Granted	5 years
6	Options Vested up to 31st March, 2018	12,92,310
7	Options exercised up to 31st March, 2018 (nil shares were exercised during FY 2017-18)	942,360
8	Options lapsed up to 31st March, 2018 (These are no. of options lapsed due to the employees leaving the organisation and options deducted from vested on performance basis)	699,790
9	Total number of shares arising as a result of exercise of option	942,360
10	Variations of terms of options	Nil
11	Details of options granted to Key Managerial Personnel (grant was in FY 2015-16)	<ul style="list-style-type: none"> - Mr. Srinivas Gunupudi Kamoji: 155,000 - Smt. Seshanuradha Chava – 161,000
12	Total number of options in force as at 31st March, 2018	Total number of options available : 50,00,000 Total number of options granted: 30,87,000 Total number of options allotted in year 1 : 10,06,110 Total number of options added back to the pool : 699,790 Total number of options available: 26,12,790 Total funds received from the Employees on their exercise : ₹ 2,49,81,964
13	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
14	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	There were nil shares exercised during the year 2017-18.

Sl. No.	Description	TANLA ESOP 2015-16
16	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the Fair Value.
17	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	N/A

Corporate Governance Report

1. Company's Philosophy on Code Of Governance

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

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

The Company has complied with the required provisions of Corporate Governance as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") entered with the Stock Exchanges(s) as disclosed herein below.

The details of Board attendance during 2017-18 is as follows:

Sl. No.	Date of Meeting Board	Board Strength	No. of Directors Present
1.	May 18, 2017	5	4*
2.	July 28, 2017	4	4
3.	October 31, 2017	4	4
4.	January 24, 2018	4	3*

* Director who has expressed inability to attend the meeting has been granted leave of absence.

2. Board of Directors:

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

(a) Composition and other related matters

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

As on March 31st, 2018, the Board comprises of four (4) Directors, viz. one (1) Executive & Non-Independent Director and three (3) Independent, Non-Executive Directors.

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

(b) Board Meetings and Attendance

During the financial year 2017-18, the Board met four times on 18th May, 2017, 28th July, 2017, 31st October, 2017 and 24th January, 2018. The maximum time gap between two board meetings was less than 120 days. Minutes of the meetings of the Board and Committees are circulated to all the Directors.

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

Name and Designation of the Director	Category of Directorship	Attendance Particulars		No. of other Directorships and Committee Memberships**		
		Board Meetings	Last AGM	Directorships in other public companies # as on 31.03.2018	Committee Member	Chairman
Mr. D. Uday Kumar Reddy Chairman & Managing Director DIN: 00003382	Executive & Non-Independent	4	Yes	-	-	-
Mr. Gautam Sabharwal* Whole-Time Director DIN: 00003709	Executive & Non-Independent	Nil	No	-	-	-
Mr. Ram Narain Agarwal Independent Director DIN: 00003498	Independent, Non-Executive	3	Yes	1	1	1
Dr. A. G. Ravindranath Reddy Independent Director DIN: 01729114	Independent, Non-Executive	4	Yes	2	2	-
Ms. N. Kalpana Reddy Independent Director DIN: 07328517	Independent, Non-Executive	4	Yes	2	2	-

#Excludes Directorships in Subsidiary Companies.

*Mr. Gautam Sabharwal resigned w.e.f. May 31st 2017.

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

Number of shares held by non- executive directors

Name of the Director	Category of Directorship	No. of shares as on March 31, 2018
Mr. Ram Narain Agarwal	Independent, Non-Executive	5,100
Dr. A. G. Ravindranath Reddy	Independent, Non-Executive	3,000
Ms. N. Kalpana Reddy	Independent, Non-Executive	-

(c) Separate meeting of Independent Directors

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

During the financial year 2017-18, the Independent Directors met separately on 24th January, 2018, without the presence of Non-Independent Directors and members of the management in compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Companies Act, 2013. In the said meeting, the Independent Directors inter-alia considered the following:

- i. Review of performance of Non-Independent Directors and the Board as a whole;
 - ii. Review of performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
 - iii. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- (d) **No director of the Company is related to any other director of the Company.**
- (e) **Familiarisation programme for Independent Directors**
The Independent Directors have been familiarised with the Company, their roles and responsibilities in the Company,

nature of the Industry in which the Company operates, business model of the Company etc. During 2017-18, independent directors were taken through various aspects of the Company's business and operations. The details of familiarisation programmes imparted to the Independent Directors during 2017-18 are put up on the website of the Company and can be accessed at www.tanla.com.

(f) Code of Conduct

The Board of Directors have laid-down a "Code of Conduct" (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company "www.tanla.com".

In respect of financial year 2017-18, all Board members and Senior Management personnel of the Company have affirmed compliance with the code as applicable to them and a declaration to this effect signed by the Chairman & Managing Director is published in this Annual Report.

(g) Formal letter of appointment to the Independent Directors, Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter-alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Companies Act, 2013, SEBI (LODR) Regulations, 2015, Insider Trading Regulations and other relevant regulations on regular basis.

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

(h) Board Evaluation

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

- i. Structured evaluation forms, as recommended by the Nomination and Remuneration Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, were circulated to all the members of the Board along with the Agenda Papers for evaluation of the performance of the Board, its Committees and its Directors.
- ii. The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.
- iii. Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board / Committee/ Individual Director, and formulated a final collective evaluation of the Board. The Board also provided an individual feedback to the concerned director on areas of improvement, if any.

3. Audit Committee

(a) Brief description of terms of reference

A qualified and independent Audit Committee has been set up by the Board in compliance with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013. The role and terms of reference of the Audit Committee are inter-alia as under:

- 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. Recommending the appointment and removal of Statutory Auditors, fixation of audit fee and approval for payment for any other services;
- iii. Review with the management and statutory auditors of the annual financial statements before submission to the Board with particular reference to:
 - a) Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

- b) Changes, if any, in accounting policies and practices and reasons for the same;
- c) Major accounting entries involving estimates based on the exercise of judgment by management;
- d) Significant adjustments made in the financial statements arising out of audit findings;
- e) Compliance with listing and other legal requirements relating to financial statements;
- f) Disclosure of any related party transactions;
- g) Modified opinion(s) in the draft audit report;
- iv. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- v. Examination of the financial statement and the auditors' report thereon;
- vi. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;
- vii. Approval or any subsequent modification of transactions with related parties;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Review of valuation of undertakings or assets of the company wherever it is necessary;
- x. Evaluation of internal financial controls and risk management systems;
- xi. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;
- xii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- xiii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xiv. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
- xv. Look into the reasons for any substantial defaults in payment to the depositors, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- xvi. Review the functioning of the whistle blower mechanism;
- xvii. Review and monitor the end use of funds raised through public offers and related matters;
- xviii. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate
- xix. Frame and review policies in relation to implementation of the Tanla Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Policies and supervise its implementation under the overall supervision of the Board;
- xx. Review of the following information:
 - 1) Management discussion and analysis of financial condition and results of operations;
 - 2) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - 3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - 4) Internal audit reports relating to internal control weaknesses;
 - 5) The appointment, removal and terms of remuneration of the Internal Auditor;
 - 6) Statement of deviations:
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - b) Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus in terms of Regulation 32(7), if applicable
- xxi. Carrying out any other function as may be referred to the Committee by the Board.
- xxii. 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.

(b) Composition, names of members and Chairman

The Committee is empowered with the powers as prescribed under Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. All the members of the Audit Committee are financially literate as defined in Regulation 18 (1)(c) of the Listing Regulations. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, four Audit Committee Meetings were held on May 18, 2017, July 28, 2017, October 31, 2017 & January 24, 2018 and the maximum gap between any two consecutive meetings was not more than one hundred and twenty days.

The composition of the Audit Committee and the attendance of each Member of the Committee at the Meetings as on March 31st, 2018 are as follows:

Name	Designation	Category of Directorship	Attendance
Mr. Ram Narain Agarwal	Chairman	Independent, Non-Executive	3
Dr. A.G.Ravindranath Reddy*	Member	Independent, Non-Executive	4
Ms. Kalpana Reddy	Member	Independent, Non-Executive	4
Mr. Gautam Sabharwal**	Member	Executive & Non-Independent	Nil
Mr. Uday Kumar Reddy*	Member	Executive & Non-Independent	2

* Mr. Uday Kumar Reddy was inducted as member and Mr. A. G. Ravindranath Reddy was appointed as Chairman w.e.f. 31st October, 2017.

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

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

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

*Mr. D. Uday Kumar Reddy was inducted as member of the Audit Committee and Dr. A. G. Ravindranath Reddy is the Chairman of the Audit Committee w.e.f. 31st October 2017.

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

Company Secretary acts as a Secretary to the Audit Committee.

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

(c) Meetings and attendance during the year

During 2017-18, four Audit Committee meetings were held on 18th May, 2017, 28th July, 2017, 31st October, 2017

and 24th January, 2018. During the year under review all recommendations made by the Audit Committee were accepted by the Board of Directors.

4. Nomination and Remuneration Committee**(a) Brief description of terms of reference**

The Nomination and Remuneration Committee set up by the Board is inter-alia responsible:

- To support the Board in matters related to set up and composition of the Board, its Committees and the leadership team including formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors, a policy relating to remuneration of the Directors, Key Managerial Personnel and other employees.

- ii. To carry out evaluation of every director's performance and support the Board and Independent Directors, as may be required, in evaluation of the performance of the Board, its Committees and individual directors;
- iii. To support the Board in matters related to remuneration of directors, KMP, executive team and other employees;
- iv. To extend oversight on the familiarisation programme of directors;
- v. To extend oversight on the HR philosophy, HR and People Strategy and key HR practices;
- vi. For recommending to the Board, the remuneration package of Managing and Executive Directors, including their annual increment and incentive remuneration after reviewing their performance;
- vii. For devising a policy on diversity of board of directors;
- viii. For identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- ix. To decide on whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

(b) Composition, name of members and Chairperson

The Nomination and Remuneration Committee comprises of three Non-Executive Directors who are all Independent. During the year under review, two meetings of the Nomination and Remuneration Committee were held on May 18, 2017 and July 28, 2017.

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

Name	Designation	Category of Directorship	No. of meetings Attended
Mr. Ram Narain Agarwal	Chairman	Independent, Non-Executive	2
Dr. A.G.Ravindranath Reddy*	Member	Independent, Non-Executive	2
Ms. Kalpana Reddy	Member	Independent, Non-Executive	2

*Dr. A.G.Ravindranath Reddy is the Chairman of the Nomination & Remuneration Committee from FY 2018-19.

(c) Meetings and attendance during the year

The Nomination and Remuneration Committee met two times during 2017-18 on 18th May, 2017 and 28th July 2017 and the particulars of attendance by the members at the meetings of the Committee held in 2017-18 are mentioned above.

(d) Remuneration Policy

The details of the Company's Remuneration policy for Directors, Key Managerial Personnel and other employees is mentioned in the Board's Report.

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

allowances (fixed component) to its Chairman & Managing Director.

(i) Executive Directors

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

(ii) Non-Executive Directors

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

(e) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual performance evaluation was carried out for 2017-18 by the Board in respect of its own performance,

the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholder Relationship and CSR Committees. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared based on the Guidance note issued by SEBI vide circular no, CMD/CIR/P/2017/004 dated 05.01.2017.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfilment of key responsibilities, effectiveness of meetings etc. The performance evaluation of the Independent Directors

was carried out by the entire Board except for the Director being evaluated. The Directors expressed their satisfaction with the evaluation process.

5. Remuneration of Directors

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

The remuneration paid to each of the Directors for the financial year ended 31st March 2018 is as under:

- The details of remuneration paid to the Chairman & Managing Director for the financial year ended March 31st, 2018 is as follows:

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

- The details of sitting fees and commission paid/payable to Non-Executive Directors for the financial year ended March 31st, 2018.

Name	Sitting Fees (Amount in ₹)	Reimbursement of Expenses (Amount in ₹)	Total (Amount in ₹)
Mr. Ram Narain Agarwal	1,35,000	-	1,35,000
Dr. A.G.Ravindranath Reddy	1,70,000	-	1,70,000
Ms. Kalpana Reddy	1,70,000	-	1,70,000
Total	4,75,000	-	4,75,000

6. Stakeholders Relationship Committee

(a) Composition and Meetings

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

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

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

(b) Name, designation and address of the Compliance Officer:

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

(c) Shareholders Complaints Received and Redressed

During the year 2017-18, 34 queries/requests/complaints were received from the shareholders under the following heads and the same were duly resolved as per the summary given below:

S. No.	Description	Received	Resolved	Pending
1	Non-Receipt of Dividend Warrant	6	6	0
2	Non-Receipt of Securities	0	0	0
3	Non-Receipt of Annual Report	28	28	0
4	Non-Receipt of Securities after Transfer/Transmission	0	0	0
5	Non-Receipt of Annual Reports (Complaint received through Regulatory Authorities i.e., SEBI, NSE & BSE)	0	0	0
Total		34	34	0

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

7. Corporate Social Responsibility (CSR) Committee**i. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

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

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ("CSR") policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are provided elsewhere in this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014.

The said policy is available on the Company's website www.tanla.com. The CSR Report for the FY 2017-18 has been annexed as Annexure-7.

2% of the average net profits of the Company for the immediately preceding three financial years is calculated as per Section 198 of the Companies Act, 2013 ₹ 4.05 lakhs and the Company has spent ₹ 4.5 lakhs on CSR activities in the area of education.

₹ 4.5 Lakhs: Apart from appointing a full-time resource to further the CSR initiatives of the Company, a group of employees also worked on preparing a report in association with non-government organizations, to assess the improvements to be made in the teaching techniques, need to train teachers to impart education in English and apprise the students about available career options, thereby resulting in an improvement in the turnaround in govt. schools. Primary and Secondary schools in Gangaram village, Khammam Dist. Telangana State and neighbouring villages have been identified for this purpose.

ii. Composition of the CSR Committee

Sl. No.	Name	Designation	Nature of Directorship
1	Mr. D Uday Kumar Reddy	Chairman	Executive & Non-Independent
2	Mr. Ram Narain Agarwal	Member	Independent, Non-Executive
3	Dr. A.G.Ravindranath Reddy	Member	Independent, Non-Executive

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

2% of the Average net profit: ₹ 4.05 Lakhs

iv. Prescribed CSR Expenditure

₹ 4.05 Lakhs towards CSR activity.

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

Total amount spent for the financial year ending March 31st, 2018 ₹ 4.50 lacs which is towards promotion of education clause ii of Schedule VII of the Companies Act, 2013).

vi. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

D. Uday Kumar Reddy
Chairman - CSR Committee

DIN: 00003382

8. Subsidiary Companies

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

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

Capitalsiri Investments Private Limited, a wholly owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in the business of Non-Banking Finance.

9. General Body Meetings

Location and time where last three AGMs were held and number of special resolutions passed in the previous 3 AGMs

Financial Year	Location	Date	Time	No. of Special Resolutions approved at the AGM
2016-17	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	18th September, 2017	11.30 am	1
2015-16	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	12th September, 2016	11.30 am	Nil
2014-15	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	16th September, 2015	10.30 am	2

(a) Postal Ballot

Special Resolution was passed pursuant to postal ballot notice dated May 18, 2017 to accord the consent of Members for "Re-classification of the promoters of the company".

Mr. K.V.S. Subramanyam, Practicing Company Secretary was appointed as the scrutinizer for conducting the e-voting in fair and transparent manner. The details of voting pattern is as follows:

Resolution required: (Ordinary/Special)								
SPECIAL RESOLUTION - Re-classification of the Promoters of the Company								
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting Poll	36210196	0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		23815764	65.7709	23815764	0	100.00	0.0000
	E-Voting Poll	688019	0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
Public-Institutions	E-Voting	70587570	1101394	1.5603	1098354	3040	99.7239	0.2760
	Poll		0	0.0000	00	0	0.0000	0.0000
Public-Non-Institutions	Postal Ballot (if applicable)		1172777	1.6614	1172777	0	100.0000	0.0000
	Total	107485785	26089935	24.2729	26086895	3040	99.9883	0.0117

The procedure for Postal Ballot is as per Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014. The Scrutinizer has submitted report to the Chairman stating that the resolution has been duly passed by the members of the Company with requisite majority.

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

In the Annual General Meeting held on 18 th September, 2017	• Remuneration of Chairman & Managing Director.
In the Annual General Meeting held on 12 th September, 2016	• Nil
In the Annual General Meeting held on 16 th September, 2015	• Approval of Tanla Solutions Limited Employee Stock Options Plan 2015-16 and grant of Employee Stock Options to the employees of the Company thereunder.
	• Grant of Employee Stock Options / Options to the employees of the Subsidiary Company(ies) of the Company under Tanla Solutions Limited Employee Stock Options Plan 2015-16.

Details of Director seeking appointment / re-appointment

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

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

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

Mr. D Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of Tanla Solutions Limited. He is the chief architect of the company, besides being responsible for its meteoric rise from a mere products-based solution provider to one of the largest publicly traded Mobile VAS Software Company, specializing in mobile messaging and payments. And now the Company has extended its reach into Cloud Communications & IOT.

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

Other Directorships

- Details of other Directorships and Committee Memberships of Mr. D. Uday Kumar Reddy are NIL.
- Includes only public limited companies as defined in Section 2(71) of the Companies Act, 2013.
- Mr. D. Uday Kumar Reddy holds 1,94,96,493 (17.34%) equity shares in the Company as on 31st March 2018.

Dr. A. G. Ravindranath Reddy - Independent & Non-Executive Director

Dr. A.G.Ravindranath Reddy (DIN: 01729114) is a Graduate in Law, a Post Graduate in Commerce, a Fellow Member of the Institute of Company Secretaries of India, with a doctorate on the topic "Role of Shareholders in Corporate Governance". In his professional capacity as a Practicing Company Secretary and Corporate Consultant, he was associated with various companies. His vast experience also includes advising listed companies under SEBI guidelines.

Dr. A.G.Ravindranath Reddy is currently serving as Director and Committee Member in Rockwell Industries Limited, Ramky Infrastructure Limited which are listed entities.

Ms. N. Kalpana Reddy - Independent & Non-Executive Director

Ms. N. Kalpana Reddy (DIN: 07328517) is a Post Graduate in M.Sc. Biotechnology from Bangalore University possessing rich experience of over 12 years in the field of Teaching and Scientific Data Research Analysis and Clinical Data Management. She has previously worked as a Senior Lecturer in Bio-Technology Department for Under Graduate and Post Graduate students and also

served as Vice President for Clinnova Research Labs (P) Limited.

Ms. Kalpana is currently serving as Director & Committee member in Virinchi Limited and Kellton Tech Solutions Limited which are listed entities.

10. Disclosures

a) CMD & CFO Certification

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, Mr. D. Uday Kumar Reddy, Chairman & Managing Director and Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer, have furnished certificate to the Board in the prescribed format for the year ended 31st March 2018, which is annexed to this report as Annexure-3.

b) Related Party Transactions

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

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

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as Annexure-6 to the Boards' Report.

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

c) Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to the relevant provision of the Companies Act, 2013 read with applicable Accounting Standards, issued by the Ministry of Corporate Affairs. The Significant Accounting Policies which are consistently applied have been set out in the Notes to the financial statements.

The Ministry of Corporate Affairs (MCA) on February 16, 2015, notified that Indian Accounting Standards (Ind AS) are

applicable to certain classes of companies from April 1, 2016 with a transition date of April 1, 2015. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

d) Code of Conduct

The Board of Directors have laid-down a “Code of Conduct” (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company “www.tanla.com”.

In respect of financial year 2017-18, all Board members and Senior Management personnel of the Company have affirmed compliance with the code as applicable to them and a declaration to this effect signed by the Chairman & Managing Director is published in this Annual Report.

e) Prevention of Insider Trading

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

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

f) Risk Management

This Committee is empowered to monitor the Risk Management and their mitigation processes. A detailed note on risk identification and mitigation is included in the Risk Management Report annexed elsewhere in the Annual Report.

g) Whistle Blower Policy/Vigil Mechanism

In staying true to our values of Passion, Result-Oriented, Wellness, Transparent & Trust, Customer Success, Give back and in line with our vision of being one of the most respected companies, the Company is committed to high standards of Corporate Governance and stakeholder responsibility.

In line with requirement of the Companies Act, 2013 and of Regulation 22 of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, Vigil Mechanism/Whistle Blower Policy has been formulated for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company’s Code of Conduct etc. The said Policy provides for adequate safeguard against victimization of directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on the website of the Company and web link thereto is www.tanla.com

During the year, no Whistle Blower complaints were received.

h) Pecuniary transactions with Non-Executive Directors

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

i) Strictures/Penalty

During FY 2018, no strictures or penalties were imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

j) Management Discussion and Analysis

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

11. Means of Communication

Website: The Company’s website 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.

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

Annual Report: Annual Report containing inter-alia Standalone Financial Statements, Consolidated Financial Statements, Directors’ Report, Auditors’ Report, and

Corporate Governance Report is circulated to the members and others entitled thereto and softcopy of the same is made available on the Company's website www.tanla.com.

Quarterly, Half Yearly results: The quarterly results are communicated to the members of the Company by way of email and also placed on the website of the Company www.tanla.com

Designated Email ID: The Company has designated E-mail Id investorhelp@tanla.com exclusively for shareholder/investor servicing.

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

filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE Limited.

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

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

12. General Shareholder's Information

Date, Time & Venue of AGM	September 28, 2018 at 11:30 AM at Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081.
Financial Calendar	<ul style="list-style-type: none"> i) Financial Year – April to March ii) First Quarter Results – August 14, 2018 iii) Half-yearly Results – last week of October 2018* iv) Third Quarter Results - last week of January 2019* v) Results for the year ending March 31, 2018 - Third week of May 2019* <p>* Provisional</p>
Date of Book Closure	September 28, 2018
Listing of Shares	<p>Company's shares are listed on –</p> <ul style="list-style-type: none"> • The Bombay Stock Exchange Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. • National Stock Exchange of India Ltd. Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 <p>Listing fees for the year have been paid to all the above Stock Exchanges</p>
Stock Code: BSE Ltd.	532790 / TANLA
National Stock Exchange of India Ltd.	TANLA
ISIN for (shares) of NSDL & CDSL	INE483C01032
Market Price Data: High, Low during each month in last Financial year/ Performance in comparison to BSE Sensex and S&P CNX Nifty	Please see Annexure-1
Registrar and Transfer Agents	<p>M/s Karvy Computershare Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri-Lingampally, Hyderabad – 500 032, Telangana State, India. Phone: +91 040 6716 1585/2222 Fax: +91 040 2300 1153</p>
Employee Stock Option Scheme Distribution of Shareholding and Shareholding pattern as on March 31, 2018	<p>The Employee Stock Option Plan 2015 ("ESOP 2015") Please see Annexure-2</p>

Dematerialisation of shares and Liquidity	11,08,13,435 of the shareholding have been dematerialized as on March 31, 2018.
Registered Office / Address for Correspondence	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

13. Non-Mandatory Requirement

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

14. Other Requirements

- a. Unclaimed shares
- Following is the reconciliation of unclaimed shares in “Tanla solutions Limited – Unclaimed Suspense Account”, pursuant to Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- | | |
|---|-----|
| No of shareholders as on April 01, 2017 | 15 |
| Outstanding shares in the suspense account lying as on April 01, 2017 | 870 |
| Number of shareholders who approached issuer for transfer of shares from suspense account during the year | Nil |
| Number of shareholders to whom shares were transferred from suspense account during the year | Nil |
| Aggregate number of shareholders at the end of the year as on March 31, 2018 | 15 |
| Aggregate number of shares at the end of the year as on March 31, 2018 | 870 |
- In accordance with Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing agreement entered into with the Stock Exchanges, 870 Equity Shares held by 15 shareholders, were held in the “Tanla Solutions Limited - Demat Suspense Account” vide DPID\CLID:IN300484 13842503 in Axis Bank Ltd., Jubilee Hills Branch, Hyderabad as on March 31, 2018. The voting rights on these shares shall remain frozen till the rightful owner claims the same.

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

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Companies Act, 2013, read with the Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as “IEPF Rules”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed or unpaid in respect of dividends declared upto the financial year ended 31st March, 2010 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website, www.tanla.com and the website of the Ministry of Corporate Affairs www.mca.gov.in.

It may be noted that the unclaimed dividend for the financial year 2010-11 paid on October 10, 2011, is due to be transferred to the IEPF by 1st November, 2018. The same can however be claimed by the Members by 25th October, 2018.

Members who have not encashed the dividend warrant(s) from the financial year ended 31st March, 2011 onwards may forward their claims to the Company's Registrar and Share Transfer Agents before they are due to be transferred to the IEPF, details of which are given below.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended 31st March, 2009 and 2010 and remained unpaid or unclaimed were due to be transferred to the IEPF. The Company had sent notices to all such members in this regard and published a newspaper advertisement and thereafter transferred the shares to the IEPF during financial year 2017-18. The details of such

shares transferred have been uploaded in the Company's website www.tanla.com.

The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The Member/Claimant is required to make an online application to the IEPF Authority in Form IEPF -5 (available on iepf.gov.in) along with requisite fees as decided by the IEPF Authority from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

The following table gives information relating to outstanding dividend accounts and the dates when due for transfer to IEPF:

Financial year ended	Date of payment of Dividend	Last date for claiming Unpaid dividend	Transfer to IEPF in
31st March, 2011*	10.10.2011	25.10.2018	October 2018
31st March, 2016	28.03.2016	12.04.2023	September 2023
31st March, 2017	29.09.2017	15.10.2024	September 2024

*Dividend was declared by the Company for FY 2015-16 after FY 2010-11.

Following are the details of unpaid dividend which will be due for transfer to IEPF upto 31st March, 2019:

Nature of payment	Date of payment	Last date for claiming Unpaid dividend	Transfer to IEPF by
Dividend	10.10.2011	25.10.2018	October 2018

While the Registrar of the Company has already written to the shareholders informing them about the due dates of transfer to IEPF for these payments, attention of the shareholders is again drawn to this matter through the Annual Report.

Top Ten Shareholders

As at 31st March, 2018, the top ten shareholders of the Company were as follows:-

Sl. No.	Name	Shares	% to Equity	Category
1	D UDAYKUMAR REDDY	1,94,96,493	17.34	PRO
2	D TANUJA REDDY	1,43,19,270	12.74	PRO
3	MOUNIKA FINANCE AND LEASING PVT LTD	34,79,000	3.09	LTD
4	GAUTAM SABHARWAL	25,71,764	2.29	PUB
5	MADHAVI MAREDDY	16,00,000	1.42	PUB
6	MAREDDY PERAREDDY	15,19,427	1.35	HUF
7	PUSHPA GOVINDA	7,10,520	0.63	PUB
8	JATINDRA NATH KOHLI	6,68,812	0.59	PUB
9	PHILIP KOSHY	5,81,208	0.52	NRI
10	THIAGARAJAN ARAVAMUDAN	5,51,000	0.49	PUB

On behalf of the Board

Hyderabad
August 14, 2018

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

Annexure-1

Market Price Data

High and low during each month from April 01, 2017 to March 31, 2018

Bse Limited (BSE)

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2017	54.75	48.5	15,80,096
May, 2017	53.8	33.2	39,96,411
June, 2017	39.8	32.8	14,60,238
July, 2017	40.95	33.4	28,13,564
August, 2017	39	29.4	13,76,834
September, 2017	36.9	30.5	15,95,395
October, 2017	36.55	30.5	15,52,037
November, 2017	38.5	30.2	38,67,158
December, 2017	43.9	31.1	57,90,703
January, 2018	47.2	33	80,00,532
February, 2018	36	28.85	17,12,098
March, 2018	36.8	30.25	22,93,428

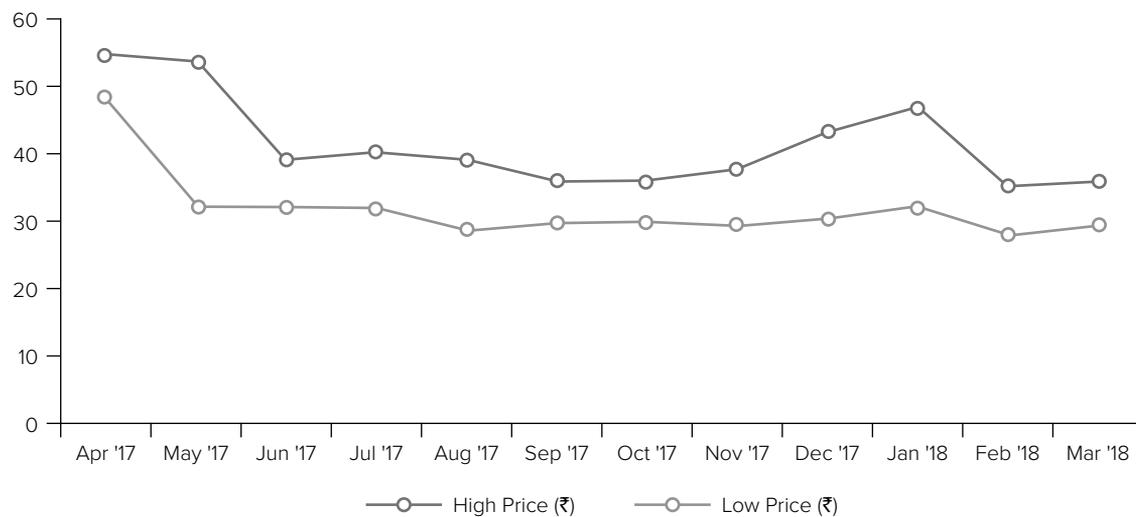
BSE Monthly Price Trend



National Stock Exchange of India Limited (NSE)

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2017	54.8	48.35	80,63,577
May, 2017	53.7	33.25	1,74,31,902
June, 2017	39.65	32.75	82,93,702
July, 2017	40.9	32.6	1,44,17,623
August, 2017	39.15	29.5	79,07,197
September, 2017	36.9	30.5	94,50,011
October, 2017	36.65	30.5	82,69,936
November, 2017	38.35	30.45	1,95,79,598
December, 2017	43.8	31.2	2,59,29,749
January, 2018	47.2	32.9	3,37,96,235
February, 2018	36.1	29.15	86,53,777
March, 2018	36.9	30.3	1,15,55,597

NSE Monthly Price Trend



Annexure-2

Distribution of Holdings as on March 31, 2018

Sl. No.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	65,248	97.31	2,73,34,663	24.31
2	5001 - 10000	917	1.37	69,95,748	6.22
3	10001 - 20000	478	0.71	69,57,641	6.19
4	20001 - 30000	166	0.25	41,88,775	3.73
5	30001 - 40000	55	0.08	19,33,620	1.72
6	40001 - 50000	40	0.06	18,16,246	1.62
7	50001 - 100000	78	0.12	55,67,615	4.95
8	100001 & ABOVE	72	0.11	5,76,27,644	51.26
Total		67,054	100.00	11,24,21,952	100.00

Share Holding Pattern as on March 31, 2018

Sl. No.	Description	Cases	Shares	% Equity
1	BANKS	2	40,740	0.04
2	CLEARING MEMBERS	107	3,19,659	0.28
3	EMPLOYEES	32	8,21,719	0.73
4	FOREIGN NATIONALS	1	85,886	0.08
5	H U F	2,086	37,95,943	3.38
6	I E P F	1	32,998	0.03
7	INDIAN FINANCIAL INSTITUTIONS	1	1,06,107	0.09
8	BODIES CORPORATES	622	93,94,243	8.36
9	NBFC	9	1,18,687	0.11
10	NON-RESIDENT INDIANS	542	26,48,559	2.36
11	NRI NON-REPATRIATION	213	6,24,068	0.56
12	PROMOTERS GROUP	2	6,20,000	0.55
13	COMPANY PROMOTERS	4	3,38,15,763	30.08
14	RESIDENT INDIVIDUALS	63,426	5,99,86,504	53.36
15	TRUSTS	6	11,076	0.01
Total:		67,054	11,24,21,952	100.00

Control Report as on March 31, 2018

Sl. No.	Description	No. of holders	Shares	% to Equity
1	PHYSICAL	32	16,08,517	1.43
2	NSDL	39,685	8,60,63,825	76.55
3	CDSL	27,337	2,47,49,610	22.01
Total		67,054	11,24,21,952	100.00

Annexure-3

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, Mr. D. Uday Kumar Reddy, Chairman & Managing Director and Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31st March 2018. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 18, 2018.

Certificate under Regulation 17(8) of SEBI (LODR), Regulations, 2015

- A. They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing Indian accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they

have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

- D. They have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

for Tanla Solutions Limited

for Tanla Solutions Limited

Sd/-

Sd/-

D. Uday Kumar Reddy

Srinivas Gunupudi Kamoji

Chairman & Managing Director

Chief Financial Officer

Hyderabad

May 18, 2018

Practicing Company Secretary's Certificate on Corporate Governance

To
The Members of
Tanla Solutions Limited

Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

1. We have examined the compliance of conditions of Corporate Governance by Tanla Solutions Limited ("the Company"), for the year ended 31st March 2018, as stipulated in:
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from 1st April, 2017 to 31st March 2018 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1st April, 2017 to 31st March 2018.
2. The compliance of 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 compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the year ended 31st March, 2018.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For BS & Company
Company Secretaries LLP**

Sd/-

K.V.S. Subramanyam

Designated Partner

FCS No.: 5400

C P No.: 4815

Hyderabad
August 14, 2018

Declaration by the CMD on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31st, 2018 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Hyderabad
May 18, 2018

for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

(DIN: 00003382)

Independent Auditor's Report

To the Members of

TANLA SOLUTIONS LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of M/s. TANLA SOLUTIONS LIMITED ("the Company") which comprise the standalone Balance Sheet as at March 31st, 2018, the standalone Statement of Profit and Loss, the standalone Cash Flow Statement, the standalone statement of changes in equity for the year then ended and standalone summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended of the Act and other Accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and order issued under Sec 143(11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2018, and its Profit including other comprehensive income and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Standalone Other Comprehensive Income, Standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of written representations received from the directors as on March 31st, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

(M V Ratnam)

Partner

Membership No.008314

Hyderabad
May 18, 2018

“Annexure A” to the Independent Auditor’s Report of even date on the Standalone Financial Statement of TANLA SOLUTIONS LIMITED

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

We have audited the internal financial controls over financial reporting of TANLA SOLUTIONS LIMITED (“the Company”) as of March 31st, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

(M V Ratnam)

Partner

Membership No.008314

Hyderabad
May 18, 2018

Annexure-B to the Independent Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "TANLA SOLUTIONS LIMITED" for the year ended March 31, 2018)

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,
- (b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company and hence not commented upon.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31st, 2018 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, duty of customs, duty of excise, value added tax & Goods and Service Tax outstanding on which have not been deposited on account of any dispute except in case of service tax liability for the period 01.06.2007 to 31.10.2009 of ₹ 9.00 crore (demand of ₹ 9.00 crore was already paid by the company) and the case is pending before the CESTAT.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has

been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. In our opinion, compliance Requirements under Section 177 and 188 of Companies Act, 2013 are not applicable to the Company and disclosure requirements in the financial statements as required by the applicable accounting standards are complied.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has made the preferential allotment and private placement of shares during the year under review and complied with applicable provisions of the companies Act, 2013.

- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

(M V Ratnam)

Partner

Membership No.008314

Hyderabad
May 18, 2018

Balance Sheet

As at March 31, 2018

Particulars	Notes	(in ₹)	
		As at March 31, 2018	As at March 31, 2017
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	4,246,058,906	4,448,135,507
(b) Capital work-in-progress		-	197,686,332
(c) Investment property		-	38,537,395
(d) Financial assets			
(i) Investments	4	538,526,186	527,375,186
(e) Deferred tax assets (net)	5	135,491,407	64,605,249
(f) Other non-current assets	6	94,809,382	76,717,972
Total non-current assets		5,014,885,880	5,353,057,640
(2) Current Assets			
(a) Financial Assets			
(i) Trade receivables	7	2,323,859,726	947,947,660
(ii) Cash and cash equivalents	8	1,360,191,469	1,198,677,247
(iii) Loans and advances	9	18,736,320	25,149,000
(b) Other current assets	10	331,675,932	197,089,896
Total current assets		4,034,463,449	2,368,863,802
TOTAL ASSETS		9,049,349,329	7,721,921,443
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	11	112,421,952	107,485,785
(b) Other equity	12	6,527,227,014	6,298,162,680
Total equity		6,639,648,966	6,405,648,465
(2) Non current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	13	854,929	724,699
(b) Provisions	14	326,786	1,729,239
(c) Other liabilities	15	785,000	210,000
Total Non-Current Liabilities		1,966,715	2,663,938
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	2,194,556,090	1,223,809,259
(ii) Other financial liabilities	17	139,769,933	47,173,219
(b) Other current liabilities	18	58,437,008	35,251,480
(c) Short-term provisions	19	66,385	20,616
(d) Liabilities for current tax (net)	20	14,904,231	7,354,465
Total Current liabilities		2,407,733,647	1,313,609,039
Total Equity and liabilities		9,049,349,329	7,721,921,443
Notes forming part of the financial statements	1 - 40		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner
Membership No. 008314

Hyderabad
May 18, 2018

Tanla Solutions Limited

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director
Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Statement of Profit and Loss

for the year ended March 31, 2018

		(in ₹)	
Particulars	Notes	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue			
I. Revenue from operations	21	6,919,352,268	4,987,150,228
II. Other income	22	46,722,330	23,976,772
III. Total Income (I+II)		6,966,074,598	5,011,127,001
IV. Expenses			
Cost of services	23	6,144,429,303	4,414,230,345
Employee benefits expense	24	130,008,737	118,665,413
Depreciation and amortization expense	3	489,148,450	110,551,022
Travel expenses	25	25,655,079	13,595,179
Connectivity & related expenses	26	25,709,506	15,816,374
Other expenses	27	87,372,615	353,400,267
Total Expenses (IV)		6,902,323,690	5,026,258,600
V. Profit/(loss) before Tax (III - IV)		63,750,908	(15,131,599)
VI. Tax expense:			
Current tax		14,904,231	-
Deferred tax		(67,170,751)	(8,843,382)
MAT credit entitlement		(14,904,231)	-
VII. Profit/(Loss) for the year		130,921,659	(6,288,217)
VIII. Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss		3,880,923	966,040
(ii) Items that will be reclassified to profit or loss		391,237	-
		4,272,160	966,040
B. (i) Income tax relating to items that will not be reclassified to profit or loss		(806,572)	(417,115)
Total other comprehensive income net of taxes		3,465,588	548,925
IX. Total comprehensive income for the period		134,387,247	(5,739,292)
X. Earnings per equity share			
1. Basic		1.16	(0.06)
2. Diluted		1.16	(0.06)
Notes forming part of the financial statements	1-40		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad
May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Statement of changes in equity

for the year ended March 31, 2018

A. Equity share capital

Particulars	(in ₹)	
	March 31, 2018	March 31, 2017
Opening balance	10,74,85,785	10,14,79,593
Issued during the year - ESOPs	-	9,42,360
Issue of warrants to promoters	49,36,167	50,63,832
Closing balance	11,24,21,952	10,74,85,785

B. Other Equity

Particulars	(in ₹)									
	Capital Reserve	General Reserve	Investment subsidy	Securities Premium Reserve	Share Application Money Pending Allotment	ESOP Outstanding Account	Retained Earnings	Foreign currency translation reserve	Other Comprehensive Income	Total Equity attributable to Equity holders
Balance as at 1 April 2016	69,919,556	254,447,550	400,000	4,285,501,775	84,674,992	8,287,130	1,557,207,351	-	-	6,260,438,354
Profit for the year	-	-	-	-	-	-	(6,288,217)	-	-	(6,288,217)
Other Comprehensive income	-	-	-	-	-	-	-	(124,391,133)	548,925	(123,842,208)
Remeasurement of ESOP provision	-	370,117	-	-	-	874,478	-	-	-	1,244,595
Share application money	-	-	-	-	128,633,994	-	-	-	-	128,633,994
Issue of Equity shares	-	-	-	190,487,769	(171,511,992)	-	-	-	-	18,975,777
ESOP Expense	-	-	-	-	-	18,999,368	-	-	-	18,999,368
Balance as at 31 March 2017	69,919,556	254,817,667	400,000	4,475,989,544	41,796,994	28,160,976	1,550,919,134	(124,391,133)	548,925	6,298,161,664
Balance as at 1 April 2017	69,919,556	254,817,667	400,000	4,475,989,544	41,796,994	28,160,976	1,550,919,134	(124,391,133)	548,925	6,298,161,664
Profit for the Year	-	-	-	-	-	-	130,921,659	-	-	130,921,659
Other comprehensive income	-	-	-	-	-	-	-	391,237	3,074,351	3,465,588
Share application money	-	-	-	-	(41,796,994)	-	-	-	-	(41,796,994)
Issue of equity shares	-	-	-	162,251,800	-	-	-	-	-	162,251,800
Dividend and dividend tax	-	-	-	-	-	-	(33,380,697)	-	-	(33,380,697)
ESOP Expense	-	-	-	-	-	7,603,995	-	-	-	7,603,995
Balance as at 31 March 2018	69,919,556	254,817,667	400,000	4,638,241,344	-	35,764,971	1,648,460,096	(123,999,896)	3,623,276	6,527,227,014

Notes forming part of the financial Statements

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad

May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Cash Flow Statement

for the year ended March 31, 2018

Particulars	(in ₹)	
	March 31, 2018	March 31, 2017
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before tax	63,750,908	(15,131,599)
Adjusted for :		
Depreciation	489,148,450	110,551,022
Interest & other income received	(42,751,175)	(19,596,184)
Other expenses	17,861,898	19,797,246
Prov for diminution in value of investment	9,349,000	-
Loss on sale of / discarded assets (net)	-	291,319,885
Provision for doubtful debts	5,624,326	1,870,994
Operating profits before working capital charges	542,983,407	388,811,364
Changes in current assets and liabilities		
(Increase)/Decrease in trade receivables	(1,375,912,067)	(293,476,670)
(Increase)/Decrease in financial and non-financial assets	(102,576,316)	(216,925,225)
Increase/(Decrease) in financial and non-financial liabilities	122,680,554	(6,269,063)
Increase/(Decrease) in trade payables	970,746,831	773,056,067
Cash generated from operations	157,922,409	645,196,475
Income taxes paid	-	-
Net cash generated from operating activities	157,922,409	645,196,475
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(68,872,643)	(64,804,402)
Investment in subsidiary	(20,500,000)	-
Interest & other income received	42,751,175	19,596,184
Net cash used in investing activities	(46,621,468)	(40,827,630)
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of share warrants	125,390,973	128,633,994
Movement in share application money	(41,796,994)	-
Proceeds from issue of ESOPs	-	24,981,969
Dividends and dividend tax paid during the year	(33,380,697)	-
Net Cash generated from financing activities	50,213,282	153,615,963
D Net increase / (decrease) in cash and cash equivalents	161,514,223	757,984,808
E Cash and cash equivalents at the beginning of the year	1,198,677,247	440,692,439
F Cash and cash equivalents at the end of the year	1,360,191,469	1,198,677,247
Notes forming part of the financial statements		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad
May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Notes forming part of the financial statements

1 Corporate information

Tanla 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 backed by the best of IT setup, highly scalable cloud infrastructure, industry standard processes and world-class security (ISO 27001:2013) 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).

The financial statements for the year ended March 31st, 2018 were approved by the Board of Directors and authorised for issue on May 18, 2018.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements

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

2.2 Use of Accounting Estimates

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

2.3 Revenue recognition

Revenue from messaging services is recognized based on the no. of messages delivered on a fixed price , fixed-time frame contracts where there is no uncertainty as to measurement of collectability. Revenue from Telecom Value Added Services, net of credit notes, is recognized

on provision of services in terms of revenue sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract. Interest Income is recognised on an accrual basis.

2.4 Property, plant and equipment

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

2.5 Depreciation and Goodwill

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

Type of Asset	Useful life
Buildings	60 years
Computers & software	3 to 6 years
Platforms & deployments	5 to 10 years
Office equipment	05 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets.

2.6 Investment Property

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

2.7 Employee Benefits

Defined Contribution Plans

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an

Notes forming part of the financial statements

amount based on the respective employee salary and the tenure of employment. Liability with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes the ascertained liabilities to the Tanla Solutions Limited Employees Gratuity Scheme Trust (the "Trust") managed by the Life Insurance Corporation of India.

b. Provident fund

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

c. Employee State Insurance Fund:

Eligible employees (whose gross salary is less than ₹ 21,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India.

2.8 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates (i.e., "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.9 Taxes on Income

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

- a) Current income tax: Current income tax is measured at the amount expected to be paid to the taxation authorities in accordance with Income tax act, 1961.
- b) Deferred tax: Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- c) Minimum Alternate Tax: According to section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

2.10 Earning Per Share (EPS)

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

2.11 Investments

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

2.12 Impairment of non-financial assets

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

Notes forming part of the financial statements

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2.13 Provisions and Contingent Liabilities

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

2.14 Financial Instruments

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

Initial Recognition

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

Subsequent Measurement

Financial assets at amortised cost

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

that are solely payments of principal and interest on the amount outstanding if any.

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through Profit and Loss

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

Financial liabilities

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

Investment in Subsidiaries

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

Notes forming part of the financial statements

De-recognition

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

Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses.

For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Impairment of financial assets

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

Impairment of non-financial assets.

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

Cash and cash equivalents

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

Cash dividend to equity holders

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

2.15 Cash flow statement

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

Notes forming part of the financial statements

4 (i) Investments in Equity Instruments - Unquoted

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Carried at cost :		
(a) Subsidiaries		
Tanla Corporation Pvt Ltd, India 1,328,647 (1,328,647) equity shares of ₹ 10 each, fully paid-up	486,097,268	486,097,268
Tanla Mobile Asia Pacific Pte Ltd, Singapore 750,001 (750,001) Equity shares of SGD.1 each, fully paid-up	30,928,918	30,928,918
Capitalsiri Investments Pvt Ltd 2,050,000 (Nil) equity shares of ₹ 10 each, fully paid-up	20,500,000	-
(b) Joint Venture		
TZ Mobile Pvt Ltd, India 103,490 (103,490) Equity shares of ₹ 10 each, fully paid-up	10,349,000	10,349,000
Less: Provision for diminution in value of investment	(9,349,000)	-
Total	538,526,186	527,375,186

Investments in Capitalsiri Investments Private Limited:

During the FY 2017-18, a wholly-owned subsidiary Capitalsiri Investments Private Limited (Capitalsiri) was incorporated. Capitalsiri was created to carry on the business of Non-banking financial company (NBFC) without accepting public deposits.

5 Deferred tax

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(a) Deferred tax asset on account of depreciation	135,491,407	64,605,249
Total	135,491,407	64,605,249

Deferred tax assets/(liabilities):

Particulars	(in ₹)			
	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
For the year ended March 31, 2017				
Property, plant & Equipment and Intangible assets	55,089,775	8,843,382	-	63,933,157
Employee benefits	1,244,595	-	-	1,244,595
Other items giving rise to temporary differences	(155,388)	-	(417,115)	(572,503)
	56,178,982	8,843,382	(417,115)	64,605,249
For the year ended March 31, 2018				
Property, plant & Equipment and Intangible assets	63,933,157	67,170,751	-	131,103,908
Employee benefits	1,244,595	-	3,522,206	4,766,801
Other items giving rise to temporary differences	(572,503)	-	193,201	(379,302)
Total	64,605,249	67,170,751	3,715,407	135,491,407

Notes forming part of the financial statements

6 Other non-current assets

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(a) Deposits and others	6,178,147	4,470,001
(b) Advance service tax paid under protest	-	19,368,932
(c) Advance income tax and TDS	73,727,005	52,879,039
(d) MAT credit entitlement	14,904,231	-
Total	94,809,382	76,717,972

7 Trade Receivables

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Unsecured		
Considered good	2,330,598,585	954,660,164
Considered doubtful	-	598,536
	2,330,598,585	955,258,700
Less:		
Allowances for doubtful debts	(6,738,859)	(7,311,040)
Total	2,323,859,726	947,947,660

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.

8 Cash and cash equivalents

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(a) Balances with Banks		
- Current accounts	339,562,203	850,048,758
- Deposit accounts	990,000,000	250,582,534
- Cash on hand	239	183,972
	1,329,562,442	1,100,815,264
(b) Other bank balances		
(i) Unclaimed Dividends	854,929	742,657
(ii) Balances under deposits *	29,774,099	97,119,326
	30,629,028	97,861,983
Total	1,360,191,469	1,198,677,247

* Deposits with a carrying amount of ₹ 2.98 crore (March 2017 - ₹ 9.71 crore) are towards margin money given for bank guarantees given to Telcos.

9 Short term loans and advances

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good		
(i) Loans to employees	18,736,320	25,149,000
Total	18,736,320	25,149,000

Notes forming part of the financial statements

10 Other current assets

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Advance tax & TDS	51,392,032	16,225,549
Goods and Services Tax (GST) input credit	81,356,602	-
Deposits and other advances	64,177,847	6,691,049
Other receivable	134,749,451	174,173,298
Total	331,675,932	197,089,896

11 Equity Share Capital

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Authorised 120,000,000 Equity shares of ₹ 1 each	120,000,000	120,000,000
(ii) Issued Subscribed and fully paid up: 112,421,952 (107,485,785) Equity Shares of ₹ 1 each fully paid-up	112,421,952	107,485,785
Total	112,421,952	107,485,785

Dividend:

Final dividend on shares are recorded as liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

Particulars	(in ₹)	
	Year ended March 31, 2018	Year ended March 31, 2017
Final dividend for Fiscal 2017	0.25	-
Interim dividend for Fiscal 2018	-	-

The Board of Directors recommend a final dividend of ₹ 0.30 per equity share for the financial year ended March 31st, 2018. The payment is subject to the approval of shareholders in the ensuing AGM to be held on Sept 28, 2018 and if approved would result in cash outflow of approximately ₹ 4.06 crore, including dividend distribution tax.

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in ₹	No. of Shares	in ₹
Shares outstanding at the beginning of the year	107,485,785	107,485,785	101,479,593	101,479,593
Add: Issued and allotted during the year	4,936,167	4,936,167	6,006,192	6,006,192
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	112,421,952	112,421,952	107,485,785	107,485,785

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

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

Notes forming part of the financial statements

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in %	No. of Shares	in %
Equity Shares:				
D Uday Kumar Reddy	19,496,493	17.34%	17,028,409	15.84%
D Tanuja Reddy	14,319,270	12.74%	11,851,187	11.03%

12 Other Equity

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Capital reserve	69,919,556	69,919,556
(ii) General reserve		
Opening balance	254,817,667	254,447,550
Transferred from retained earnings	-	370,117
Total General reserve	254,817,667	254,817,667
(iii) Investment subsidy	400,000	400,000
(iv) Securities premium reserve	4,638,241,344	4,475,989,544
(v) Share application money pending allotment	-	41,796,994
(vi) Employee stock options outstanding account	35,764,971	28,160,976
(vii) Retained Earnings		
Opening	1,550,919,134	1,557,208,368
Profit for the year/quarter	130,921,659	(6,288,217)
Less: Interim dividend for the year	(277,34,506)	-
Dividend tax	(5,646,191)	-
Sub-total	1,648,460,096	1,550,920,151
(viii) Foreign currency translation reserve	(123,999,896)	(124,391,133)
(ix) Items of other comprehensive income	3,623,276	548,925
Total	6,527,227,014	6,298,162,680

13 Other financial liabilities

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Unclaimed dividend	854,929	724,699
Total	854,929	724,699

14 Long-term provisions

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment - long term	326,786	518,856
Provision for gratuity - long term	-	1,210,383
Total	326,786	1,729,239

Notes forming part of the financial statements

15 Other liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Other security deposits	785,000	210,000
Total	785,000	210,000

16 Trade and other payables

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables	2,194,067,836	1,222,459,259
Outstanding expenses	488,255	1,350,000
Total	2,194,556,090	1,223,809,259

As at March 31st, 2018 and March 31st, 2017, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

17 Other financial liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Other liabilities	139,769,933	47,173,219
Total	139,769,933	47,173,219

18 Other current liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Statutory liabilities	21,159,968	31,414,780
Other liabilities	37,277,040	3,836,700
Total	58,437,008	35,251,480

19 Short term provisions

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment - short term	66,385	20,616
Total	66,385	20,616

20 Liabilities for current tax

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Provision for income tax	14,904,231	7,354,465
Total	14,904,231	7,354,465

Notes forming part of the financial statements

21 Revenue from Operations

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Overseas	351,393,802	452,376,726
Domestic : India	6,567,958,466	4,534,773,502
Total	6,919,352,268	4,987,150,228

22 Other Income

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest income	15,288,570	17,125,896
Profit on sale of assets	-	78,936
Miscellaneous Income	3,971,155	6,771,940
Net income from sale of land	27,462,605	-
Total	46,722,330	23,976,772

23 Cost of Services

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cost of services	6,154,469,943	4,415,854,562
Less: Cash discount from telco's	10,040,640	1,624,217
Total	6,144,429,303	4,414,230,345

24 Employee benefit expense

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries and wages	108,487,481	83,034,789
Employee stock option cost	7,603,995	18,999,368
Contribution to provident and other funds	6,157,811	4,470,140
Staff welfare expenses	7,759,450	12,161,116
Total	130,008,737	118,665,413

25 Travelling expenses

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Travelling expenses	24,935,172	13,038,379
Conveyance & other expenses	719,907	556,800
Total	25,655,079	13,595,179

Notes forming part of the financial statements

26 Connectivity & related expenses

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Data centre and hosting charges	11,801,780	6,147,000
Internet and cloud computing charges	13,907,726	9,669,374
Total	25,709,506	15,816,374

27 Other Expenses

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Communication expenses	1,999,899	1,210,897
Repairs & maintenance expenses	11,040,184	7,928,264
Advertisement charges	2,612,958	2,180,319
Rent, rates & taxes	10,606,527	14,633,987
Postage & courier	595,537	596,096
Printing & stationery	2,282,313	2,440,752
Office maintenance expenses	3,978,256	3,969,437
Power & fuel	3,610,115	3,356,362
General expenses	1,869,047	2,487,978
Insurance	1,156,997	896,027
Listing fees to stock exchanges	1,485,222	1,340,451
Professional charges	13,698,039	9,139,529
R&D expenses	1,871,894	1,741,025
Exchange fluctuation	3,334,332	1,948,678
Auditors remuneration	1,982,945	2,001,745
Bank charges	2,900,814	2,553,515
Interest on loans	6,923,571	1,434,328
Allowance for doubtful debts	(572,181)	1,870,994
Bad debts written off	6,196,507	-
Loss on sale of assets	-	291,319,885
Provision for diminution in value of investment	9,349,000	-
Corporate social responsibility expenses	450,639	350,000
Total	87,372,615	353,400,267

Notes forming part of the financial statements

28 Taxes

(a) Income tax expense

		(in ₹)	
S. No.	Particulars	2017-18	2016-17
(i)	Profit or loss section		
	Current tax	14,904,231	-
	Deferred tax	(67,170,751)	(8,843,382)
	Mat credit entitlement	(14,904,231)	
	Total income tax expense recognised in Statement of Profit & Loss	(67,170,751)	(8,843,382)
(ii)	Other Comprehensive Income (OCI) Section		
	Deferred tax asset recognized on employees gratuity	(806,572)	(417,115)
	Income tax charged to Other Comprehensive Income (OCI)	(806,572)	(417,115)

(b) Reconciliation of effective tax rate:

		(in ₹)	
S. No.	Particulars	2017-18	2016-17
(i)	Profit/(loss) before tax	63,750,908	(15,131,599)
	Tax at company's domestic tax rate	34.608%	34.608%
	Tax at statutory income tax rate	22,062,914	-
(ii)	Tax effect of:		
	Income tax effect of timing difference in depreciation	(22,062,914)	-
	Others (net)	(67,170,751)	(8,843,382)
	Income tax expense	(67,170,751)	(8,843,382)

29 Financial Instruments

		(in ₹)	
S. No.	Particulars	Carrying value as at	
		31-Mar-18	31-Mar-17
(i)	Financial Assets:		
	Amortised cost		
	Trade receivables	2,323,859,726	947,947,660
	Cash and bank balances	1,360,191,469	1,198,677,247
	Other financial assets	18,736,320	25,149,000
	Total financial assets	3,702,787,516	2,171,773,907
(ii)	Financial Liabilities:		
	Amortised cost		
	Trade payables	2,194,556,090	1,223,809,259
	Other financial liabilities	139,769,933	47,173,219
	Total financial liabilities	2,334,326,024	1,270,982,478

Notes forming part of the financial statements

Financial risk management

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

- Market Risk
- Liquidity Risk
- Credit Risk

(i) Risk management framework

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

(a) Market Risk

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

(i) Foreign currency risk

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

The foreign currency risks from financial instruments is as follows:

	(in ₹)		
As at March 31, 2018	AED	USD	EURO
Financial Assets			
Trade receivables	2,051,809	118,227,493	532,310
Cash and cash equivalents	12,085,798	34,555,715	-
Total	14,137,607	152,783,209	532,310
Financial Liabilities			
Trade payables	94,862	17,562,755	-
Total	94,862	17,562,755	-
As at March 31, 2017			
Financial Assets			
Trade receivables	22,649,212	285,580,087	1,531,481
Cash and cash equivalents	25,981,510	794,482	-
Total	48,630,722	286,374,569	1,531,481
Financial Liabilities			
Trade payables	7,595,255	197,382,587	-
Total	7,595,255	197,382,587	-

(b) Liquidity Risk

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

	(in ₹)		
As at March 31, 2018	Due in 1 year	1 - 2 years	3-5 years
Financial Liabilities			
Trade payables	2,194,067,836	-	-
Other financial liabilities	140,005,556	-	619,306
Total	2,334,073,392	-	619,306
As at March 31, 2017			
Trade payables	1,223,809,259	-	-
Other financial liabilities	47,371,734	236,815	307,327
Total	1,271,180,993	236,815	307,327

Notes forming part of the financial statements

(c) Credit Risk

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

Trade receivables

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

Credit quality of a customer is assessed based on the individual credit limits 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 ₹ 23,238.60 lakhs (March 31st, 2017 - ₹ 9,479.47 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(in ₹)	
	2017-18	2016-17
Allowance for doubtful debts		
Opening balance	7,311,040	5,440,046
Impairment loss recognised/(reversed)	(572,181)	1,870,994
Closing balance	6,738,859	7,311,040

30 Gratuity

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

Defined Benefit Plans

	(in ₹)	
Particulars	2017-18	2016-17
A Net Employee Benefit Expense		
(Recognised in Employee Benefit Expense)		
Current service cost	870,207	513,669
Interest cost	207,827	696,774
Expected return on plan assets	-	-
Net employee benefit expense	1,078,034	1,210,443
Actual return on plan assets	-	-
B Amount recognised in Balance Sheet		
Defined benefit obligation	6,492,863	10,926,946
Fair value of plan assets	8,494,494	8,296,946
Funded status of the plans	-2,001,631	2,630,000
(Asset)/Liability recognised in Balance sheet	-2,001,631	2,630,000

Notes forming part of the financial statements

(in ₹)

Particulars	2017-18	2016-17
C Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	10,926,946	8,709,672
current service cost	870,207	513,669
Interest cost	207,827	696,774
Benefits paid	-	-
Net actuarial (gains)/losses on obligation for the year recognised under OCI	-5,512,117	1,006,831
Closing defined benefit obligation	6,492,863	10,926,946
D Changes in the fair of plan assets		
Opening fair value of plan assets	8,296,946	8,296,946
Interest income	638,078	-
Benefits paid	-191,051	-
Fund charges	-313,802	-
Premium expenses	64,323	-
Closing fair value of plan assets	8,494,494	8,296,946

31 Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year is ₹ 4,05,785/-

(in ₹)

S. No.	Particulars	2017-18		Total in ₹
		in Cash	Yet to be paid in cash	
(i)	Construction/acquisition of the asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	450,639	-	450,639

(in ₹)

S. No.	Particulars	2016-17		Total in ₹
		in Cash	Yet to be paid in cash	
(i)	Construction/acquisition of the asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	350,000	-	350,000

32 Dividends

On May 18, 2018, the Board of Directors of the Company has proposed a final dividend of ₹ 0.30 per equity share in respect of the year ending March 31st, 2018 subject to the approval of the Shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 405.93 Lakhs inclusive of dividend distribution tax of ₹ 68.66 lakhs.

Notes forming part of the financial statements

33 Employee Stock Option Plan (ESOP) :

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

Tanla ESOP Plan :

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

Details of the grant/issue as at March 31st, 2018 are given below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	No. of share options	No. of share options
Options outstanding at the beginning of the year	1,444,850	3,087,000
Granted during the year	-	3,087,000
Vested during the year	-	1,006,110
Exercised during the year	-	942,360
Lapsed during the year	-	-
Forfeited during the year	-	699,790
Options outstanding at the end of the year	1,444,850	1,444,850
Options vested and exercisable at the end of the year	-	1,444,850

Please refer Board Report for full details on ESOPs.

34 The Company does not have any amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31st, 2018 and March 31st, 2017. The disclosure pursuant to the said act is as under:

S. No.	Particulars	(in ₹)	
		2017-18	2016-17
(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.

Notes forming part of the financial statements

35 Contingent Liabilities

i) Total Guarantees outstanding as of March 31st, 2018 amounting to ₹ 25 Lakhs (March 31st, 2017 – ₹ 2,490.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to Telco's against their receivable from the Company.

ii) Claims against the Company not acknowledged as debt:

		(in ₹)	
S. No.	Particulars	2017-18	2016-17
1	Outstanding guarantees given by the company	2,500,000	249,000,000
2	Claims against company, not acknowledged as debts [#]	164,622,062	164,622,062
3	Claims made by company, not acknowledged as debts	-	-
4	Corporate guarantee given to subsidiary companies	-	-

[#] 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 ₹ 900.3 lakhs on account of taxable service on import of information technology and software services and interest and penalty amounting to ₹ 745.9 lakhs. Against this demand the Company deposited an amount of ₹ 193.7 lakhs during FY 2009-10 and FY 2010-11. Aggrieved by the demand order, the Company filed appeal before the CESTAT based on advise by its legal counsel. The appeal is pending hearing by CESTAT. During the FY 2018, the Company has deposited the balance amount of Service tax demand of ₹ 706.6 lakhs with the department and has utilised input credit against the same under the GST regime. Based on the strength of its case, Management believes that the outcome of a liability is not probable.

36 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.

37 Related Party Disclosures

A) List of Related Parties:

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

B) Related party Transactions for the year ended March 31, 2018:

		(in ₹)		
Nature of Transactions/ Name of the Subsidiary	Transactions		Balance Outstanding	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Particulars				
Cost of Services				
Tanla Mobile Asia Pacific Pte Ltd, Singapore	17,20,24,500	126,149,769	142,588,949	95,168,132
Reimbursement of expenses				
Tanla Corporation Pvt. Ltd., India	9,25,96,714	7,136,970	(139,769,933)	(47,173,219)

Notes forming part of the financial statements

C) List of Transactions with key management personnel

(in ₹)

Particulars	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D Uday Kumar Reddy - Chairman & Managing Director	12,637,164	637,168	-	13,274,332
Srinivas Kamoji Gunupudi - Chief Financial Officer	3,445,879	165,403	86,147	3,697,429
Seshanuradha Chava - VP Legal & Secretarial	2,467,205	121,889	187,854	2,776,948
Total	18,550,248	924,460	274,001	19,748,709

Remuneration to non-executive directors

Particulars	Sitting Fees	Committee Fees	Total
Ram Narain Agarwal - Director	60,000	75,000	135,000
Dr. A G Ravindranath Reddy - Director	80,000	90,000	170,000
N Kalpana - Director	80,000	90,000	170,000
Total	220,000	255,000	475,000

38 Foreign Exchange earned and outgo

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

(in ₹)

Particulars	2017-18	2016-17
Import of capital goods	-	-
b. Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	351,393,802	167,850,599
Cash outflow	266,960,148	146,837,408
Net earnings in foreign exchange	84,433,655	21,013,191

39 Earnings Per Share

(in ₹)

Particulars	2017-18	2016-17
Net profit after tax	130,921,659	(6,288,217)
Weighted average number of equity shares of ₹ 1 each	112,421,952	107,485,785
Nominal value of shares	₹ 1	₹ 1
Earnings per share (basic/diluted) ₹	1.16	-0.06

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

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad
May 18, 2018

Tanla Solutions Limited

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava
VP - Legal & Secretarial

Independent Auditor's Report

To the Members of
TANLA SOLUTIONS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Tanla Solutions Limited ("the Holding Company") and its subsidiaries ("the Holding Company and its Subsidiaries together referred to as the group"), which comprise the consolidated Balance Sheet as at March 31st, 2018, the Statement of consolidated Profit and Loss, including consolidated Other Comprehensive Income, the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the other auditors on separate financial statements the Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of consolidated affairs of the Company as at March 31st, 2018, its consolidated Profit including consolidated other comprehensive income, its consolidated cash flows and the changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 49,32,82,712/- as at 31st March, 2018, total revenues of ₹ 66,98,57,435/- and net profit amounting to ₹ 3,26,37,988/- and the other comprehensive income of ₹ 18,43,001/- for the year ended on that date, as considered in the consolidated Ind AS financial statements. These consolidated Ind AS financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Consolidated Balance Sheet, Statement of Consolidated Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

- e) On the basis of written representations received from the directors of the Holding Company as on March 31st, 2018 taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors Group companies, its associate companies incorporated in India is disqualified as on March 31st, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations on its financial position in its Consolidated Ind AS financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M N Rao and Associates

Chartered Accountants
Firm Registration Number: 005386S

Sd/-

(M V Ratnam)

Partner

Hyderabad

Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Tanla Solutions Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of
Tanla Solutions Limited

We have audited the internal financial controls over financial reporting of Tanla solutions limited ("the holding company"), its subsidiaries ("the holding company and its subsidiaries together referred to as the group") as of March 31st, 2018 in conjunction

with our audit of the Consolidated financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control

over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

(M V Ratnam)

Partner

Membership No.008314

Hyderabad
May 18, 2018

Consolidated Balance Sheet

As at March 31, 2018

Particulars	Notes	(in ₹)	
		As at March 31, 2018	As at March 31, 2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	4,519,897,399	4,618,974,090
(b) Capital work-in-progress		-	244,974,148
(c) Investment property		-	38,537,395
(d) Goodwill	4	-	4,674,000
(e) Deferred tax assets (net)	5	145,209,429	69,053,461
(f) Other non-current assets	6	110,397,432	178,389,305
Total non current assets		4,775,504,260	5,154,602,399
(2) Current Assets			
(a) Inventories	7	-	220,928,638
(b) Financial assets			
(i) Trade receivables	8	2,665,250,207	1,136,278,752
(ii) Cash and cash equivalents	9	1,654,438,006	1,333,018,081
(iii) Loans and advances	10	21,462,320	25,149,000
(c) Other current assets	11	223,168,886	39,336,882
Total current assets		4,564,319,420	2,754,711,354
TOTAL ASSETS		9,339,823,680	7,909,313,753
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	12	112,421,952	107,485,785
(b) Other equity	13	6,764,053,226	6,455,519,503
Total equity		6,876,475,178	6,563,005,288
(2) Non current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	14	854,929	724,699
(b) Provisions	15	326,786	1,729,239
(c) Other non-current liabilities	16	785,000	210,000
Total Non Current Liabilities		1,966,715	2,663,938
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17	2,374,968,691	1,233,766,318
(b) Other current liabilities	18	62,697,627	97,944,699
(c) Short term provisions	19	66,385	20,616
(d) Liabilities for current tax (net)	20	23,649,084	11,912,894
Total Current liabilities		2,461,381,787	1,343,644,526
TOTAL EQUITY AND LIABILITIES		9,339,823,680	7,909,313,753
Notes forming part of the financial statements	1 - 38		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner
Membership No. 008314

Hyderabad
May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

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

for the year ended March 31, 2018

		(in ₹)	
Particulars	Notes	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue			
I. Revenue from operations	21	7,916,132,515	5,793,000,426
II. Other income	22	47,599,572	24,920,295
III. Total Income (I+II)		7,963,732,086	5,817,920,721
IV. Expenses			
Cost of services	23	6,954,703,563	4,945,497,200
Employee benefits expense	24	141,823,044	144,408,095
Depreciation and amortization expense	3	573,304,225	195,913,273
Travel expenses	25	25,700,111	25,677,239
Connectivity & related expenses	26	38,132,423	20,298,174
Other expenses	27	103,885,706	96,152,673
Total expenses (IV)		7,837,549,071	5,427,946,655
V. Profit/(loss) before Tax (III - IV)		126,183,015	389,974,066
VI. Tax expense:			
Current tax		23,649,084	4,537,813
Deferred tax		(72,440,561)	(19,160,056)
MAT credit entitlement		(16,104,210)	(4,537,813)
VII. Profit for the year (V - VI)		191,078,701	409,134,122
VIII. Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss		3,880,923	966,040
(ii) Items that will be reclassified to profit or loss		19,702,567	-
		23,583,490	966,040
B. Income tax relating to items that will not be reclassified to profit or loss		(806,572)	(417,115)
Total other comprehensive income net of taxes		22,776,918	548,925
IX. Total comprehensive income for the period (VII + VIII)		213,855,619	409,683,047
X. Total Comprehensive income for the year attributable to:			
Equity holders of the Company		213,855,619	409,683,047
Non-controlling interest		-	-
XI. Earnings per equity share			
1. Basic		1.70	3.81
2. Diluted		1.70	3.81
Notes forming part of the financial statements	1 - 38		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner
Membership No. 008314

Hyderabad
May 18, 2018

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Chief Financial Officer

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Seshanuradha Chava

VP - Legal & Secretarial

Statement of changes in equity

for the year ended March 31, 2018

A. Equity share capital

Particulars	(in ₹)	
	March 31, 2018	March 31, 2017
Opening balance	10,74,85,785	10,14,79,593
Issued during the year - ESOPs	-	9,42,360
Issue of warrants to promoters	49,36,167	50,63,832
Closing balance	11,24,21,952	10,74,85,785

B. Other Equity

Particulars	(in ₹)										
	Capital Reserve	General Reserve	Investment subsidy	Securities Premium Reserve	Share Application Money Pending Allotment	ESOP Outstanding Account	Retained Earnings	Foreign currency translation reserve	Other Comprehensive Income	Total Equity attributable to Equity holders	
Balance as at 1 April 2016	69,919,556	254,447,549	400,000	4,295,889,975	84,674,992	8,287,130	290,176,061	1,442,992,216	-	6,446,787,480	
Profit for the Year	-	-	-	-	-	-	409,134,122	-	-	409,134,122	
Other Comprehensive income	-	-	-	-	-	-	-	-	548,925	548,925	
Remeasurement of ESOP provision	-	370,117	-	-	-	874,478	-	-	-	1,244,595	
Share application money	-	-	-	-	128,633,994	-	-	-	-	128,633,994	
Issue of Equity shares	-	-	-	190,487,769	(171,511,992)	-	-	-	-	18,975,777	
ESOP related cost	-	-	-	-	-	18,999,368	-	-	-	18,999,368	
Foreign currency translation reserve	-	-	-	-	-	-	(568,804,759)	-	-	(568,804,759)	
Balance as at 31 March 2017	69,919,556	254,817,667	400,000	4,486,377,744	41,796,994	28,160,976	699,310,183	874,187,457	548,925	6,455,519,503	
Balance as at 1 April 2017	69,919,556	254,817,667	400,000	4,486,377,744	41,796,994	28,160,976	699,310,183	874,187,457	548,925	6,455,519,503	
Profit for the year	-	-	-	-	-	-	191,078,701	-	-	191,078,701	
Other comprehensive income	-	-	-	-	-	-	-	19,702,567	3,074,351	22,776,918	
Share application money	-	-	-	-	(41,796,994)	-	-	-	-	(41,796,994)	
Issue of equity shares	-	-	-	162,251,800	-	-	-	-	-	162,251,800	
Dividend and dividend tax	-	-	-	-	-	-	(33,380,697)	-	-	(33,380,697)	
ESOP expense	-	-	-	-	-	7,603,995	-	-	-	7,603,995	
Balance as at 31 March 2018	69,919,556	254,817,667	400,000	4,648,629,544	-	35,764,971	857,008,187	893,890,024	3,623,276	6,764,053,226	

Notes forming part of the financial Statements

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad

May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Consolidated Cash Flow Statement

for the year ended March 31, 2018

Particulars	(in ₹)	
	March 31, 2018	March 31, 2017
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	126,183,015	389,974,066
Adjusted for :		
Depreciation	573,304,225	195,913,273
Interest & other income received	(42,751,175)	(24,920,295)
Other expenses	10,938,327	19,797,246
Exchange fluctuation	3,334,332	2,940,885
Loss on sale of / discarded assets (net)	-	149,485
Provision for doubtful debts	5,624,326	1,870,994
Operating profits before working capital charges	676,633,049	585,725,654
Changes in current assets and liabilities		
(Increase)/Decrease in trade receivables	(1,528,971,454)	(307,960,354)
(Increase)/Decrease in financial and non-financial assets	58,469,565	75,640,597
Increase/(Decrease) in financial and non-financial liabilities	(24,208,105)	10,793,736
Increase/(Decrease) in trade payables & other liabilities	1,141,202,373	351,883,907
Cash generated from operations	323,125,429	716,083,539
Income taxes paid	-	-
Net cash generated from operating activities	323,125,429	716,083,539
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(94,669,961)	(70,591,368)
Interest & other income received	42,751,175	24,920,295
Net cash used in investing activities	(51,918,786)	(45,671,073)
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of share warrants	125,390,973	128,633,994
Movement in share application money	(41,796,994)	-
Proceeds from issue of Esops	-	24,981,969
Dividends and dividend tax paid during the year	(33,380,697)	-
Net Cash generated from financing activities	50,213,282	153,615,963
D Net increase / (decrease) in cash and cash equivalents	321,419,925	824,028,429
E Cash and cash equivalents at the beginning of the year	1,333,018,081	508,989,652
F Cash and cash equivalents at the end of the year	1,654,438,006	1,333,018,081
Notes forming part of the financial statements		

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad
May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din : 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

VP - Legal & Secretarial

Notes forming part of the financial statements

1 Corporate information

Tanla 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 billion 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 backed by the best of IT setup, highly scalable cloud infrastructure, industry standard processes and world-class security (ISO 27001:2013) 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).

On November 28, 2017, Tanla incorporated a subsidiary "Capitalsiri Investments Private Limited" (the company) with the object of carrying on the business of non-banking financial institution ("NBFC") without accepting public deposits. The company which proposes to provide loans to small and medium enterprises has not yet started its operations.

The consolidated financial statements for the year ended March 31st, 2018 were approved by the Board of Directors and authorised for issue on May 18, 2018.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements

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

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 27 "Consolidated and Separate Financial Statements". The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Accounting policies are consistently applied except where a newly issued accounting standard is initially

adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the consolidated financial statements. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

2.2 Use of Accounting Estimates

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

2.3 Revenue recognition

Revenue from messaging services is recognized based on the no. of messages delivered on a fixed price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability. Revenue from Telecom Value Added Services, net of credit notes, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract. Interest Income is recognised on an accrual basis. Revenue from sale of plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

Notes forming part of the financial statements

2.4 Property, plant and equipment

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

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

2.5 Depreciation and Goodwill

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

Type of Asset	Useful life
Buildings	60 years
Computers & software	3 to 6 years
Platforms & deployments	5 to 10 years
Office equipment	05 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

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

b) On the fixed assets of Tanla Mobile Asia Pacific Pte Ltd., Singapore and Tanla Corporation Pvt Ltd., India, depreciation is provided on Straight Line Method. The applicable rates are based on the local laws and practices of the respective countries.

2.6 Investment Property

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

2.7 Inventories

Inventories are valued at lower of cost and net realisable

2.8 Employee Benefits

Defined Contribution Plans

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering the eligible

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

b. Provident fund

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

c. Employee State Insurance Fund:

Eligible employees (whose gross salary is less than ₹ 21,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred.

2.9 Research and development

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

2.10 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Notes forming part of the financial statements

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates (i.e., "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.11 Taxes on Income

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

- a) Current income tax: Current income tax is measured at the amount expected to be paid to the taxation authorities in accordance with Income tax act, 1961.
- b) Deferred tax: Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- c) Minimum Alternate Tax: According to section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax ("MAT") paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

2.12 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments for which separate financial

information are available and operating profit/loss there from are evaluated regularly by the management for allocation of resources and assessment of performance. Revenue, expenses, assets and liabilities which relate to the company as a whole which are not allocable to segments on direct and/or reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.13 Earning Per Share (EPS)

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

2.14 Investments

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

2.15 Impairment of non-financial assets

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

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2.16 Provisions and Contingent Liabilities

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

Notes forming part of the financial statements

2.17 Financial Instruments

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

Initial Recognition

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

Subsequent Measurement

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through Profit and Loss

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

Financial liabilities

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

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

Investment in Subsidiaries

Investment in Subsidiaries is carried at cost

De-recognition

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

Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for the financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses.

For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Impairment of financial assets

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

Cash and cash equivalents

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

Notes forming part of the financial statements

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

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.18 Cash flow statement

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

Notes forming part of the financial statements

3 Property, plant and equipment

Description	in ₹										
	Land	Building	Leasehold improvements	Furniture	Computers & Software	Platforms & Deployments	Office Equipment	Vehicles	Airconditioners	License Manager Software	Total
Gross carrying amount											
Cost as at 01 April 2017	76,570,150	116,232,101	17,381,355	27,313,074	286,337,710	4,250,504,828	12,152,535	17,428,294	29,146,443	1	4,833,065,891
Additions	-	-	11,361,743	5,95,000	421,204,390	-	982,276	-	-	-	434,143,409
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost as at 31 March 2018	76,570,150	116,232,101	28,743,098	27,908,074	707,541,500	4,250,504,828	13,134,811	17,428,294	29,146,443	1	5,267,209,300
Accumulated Depreciation											
Accumulated depreciation as at 01 April 2017	-	4,614,814	5,793,785	12,504,202	44,303,765	83,194,693	5,181,377	5,365,829	17,723,211	1	178,681,677
Additions	-	1,994,113	5,793,785	6,624,993	136,777,391	402,138,880	2,092,481	8,078,852	5,129,729	-	568,630,225
Disposals	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	-	6,608,927	11,587,570	19,129,195	181,081,156	485,333,573	7,273,858	13,444,681	22,852,940	1	747,311,902
Net Carrying amount as at 31 March 2018	76,570,150	109,623,174	17,155,528	8,778,879	526,460,344	3,765,171,255	5,860,953	3,983,613	6,293,503	-	4,519,897,399

Description	in ₹										
	Land	Building	Leasehold improvements	Furniture	Computers & Software	Platforms & Deployments	Office Equipment	Vehicles	Airconditioners	License Manager Software	Total
Gross carrying amount											
Cost as at 01 April 2016	76,570,150	88,685,601	15,279,502	23,099,191	68,051,092	-	11,218,416	14,528,894	27,978,883	52,816,239	378,227,968
Additions	-	27,546,500	2,101,853	4,213,883	227,895,640	4,953,878,844	934,119	9,972,350	1,167,560	-	5,227,710,749
Disposals	-	-	-	-	-	(703,374,016)	-	(7,072,950)	-	-	(710,446,966)
Cost as at 31 March 2017	76,570,150	116,232,101	17,381,355	27,313,074	295,946,732	4,250,504,828	12,152,535	17,428,294	29,146,443	52,816,239	4,895,491,751
Accumulated Depreciation											
opening as at 01 April 2016	-	2,310,926	-	6,555,729	20,585,514	-	2,789,340	2,840,122	8,729,436	36,793,322	80,604,389
Additions	-	2,303,888	5,793,785	5,948,473	68,737,998	83,194,693	2,392,037	2,525,708	8,993,775	16,022,917	195,913,273
Disposals	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2017	-	4,614,814	5,793,785	12,504,202	89,323,512	83,194,693	5,181,377	5,365,829	17,723,211	52,816,239	276,517,662
Net Carrying amount as at 31 March 2017	76,570,150	111,617,287	11,587,570	14,808,872	206,623,220	4,167,310,135	6,971,158	12,062,465	11,423,232	-	4,618,974,089

Notes forming part of the financial statements

4 Goodwill

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
On account of Tanla Corporation Pvt Ltd	-	4,674,000
Total	-	4,674,000

5 Deferred tax

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax asset on account of depreciation	145,209,429	69,053,461
Total	145,209,429	69,053,461

Deferred tax assets/(liabilities):

(in ₹)				
Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
For the year ended March 31, 2017				
Property, plant & Equipment and Intangible assets	49,221,373	19,160,056	-	68,381,429
Employee benefits	1,244,595	-	-	1,244,595
Other items giving rise to temporary differences	(155,388)	-	(417,115)	(572,503)
	50,310,580	19,160,056	(417,115)	69,053,521
For the year ended March 31, 2018				
Property, plant & Equipment and Intangible assets	68,381,429	72,440,501	-	140,821,930
Employee benefits	1,244,595	-	3,522,206	4,766,801
Other items giving rise to temporary differences	(572,503)	-	193,201	(379,302)
Total	69,053,521	72,440,501	3,715,407	145,209,429

6 Other advances

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Advance service tax under protest	-	19,368,932
(b) Other advances	27,020,170	106,141,334
(c) Advance income tax and TDS	83,377,263	52,879,039
Total	110,397,432	178,389,305

7 Inventories

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Stock in trade (land) *	-	220,928,638
Total	-	220,928,638

* - Balance inventory as at end of FY 2017 was sold during the year

Notes forming part of the financial statements

8 Trade Receivables

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Unsecured		
Considered good	2,671,989,066	1,142,991,257
Considered doubtful	-	598,536
Sub-total	2,671,989,066	1,143,589,792
Less:		
Allowance for doubtful debts	(6,738,859)	(7,311,040)
Total	2,665,250,207	1,136,278,752

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.

9 Cash and cash equivalents

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
- Current accounts	541,684,647	944,450,385
- Deposit accounts	1,060,294,178	290,516,987
- Cash on hand	283	188,726
	1,601,979,107	1,235,156,098
(b) Other bank balances		
(i) Unclaimed dividends	854,929	742,657
(ii) Balances under deposits*	51,603,970	97,119,326
	52,458,899	97,861,983
Total	1,654,438,006	1,333,018,081

Deposits with a carrying amount of ₹ 5.16 crore (March 2017 - ₹ 9.71 crore) are towards margin money given for bank guarantees given to Telcos.

10 Loans and advances

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Loans to employees	21,462,320	25,149,000
Total	21,462,320	25,149,000

11 Other current assets

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Other advances	76,376,352	8,802,604
(ii) GST Input credit	90,451,953	-
(iii) Advance Income tax & TDS	56,340,580	30,534,279
Total	223,168,886	39,336,882

Notes forming part of the financial statements

12 Equity Share Capital

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Authorised 120,000,000 Equity shares of ₹ 1/- each	120,000,000	120,000,000
(ii) Issued Subscribed and fully paid up: 112,421,952 (107,485,785) Equity Shares of ₹ 1/- each fully paid-up	112,421,952	107,485,785
Total	112,421,952	107,485,785

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in ₹	No. of Shares	in ₹
Equity Shares:				
Shares outstanding at the beginning of the year	107,485,785	107,485,785	101,479,593	101,479,593
Add: Issued and allotted during the year	4,936,167	4,936,167	6,006,192	6,006,192
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	112,421,952	112,421,952	107,485,785	107,485,785

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

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

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in %	No. of Shares	in %
D Uday Kumar Reddy	19,496,493	17.34%	17,028,409	15.84%
D Tanuja Reddy	14,319,270	12.74%	11,851,187	11.03%

13 Other Equity

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
(i) Other reserves		
- Capital reserve	69,919,556	69,919,556
- General reserve	254,817,667	254,817,667
- Investment subsidy	400,000	400,000
- Securities premium reserve	4,648,629,544	4,486,377,744
- Share application money pending allotment	-	41,796,994
- Employee stock options outstanding account	35,764,971	28,160,976
(ii) Retained earnings		
Opening	699,310,183	290,176,061
Profit for the year/quarter	191,078,701	409,134,122
Less: Interim dividend for the year	(27,734,506)	-
Dividend tax	(5,646,191)	-
Sub-total	857,008,187	699,310,183
(iii) Foreign currency translation reserve	893,890,024	874,187,458
(iv) Other items of other comprehensive income	3,623,276	548,925
Total	6,764,053,226	6,455,519,503

Notes forming part of the financial statements

14 Other financial liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Unclaimed dividend	854,929	724,699
Total	854,929	724,699

15 Provisions

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment - long term	-	518,856
Provision for gratuity - long term	326,786	1,210,383
Total	326,786	1,729,239

16 Other non-current liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Other security deposits and advances	785,000	210,000
Total	785,000	210,000

17 Trade and other payables

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables	2,374,968,691	1,233,766,318
Total	2,374,968,691	1,233,766,318

As at March 31st, 2018 and March 31st, 2017, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same

18 Other current liabilities

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Statutory liabilities	21,475,511	32,024,599
Other liabilities	41,222,115	65,920,099
Total	62,697,627	97,944,699

19 Short term provisions

(in ₹)		
Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment - short term	66,385	20,616
Total	66,385	20,616

Notes forming part of the financial statements

20 Liabilities for Current Tax

Particulars	(in ₹)	
	As at March 31, 2018	As at March 31, 2017
Provision for income tax	23,649,084	11,912,894
Total	23,649,084	11,912,894

21 Revenue from Operations

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Overseas	849,226,737	834,523,424
Domestic: India	7,066,905,777	4,958,477,001
Total	7,916,132,515	5,793,000,426

22 Other Income

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest income	16,165,812	17,158,683
Exchange fluctuation	-	5,217,114
Profit on sale of assets	-	78,936
Miscellaneous income	3,971,155	2,465,562
Net income on sale of land	27,462,605	-
Total	47,599,572	24,920,295

23 Cost of Services

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cost of services	6,964,744,203	4,947,121,417
Less: Cash discount	10,040,640	1,624,217
Total	6,954,703,563	4,945,497,200

24 Employee benefit expense

Particulars	(in ₹)	
	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries and wages	117,176,784	107,927,471
Employee stock option cost	7,603,995	18,999,368
Contribution to provident and other funds	6,157,811	4,470,140
Staff welfare expenses	10,884,454	13,011,116
Total	141,823,044	144,408,095

Notes forming part of the financial statements

25 Travelling expenses

(in ₹)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Travelling expenses	25,286,224	25,120,439
Conveyance & others	413,887	556,800
Total	25,700,111	25,677,239

26 Connectivity and Bandwidth charges

(in ₹)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Data centre and hosting charges	9,301,780	4,152,007
Internet and cloud computing charges	28,830,643	16,146,167
Total	38,132,423	20,298,174

27 Other Expenses

(in ₹)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Marketing and advertisement expense	9,488,212	12,951,438
Communication expenses	1,999,899	1,838,542
Repairs & maintenance expenses	11,329,928	9,849,412
Rent, rates & taxes	27,719,380	32,037,010
Postage & Courier	624,716	620,612
Printing & stationery	2,282,313	2,445,770
Office maintenance	7,726,947	5,341,376
Power & fuel	3,610,115	3,356,362
General expenses	2,598,342	2,520,514
Insurance expenses	1,311,562	896,027
Listing fees to stock exchanges	1,485,222	1,340,451
Professional charges	15,780,600	9,340,405
Research & Development Expenses	1,871,894	1,741,025
Exchange Fluctuation	3,334,332	2,940,885
Auditors remuneration	2,960,968	3,001,382
Finance & bank charges	3,686,311	3,560,983
Allowance for doubtful debts	(572,181)	1,870,994
Bad debts written off	6,196,507	-
Loss on sale of assets	-	149,485
Corporate social responsibility expense	450,639	350,000
Total	103,885,706	96,152,673

Notes forming part of the financial statements

28 Taxes

(a) Income tax expense

			(in ₹)	
S. No.	Particulars	2017-18	2016-17	
(i)	Profit or loss section			
	Current tax	23,649,084	4,537,813	
	Deferred tax	(72,440,561)	(19,160,056)	
	Mat credit entitlement	(16,104,210)	(4,537,813)	
	Total income tax expense recognised in Statement of Profit & Loss	(64,895,686)	(19,160,056)	
(ii)	Other comprehensive income (OCI) Section			
	Deferred tax asset recognized on employees gratuity	(806,572)	(417,115)	
	Income tax charged to Other Comprehensive Income (OCI)	(806,572)	(417,115)	

(b) Reconciliation of effective tax rate:

			(in ₹)	
S. No.	Particulars	2017-18	2016-17	
(i)	Profit/(loss) before tax	126,183,015	389,974,066	
	Tax using company's domestic tax rate	34.608%	34.608%	
	Expected tax expense	43,669,418	134,962,225	
	Tax at statutory income tax rate	43,669,418	134,962,225	
(ii)	Tax effect of:			
	Income tax effect of timing difference in depreciation	(43,669,418)	-	
	Undistributed earnings in subsidiaries	7,544,875	(134,962,225)	
	Others (net)	(72,440,561)	24,396,800	
	Income tax expense	(64,895,686)	19,160,056	

29 Financial Instruments

			(in ₹)	
S. No.	Particulars	As at March 31, 2018	As at March 31, 2017	
(i)	Financial Assets			
	Amortised cost			
	Trade Receivables	2,665,250,207	1,136,278,752	
	Cash and bank balances	1,654,438,006	1,333,018,081	
	Other financial assets	21,462,320	25,149,000	
	Total Financial assets	4,341,150,534	2,494,445,833	
(ii)	Financial Liabilities			
	Amortised cost			
	Trade Payables	2,374,968,691	1,233,766,318	
	Other financial liabilities	854,929	724,699	
	Total Financial Liabilities	2,375,823,620	1,234,491,017	

Financial risk management

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

- Market Risk
- Liquidity Risk
- Credit Risk

Notes forming part of the financial statements

(i) Risk management framework

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

(a) Market Risk

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

(i) Foreign currency risk

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

The foreign currency risks from financial instruments is as follows:

	(in ₹)				
As at March 31, 2018	AED	USD	EURO	SGD	GBP
Financial Assets					
Trade Receivables	2,051,809	330,613,376	1,468,984	2,731,754	21,012,069
Cash and Cash equivalents	12,085,798	139,722,671	631,265	536,455	119,502
	14,137,607	470,336,047	2,100,249	3,268,210	21,131,570
Financial Liabilities					
Trade Payables	94,862	146,550,283	2,764,179	-	-
	94,862	146,550,283	2,764,179	-	-
As at March 31, 2017	AED	USD	EURO	SGD	GBP
Financial Assets					
Trade Receivables	22,649,212	470,565,070	4,740,319	79,914,307	8,820,850
Cash and Cash equivalents	25,981,510	31,289,893	17,540,271	380,081	12,769
	48,630,722	501,854,963	22,280,589	80,294,388	8,833,619
Financial Liabilities					
Trade Payables	7,595,255	240,204,924	1,119,505	82,781,077	-
	7,595,255	240,204,924	1,119,505	82,781,077	-

(b) Liquidity Risk

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

	(in ₹)		
As at March 31, 2018	Due in 1 year	1 - 2 years	3-5 years
Financial Liabilities			
Trade Payables	2,374,968,691	-	-
Other financial liabilities	235,623	-	619,306
Total	2,375,204,314	-	619,306
As at March 31, 2017			
Trade Payables	1,233,766,318	-	-
Other financial liabilities	198,515	236,815	307,327
Total	1,233,964,833	236,815	307,327

Notes forming part of the financial statements

(c) Credit Risk

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

Trade receivables

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 26,652.50 lakhs (March 31st, 2017 - ₹ 9,479.47 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(in ₹)	
Allowance for doubtful debts	2017-18	2016-17
Opening balance	7,311,040	5,440,046
Impairment loss recognised/(reversed)	(572,181)	1,870,994
Closing balance	6,738,859	7,311,040

30 Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year is ₹ 405,785/-

(in ₹)				
S. No.	Particulars	2017-18		Total in ₹
		in Cash	Yet to be paid in cash	
	Equity Shares:			
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	450,639	-	450,639

(in ₹)				
S. No.	Particulars	2016-17		Total in ₹
		in Cash	Yet to be paid in cash	
	Equity Shares:			
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	350,000	-	350,000

31 Dividends

On May 18, 2018, the Board of Directors of the Company has proposed a final dividend of ₹ 0.30 per equity share of ₹ 1/- each in respect of the year ending March 31st, 2018 subject to the approval of the Shareholders at the Annual General Meeting.

If approved, the dividend would result in a cash outflow of ₹ 405.93 lakhs inclusive of distribution tax of ₹ 68.66 lakhs.

Notes forming part of the financial statements

32 Employee Stock Option Plan (ESOP)

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

Tanla ESOP Plan :

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

Details of the grant/issue as at March 31st, 2018 are given below:

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	No. of share options	Weighted average exercise price in ₹	No. of share options	Weighted average exercise price in ₹
Options outstanding at the beginning of the year	1,444,850	26.51	3,087,000	27
Granted during the year	-	26.51	3,087,000	26.51
Vested during the year	-	26.51	1,006,110	26.51
Exercised during the year	-	26.51	942,360	27
Lapsed during the year	-	-	-	-
Forfeited during the year	-	26.51	699,790	27
Options outstanding at the end of the year	1,444,850	26.51	1,444,850	26.51
Options vested and exercisable at the end of the year	-	26.51	1,444,850	26.51

Please refer Board's report for full details.

33 Statement of Net Assets and Profit or loss attributable to owners and minority interest

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in Profit or loss for the year ended March 31, 2018		Share in other comprehensive income year ended March 31, 2018		Share in Total Comprehensive income for the for the year ended March 31, 2018	
	As % of Consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit or loss	Amount ₹ in Lakhs	As % of consolidated profit or loss	Amount ₹ in Lakhs	As % of consolidated profit or loss	Amount
Holding Company								
Tanla Solutions Limited	88.8%	61,090	71.0%	1,356	91.9%	209	73%	1,565
Foreign Subsidiary								
Tanla Mobile Asia Pacific Pte Ltd	3.2%	2,169	171%	326	8.1%	18	16%	345
Indian Subsidiaries								
Tanla Corporation Pvt Ltd	7.7%	5,305	12.2%	233	-	-	11%	233
Capitalsiri Investments Pvt Ltd	0.3%	200	-0.2%	(5)	-	-	(0.002)	(5)
Joint Venture in India								
TZ Mobile Pvt Ltd	-	-	-	-	-	-	-	-
	100%	68,765	100%	1,911	100%	228	100%	2,139

Notes forming part of the financial statements

34 Contingent Liabilities

- i Total Guarantees outstanding as of March 31st, 2018 amounting to ₹ 25.00 Lakhs (March 31st, 2017 – ₹ 2490.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to mobile operators against their receivable from the Company.

ii) Claims against the Company not acknowledged as debt:

		(in ₹)	
S. No.	Particulars	2017-18	2016-17
1	Outstanding guarantees given by the company	2,500,000	249,000,000
2	Claims against company, not acknowledged as debts [#]	164,622,062	164,622,062
3	Claims made by company, not acknowledged as debts	-	-
4	Corporate Guarantee given to subsidiary companies	-	-

[#] 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 ₹ 900.3 lakhs on account of taxable service on import of information technology and software services and interest and penalty amounting to ₹ 745.9 lakhs. Against this demand the Company deposited an amount of ₹ 193.7 lakhs during FY 2009-10 and FY 2010-11. Aggrieved by the demand order, the Company filed appeal before the CESTAT based on advise by its legal counsel. The appeal is pending hearing by CESTAT. During the FY 2018, the Company has deposited the balance amount of Service tax demand of ₹ 706.6 lakhs with the department and has utilised input credit against the same under the GST regime. Based on the strength of its case, Management believes that the outcome of a liability is not probable.

35 Segment Reporting (Consolidated)

Reporting of Segment wise Revenue, Results and Capital Employed :

		(₹ in lakhs)	
		Consolidated Results for the	
S. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1	Segment Revenue		
	(a) Mobile VAS & Software Development	76,301.43	55,630.00
	(b) Property Development	2,859.90	2,300.00
	Total Sales/Income from Operations	79,161.33	57,930.00
	Less: Inter Segment Revenue	-	-
	Net Sales/Income from operations	79,161.33	57,930.00
2	Segment Results - Profit(+)/Loss(-) before other income and tax		
	(a) Mobile VAS & Software Development	201.74	3,057.24
	(b) Property Development	584.09	593.30
	Total Segment Results - Profit(+)/Loss(-) before other income and tax	785.83	3,650.54
	Less: Other Income	(476.00)	(249.20)
	Profit before Tax	1,261.83	3,899.74
3	Segment Assets:		
	(a) Mobile VAS & Messaging Services	89,968.09	74,570.08
	(b) Property Development	1,978.05	4,523.06
	Total Segment Assets	91,946.14	79,093.14
	Segment Liabilities:		
	(a) Mobile VAS & Messaging Services	24,578.72	13,383.43
	(b) Property Development	54.77	79.65
	Total Segment Liabilities	24,633.49	13,463.08

Notes forming part of the financial statements

36 Related Party Disclosures:

A) List of Related Parties:

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

B) Related party Transactions for the year ended March 31, 2018:

Refer Note 37B of notes to Standalone Financial Statements

C) List of Transactions with key management personnel

(in ₹)

Particulars	Salary and allowances	Contributions to provident and other funds	Perquisites	Total remuneration
D. Uday Kumar Reddy - Chairman & Managing Director	12,637,164	637,168	-	13,274,332
Srinivas Kamoji Gunupudi - Chief Financial Officer	3,445,879	165,403	86,147	3,697,429
Seshanuradha Chava - VP Legal & Secretarial	2,467,205	121,889	187,854	2,776,948
Total	18,550,248	924,460	274,001	19,748,709

Remuneration to non-executive directors

Particulars	Sitting Fees	Committee Fees	Total
Mr. Ram Narain Agarwal	60,000	75,000	135,000
Dr. A G Ravindranath Reddy	80,000	90,000	170,000
Ms. N Kalpana	80,000	90,000	170,000
Total	220,000	255,000	475,000

Notes forming part of the financial statements

37 Earnings Per Share

Particulars	(in ₹)	
	2017-18	2016-17
Net profit after tax	191,078,701	409,134,122
Weighted average number of equity shares of ₹ 1 each	112,421,952	107,485,785
Nominal value of share	₹ 1	₹ 1
Earnings per share (basic/diluted) ₹	1.70	3.81

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

As per our report attached

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M V Ratnam

Partner

Membership No. 008314

Hyderabad

May 18, 2018

For and on behalf of the Board

Tanla Solutions Limited

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 22nd Annual General Meeting

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Tanla Solutions Limited ("Company"), will be held at 11:30 A.M. on Friday, 28th September 2018 at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad - 500081, to transact the following business:

Ordinary Business

1. To receive, consider and adopt:
 - a) the Audited Financial Statements of the Company for the financial year ended March 31st, 2018, the Report of the Board of Directors and the Report of the Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.
2. To declare a Final Dividend of ₹ 0.30/- per Equity Share of ₹ 1/- each for the financial year ended 31st March 2018.

To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, a final dividend for the year ended March 31st, 2018, of ₹ 0.30/- per fully paid up equity share of ₹ 1/- each be and is hereby declared and paid to the Members whose names appear on the Register of Members on 20th September 2018."

3. To appoint a Director:

Mr. D. Uday Kumar Reddy (DIN: 00003382), who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for the reappointment of Mr. D. Uday Kumar Reddy (DIN: 00003382) as Director, to the extent that he is required to retire by rotation and continuation as Managing Director of the Company as per the approval accorded by the Members at the 19th Annual

General Meeting of the Company held on September 16, 2015 and as revised/amended from time to time."

4. To reappoint the Statutory Auditors:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. M.N.Rao & Associates, Chartered Accountants (Firm Registration No.005386S), be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of 22nd Annual General Meeting (AGM) till the conclusion of the 23rd AGM of the Company to be held in the year 2019, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business

5. Revision in terms of Remuneration payable to Mr. D. Uday Kumar Reddy (DIN: 00003382), Chairman & Managing Director.

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT, pursuant to Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Part II of Schedule V of the Companies Act, 2013, Mr. D. Uday Kumar Reddy, (DIN: 00003382) Chairman & Managing Director, be and is hereby paid a remuneration of ₹ 240.00 lakhs per annum as recommended by the Nomination & Remuneration Committee in its meeting dated May 18, 2018 from the month of June 2018 till December 2019 i.e., until the expiry of the term of appointment as Chairman & Managing Director, as per the resolution passed by the shareholders in 19th AGM, excluding other benefits, allowances, perquisites."

"RESOLVED FURTHER THAT, Mr. D. Uday Kumar Reddy, (DIN: 00003382) Chairman & Managing Director would be eligible for the following perks as recommended by the Nomination & Remuneration Committee in its meeting dated May 18, 2018 in addition to the above mentioned remuneration, as per Section 197 read with Part II of Schedule V and other applicable provisions, if any, of the

Companies Act, 2013 or any Statutory modification(s) or re-enactment thereof:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
- b. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c. Encashment of leave as per the Company's rules at the end of tenure."

"RESOLVED FURTHER THAT, for the purpose of giving effect to the payment of remuneration, the Board of Directors be and is hereby authorized on behalf of the company to do all such acts, deeds, things and matters as may be deemed expedient or desirable to give effect to the above said resolution."

Your Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution.

Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.34% of the paid-up capital of the company as on August 14, 2018.

6. To re-appoint Dr. A.G.Ravindranath Reddy (DIN: 01729114) as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"RESOLVED THAT, pursuant to the provisions of Sections 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. A.G. Ravindranath Reddy (DIN: 01729114), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member

proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 1 (one) year from conclusion of this AGM till the conclusion of 23rd AGM of the Company to be held in 2019."

7. To re-appoint Ms. N. Kalpana Reddy (DIN: 07328517) as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. N. Kalpana Reddy (DIN: 07328517), who was appointed as an Independent Director on and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 1 (one) year from conclusion of this AGM till the conclusion of 23rd AGM of the Company to be held in 2019."

For Tanla Solutions Limited

Sd/-

Seshanuradha Chava

Company Secretary &
VP – Legal & Secretarial

Hyderabad
August 14, 2018

Registered Office:

Tanla Solutions Limited
Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081.
CIN: L72200TG1995PLC021262
www.tanla.com

Notes:

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company.

The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. A person can act as a proxy on behalf of members upto and not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Brief profile of Mr. D. Uday Kumar Reddy, Chairman & Managing Director, Mr. AG Ravindranath Reddy and Ms. N Kalpana Reddy, Independent Directors proposed to be re-appointed, along with names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and his/her relationship with other directors inter-se as stipulated under Regulations of the Listing Agreement with the Stock Exchange(s), are provided in the Report on Corporate Governance forming part of the Annual Report.
4. An Explanatory Statement under Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Meeting is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed on September 28, 2018.
6. Pursuant to the provisions of Section 124 of the Companies Act 2013, the amount of dividend remaining unclaimed up to the financial year 2009-10 has been transferred, from time to time on due dates, to the Investors Education & Protection Fund. Details of unpaid/unclaimed dividends lying with the Company as on the last Annual General Meeting of the Company is available on the website of the Company. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund. The seven year period of "Unpaid and Unclaimed dividend for the year 2010-11" which amounts to ₹ 2,35,623 (Rupees Two Lakh Thirty-Five Thousand Six Hundred and Twenty-Three Only) expires on October 30, 2018 and the same will be transferred to the "Investor Education and Protection Fund".
7. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
11. Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

12. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
14. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
15. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following: evoting@karvy.com

The Annual Report for the year ending 31st March 2018 and Notice of the AGM inter-alia indicating the manner and process of e-voting along with the Attendance Slip and Proxy Form are being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

16. Members may also note that the Notice of the 22nd AGM and the Annual Report for 2018 will also be available on the Company's website www.tanla.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in

Hyderabad for inspection during the normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's email id: investorhelp@tanla.com.

17. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited. The procedure for participating in the e-voting is given below:

E-Voting Instructions:

- A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (**i.e. User ID and password**). In case of physical folio, User ID will be EVENT number **4202** followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended

- that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., Tanla Solutions Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the notice separately.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm; else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ramakrishna@rna-cs.com with a copy marked to evoting@karvy.com. The scanned image of the above-mentioned documents should be in the naming format "Tanla - 22nd AGM".
- B. (1) In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants (s)]
- i. **E-Voting Event Number** – 4202 (EVENT), User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- (2) Voting at AGM: The Members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements (e-voting/ballot) in this regard at the AGM Venue. Members, who cast their votes by e-voting prior to AGM may attend the AGM, but will not be entitled to cast their votes again.
- Other Instructions:**
- i. In case of queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy website) or call KCPL on Toll Free No.1800 3454 001.
 - ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - iii. The e-voting period commences on **Tuesday, September 25, 2018 (9:00 a.m. IST) and ends on Thursday, September 27, 2018 (5:00 p.m. IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., **September 20, 2018** may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 - iv. Any person, who becomes a member of the Company after the dispatch of the notice of the meeting and holding shares as on the cut-off date i.e. **September 20, 2018** may write to e-voting@karvy.com or to the company at investorhep@tanla.com requesting for User ID and password. On receipt of User ID and password the steps from (i) to (xi) mentioned above should be followed for casting

their vote, if the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

- v. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date **September 20, 2018**.
- vi. The Board of Directors has appointed Mr. R. Ramakrishna Gupta, Practicing Company Secretary (Membership No. FCS 5523) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, 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 Meeting, 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.
- viii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- ix. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.tanla.com and on the website of KARVY at <https://evoting.karvy.com>, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

**Explanatory Statement
Pursuant to Section 102 (1) of the Companies
Act, 2013 ("the Act") read with section 110 of the
Companies Act, 2013**

Item No. 5

The members are being informed that Mr. D. Uday Kumar Reddy was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from January 14, 2015 at the Annual General Meeting of the Company held on September 16, 2015 (19th AGM).

The Board of Directors of the Company considered the nature of services and on the recommendation and resolution passed by Nomination and Remuneration Committee (NRC) at its meeting held on May 18, 2018 considered increase in remuneration payable to Mr. D. Uday Kumar Reddy, Chairman & Managing Director to ₹ 240 Lakhs p.a. payable from the month of June 2018 till December 2019 i.e., until the expiry of term of appointment as Chairman & Managing Director as per the resolution passed by the shareholders in 19th AGM, excluding other benefits, allowances, perquisites.

Statement as required under Part II of Section II of Schedule V to the Companies Act, 2013:

I. General Information:

- (1) Nature of Industry: Tanla started its journey as the new millennium dawned, with a 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 backed by the best of IT setup, highly scalable cloud infrastructure, industry standard processes and world-class security (ISO 27001:2013) to meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.
- (2) Date or expected date of commencement of commercial production: Certificate of commencement of business certificate was issued by ROC in July 1995.
- (3) In case of new companies, expected date of commencement of activities: N.A.
- (4) Financial performance based on given indicators:

Particulars	(₹)	
	FY 2017-18	FY 2016-17
Paid up Capital	11,24,21,952	10,74,85,785
Reserves & Surplus	6,52,72,27,014	629,81,62,680
Income from operations	6,91,93,52,268	498,71,50,228
EBIDTA	50,61,77,028	7,14,42,650
Profit before Tax	6,37,50,908	-1,51,31,599
Profit after Tax	13,09,21,659	-62,88,217

(5) Foreign investments or collaborations, if any:

Particulars	As on March 31, 2018 (No. of Shares)	As on March 31, 2017 (No. of Shares)
Foreign Portfolio Investors	1,46,847	6,70,490
Non-Resident Indians	26,48,559	34,49,921
Foreign Nationals	85,886	85,886

The explanatory statement may also be regarded as an abstract of Memorandum under Section 190 of the Companies Act, 2013 (corresponding Section 302 of the Companies Act, 1956) and disclosure under the regulations of the Listing Agreement.

Pursuant to Section 198 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, approval of members is required by way of Special Resolution for payment of aforesaid remuneration to Mr. D. Uday Kumar Reddy, Chairman & Managing Director of the Company.

Your Directors recommend the said resolution for your approval.

Except Mr. D. Uday Kumar Reddy and Mrs. D. Tanuja Reddy, being his relative none of the Directors/ Key Managerial Personnel of the Company/their relatives are, in any way concerned or interested, financially or otherwise, in the above resolution set out in the Notice except to the extent of their shareholding.

II. Information about the appointee:

(1) Background details

Mr. D Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of Tanla Solutions Limited. He is the chief architect of the company, besides being responsible for its meteoric rise from a products-based solution provider to one of the largest publicly traded cloud communication service company, specializing in wireless data services for mobile messaging and billing.

(2) Past remuneration

The shareholders in the 21st AGM approved an annual remuneration of ₹ 120.00 Lakhs for a period of 3 years from October 2017.

(3) Recognition or awards:

Not applicable

(4) Job Profile and his suitability

Mr. Uday's keen business acumen and a sharp focus on innovation combined with an urge to set new milestones in business and technology have been the key drivers of the company's success. An active member in the M&A community, he has been leading discussions across the globe regarding potential alliances and M&A opportunities. Under his able leadership, Tanla has emerged as a global leader in its domain as one of the largest cloud communication providers, handling over 90 bn business communications annually.

(5) Remuneration Proposed

The Nomination and Remuneration Committee in its meeting held on May 18, 2018 proposed an Annual Remuneration of ₹ 240.00 lakhs for a period of 3 years from June 2018 subject to the approval of members in the ensuing 22nd Annual General Meeting.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The indicative salary range for this role, based on the study conducted by the Company is ₹ 150.00 Lakhs to ₹ 450.00 Lakhs which includes annual cash and bonus, as applicable. Considering the current financial position of the Company, the NRC Board has deemed it fit to approve an annual remuneration of ₹ 240.00 Lakhs, excluding perquisites mentioned in Schedule V of the Companies Act 2013.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

There is no pecuniary relationship either directly or indirectly with the company, or relationship with the managerial personnel except with Mrs. D. Tanuja Reddy, the co-promoter of Tanla Solutions Limited. In addition, Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.34% of the paid-up capital of the Company. Mrs. D. Tanuja Reddy holds 1,43,19,270 equity shares constituting 12.74% of the paid-up capital of the Company as on August 14, 2018.

III. Other information:

(1) Reasons of loss or inadequate profits:

Higher depreciation charged in FY 2018, as a result of capitalization of assets in FY 2017, is the reason for lesser profits in FY 2018.

For the year ended on March 31st, 2018, the Company reported profit of ₹ 13.09 crore and the total remuneration payable to all the Managerial personnel cannot exceed ₹ 120.00 Lakhs per annum as per Part II of Schedule V of the Companies Act, 2013, this limit can be doubled through a special resolution in the ensuing Annual General Meeting. NRC has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under Section 197 read with Schedule V of Companies Act, 2013. The NRC thus met on May 18, 2018 and approved the proposed salary payable.

(2) Steps taken or proposed to be taken for improvement:

The ILD Platform operationalized during FY 2018 is expected to generate better revenues and margins, thereby contributing to increase in profitability.

(3) Expected increase in productivity and profits in measurable terms:

The Company expects to generate increased revenues in the coming years.

Your Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution.

Mr. D. Uday Kumar Reddy holds 1,94,96,493 equity shares constituting 17.34% of the paid-up capital of the company as on August 14, 2018.

Item Nos. 6 & 7:

Dr. A.G. Ravindranath Reddy (DIN: 01729114) and Ms. N. Kalpana Reddy (DIN: 07328517), were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of SEBI (LODR) Regulations, 2015 ("Listing Agreement"). They hold office as Independent Directors of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company to be held on September 28, 2018 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

The NRC of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy as Independent Directors for a second term of 1 (One) year on the Board of the Company i.e., from the date of 22nd AGM up to the conclusion/ date of 23rd AGM of the Company to be held in 2019.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the NRC, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 1 (one) year on the Board of the Company i.e., from the date of 22nd AGM up to the conclusion/ date of 23rd AGM of the Company to be held in 2019.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy fulfil the conditions for re-appointment as Independent Directors as specified in the Act and the Listing Regulations. Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 6 & 7 are provided in the "Annexure" 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.

Copy of draft letters of appointment of Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy are interested in the resolutions set out respectively at Item Nos. 6 & 7 of the Notice with regard to their respective re-appointments. The relatives of Dr. A.G. Ravindranath Reddy and Ms. N. Kalpana Reddy may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

With his vast experience as a Corporate Consultant, Mr. A G Ravindranath Reddy, has always actively participated in the Board and Committee meetings, sought clarity on issues related to business, accounting principles and emphasised on employee welfare and regulatory and legal compliance.

As an Independent Woman Director on Board, Ms. Kalpana, was active in issues related to women employees and their welfare. She was also an active participant in discussions relating to Prevention of Sexual Harassment of Women at Workplaces apart from attending all the Board and Committee meetings regularly.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Special Resolutions set out at Item Nos. 6 & 7 of the Notice for approval by the members.

For Tanla Solutions Limited

Sd/-

Seshanuradha Chava

Company Secretary &
VP – Legal & Secretarial

Hyderabad
August 14, 2018

Registered Office:

Tanla Solutions Limited
Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081.
CIN: L72200TG1995PLC021262
www.tanla.com

Tanla Solutions Limited

CIN: L72200TG1995PLC021262

Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.

Phone: + 91-40-40099999, Fax: +91-40-23122999

E-mail: investorhelp@tanla.com Website: www.tanla.com

22nd Annual General Meeting - Friday, 28th September 2018 at 11.30 AM

ATTENDANCE SLIP

Folio No./DP ID & Client ID:

No. of shares held:

Name and address of
First/Sole Member:

I certify that I am a member/proxy/authorised representative of the member of the company.

I, hereby record my presence at the 22nd Annual General Meeting of the Company held on Friday, 28th September 2018 at 11.30 AM at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.

Name of the member/proxy
(in BLOCK letters)

Signature of the member/proxy

Notes:

- 1) Only member/proxy can attend the meeting. No minors would be allowed at the meeting.
- 2) Member/proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- 3) Member/proxy should bring his/her copy of the Annual Report for reference at the meeting.

Tanla Solutions Limited

CIN: L72200TG1995PLC021262

Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.

Phone: + 91-40-40099999, Fax: +91-40-23122999

E-mail: investorhelp@tanla.com Website: www.tanla.com

FORM NO. MGT- 11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): No. of Shares:

Folio No./Client ID: DP ID:

I / We being the holder of Shares of Tanla Solutions Limited, hereby appoint:

- 1) Mr./Ms..... having email id or failing him
- 2) Mr./Ms..... having email id or failing him
- 3) Mr./Ms.....having email id and

whose signature(s) are appended below as my/our proxy to attend and vote (on a poll/e-voting) either for or against each resolution for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Friday, September 28, 2018 at 11.30 A.M. and at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081, any adjournment thereof in respect of such resolutions as are indicated below:

S.No	Subject Matter of the Resolution	For	Against
1	Adoption of Annual Accounts and Reports thereon for the year ended 31st March 2018.		
2	To declare final dividend of 30% on the equity shares for the financial year 2017-18		
3	Re-appointment of Mr. D. Uday Kumar Reddy (DIN: 00003382) who retires by rotation.		
4	Reappointment of M/s. M.N. Rao & Associates, Chartered Accountants as the Statutory Auditors.		
5	Approval of remuneration payable to Mr. D. Uday Kumar Reddy, Chairman & Managing Director.		
6	Re-appointment of Dr. A.G.Ravindranath Reddy (DIN: 01729114) as Independent Director.		
7	Re-appointment of Ms. N Kalpana Reddy (DIN: 07328517) as Independent Director.		

Signed thisday of2018.

Signatures of the member(s)

Signature of first proxy holder

Signature of second proxy holder

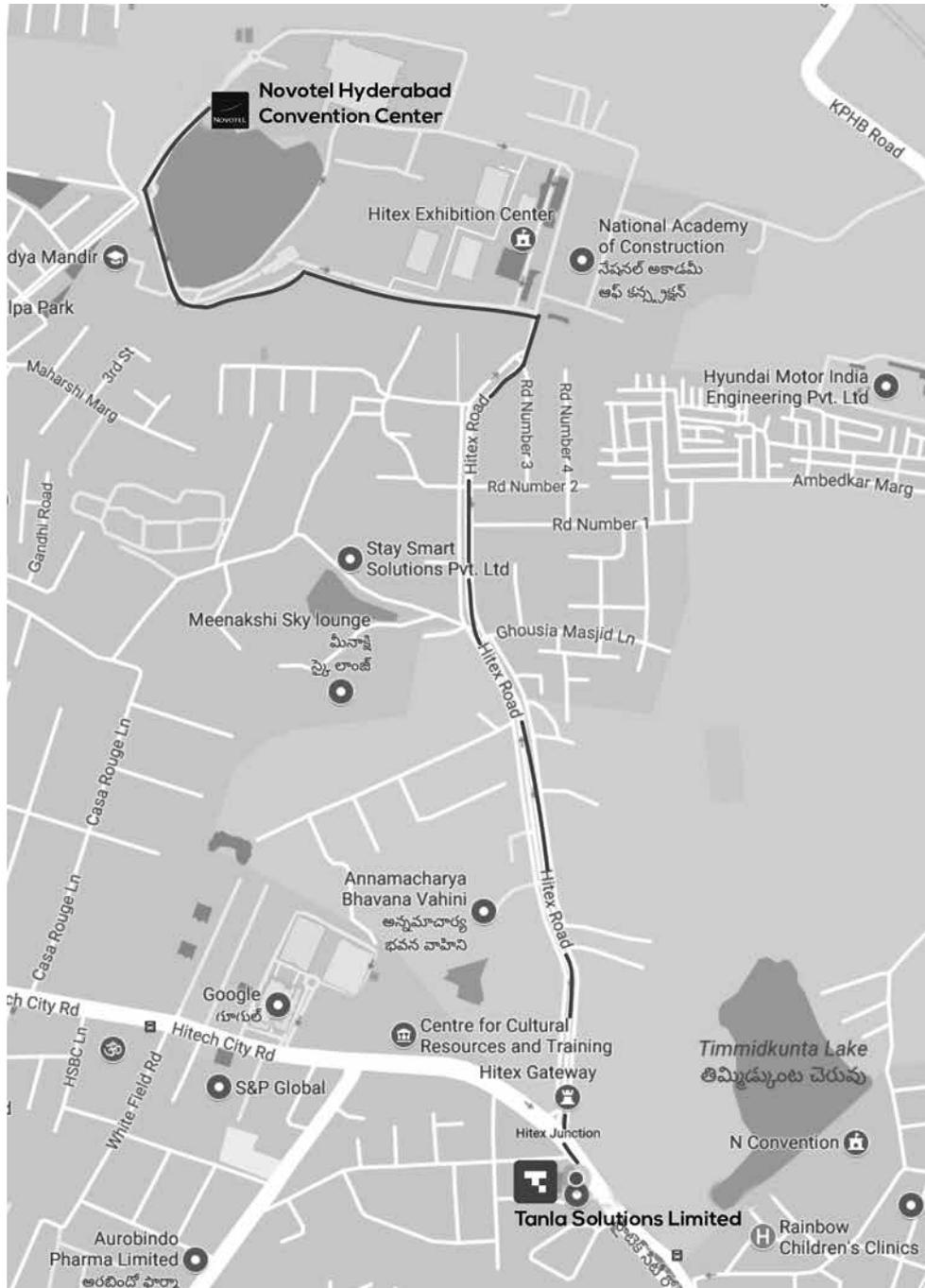
Signature of third proxy holder

Notes:

- a. Proxy need not be a member of the Company.
- b. The Proxy Form in order to be effective shall be duly filled in and signed by the member(s) across revenue Stamp and should reach the Company's Registered Office: Tanla Solutions Limited, Tanla Technology Centre, Hitech City Road, Madhapur, Hyderabad – 500081 at least 48 hours before the commencement of the annual general meeting (i.e. on Wednesday, 26 September 2018 before 11.30 am).
- c. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
- d. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.

Affix a
₹ 1/-
Revenue
Stamp

In terms of the requirements of the Secretarial Standards on general meetings (SS-2) issued by the Institute of Company Secretaries of India, route map for the location of the venue of the 22nd annual general meeting is as under:



Corporate Information

Board of Directors and KMP

Mr. D. Uday Kumar Reddy
Chairman & Managing Director

Mr. Ram Narain Agarwal
Director – Independent

Dr. A.G.Ravindranath Reddy
Director – Independent

Ms. N. Kalpana Reddy
Director – Independent

Mr. Srinivas Gunupudi Kamoji
Chief Financial Officer

Ms. Seshanuradha Chava
Company Secretary & Compliance Officer

Committees of the Board

Audit Committee

Dr. A.G.Ravindranath Reddy
Chairman

Mr. D. Uday Kumar Reddy
Member

Mr. Ram Narain Agarwal
Member

Ms. N. Kalpana Reddy
Member

Stakeholders Relationship Committee

Dr. A.G.Ravindranath Reddy
Chairman

Mr. D. Uday Kumar Reddy
Member

Mr. Ram Narain Agarwal
Member

Nomination and Remuneration Committee

Dr. A.G.Ravindranath Reddy
Chairman

Mr. Ram Narain Agarwal
Member

Ms. N. Kalpana Reddy
Member

Corporate Social Responsibility Committee

Mr. D Uday Kumar Reddy
Chairman

Mr. Ram Narain Agarwal
Member

Dr. A.G.Ravindranath Reddy
Member

Statutory Auditors

M/s. M.N.Rao & Associates,
Chartered Accountants
Flat No. 303, Plot No.135, Prabha Mansion,
Kalyan Nagar Phase I, Hyderabad - 500 038
Telangana, INDIA.

Internal Auditors

Ernst & Young LLP
Oval Office, 18, iLabs Centre, Hitech City,
Madhapur, Hyderabad – 500 081.
Telangana, INDIA.

Secretarial Auditors

BS & Company Company Secretaries LLP
Plot No 250, Opp: Badam Ramulu House,
Near Birla Temple, Adarsh Nagar
Hyderabad - 500 063.
Telangana, INDIA.

Stock Exchanges Where Company's Securities are listed

The National Stock Exchange of India Limited
BSE Limited

Registered Office Address

Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081,
Telangana, India.
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Tanla Technology Centre
Madhapur, Hyderabad,
India - 500081

Telephone: +91-40-40099999
FAX: +91-40-23122999

tanla.com

22nd Annual General Meeting

Time: 11:30 A.M.

Date: 28th September 2018, Friday

Venue: Novotel Hyderabad Convention Centre,
Novotel & HICC Complex, Near Hitec City,
Madhapur, Hyderabad - 500081,