



## Tanla Solutions Limited Investor Update

For the three months ended 30 September 2016

20 October 2016

Tanla Solutions Limited (BSE:52790, NSE: TANLA), the largest provider of A2P Messaging in the world, announced its Q2 financial results according to Ind-AS for the quarter ended September 30, 2016.

“Our constant focus on setting new standards for Quality of Service has lead us to deliver the strongest set of quarterly numbers over the last 8 years. We expect continued growth in the quarters to come driven by growth in A2P messaging and our expansion into Cloud Communications”, commented Uday Reddy, CMD Tanla.

### Financial Highlights:

- Revenue grew to ₹ 135.5 Crores from ₹ 99.3 Crores in Q1, a growth of 36%
- Business Revenue grew to ₹ 129.9 Crores from ₹ 96 Crores in Q1, a growth of 35%
- EBIDTA grew to ₹ 13.7 Crores from ₹ 11.1 Crores in Q1, a growth of 23%
- Profit before tax grew to ₹ 9.57 Crores from ₹ 5.86 Crores in Q1, a growth of 63%
- Profit after tax grew to ₹ 9.7 Crores from ₹ 4.05 Crores in Q1, a growth of 140%
- EPS grew to ₹ 0.96 from ₹ 0.40 in Q1, a growth of 140 %
- Debtor days have been steady at 77 days
- Strong cash realizations resulted in cash balance of ₹ 70 crs

## Business Highlights:

- First phase of Tanla's Cloud Communications platform, in partnership with a leading Mobile Operator in India, went live on Oct 19th 2016. The second phase with advanced features is planned for launch in Q4 FY2017.
- Contract signed with LinkedIn for terminating International messages into India from the Singapore hub.
- Signed up with a leading telecom operator in India for deployment of A2P Messaging Platform. This will be deployed during Q3 FY2017.
- Deployed a dedicated SMSC for OTP traffic with Vodafone, the first of its kind in India, for delivery of mission critical messages.
- Board approved the recommendation of Corporate Social Responsibility (CSR) Committee to take up activities as per the charter of CSR committee for FY2017.

## Outlook:

Tanla is initiating guidance for the third quarter ending December 31, 2016 and for the full year ending March 31, 2017 as follows:

### Quarter ending December 31, 2016:

Total Revenues (in ₹ Cr)	144.0	to	148.3
EBIDTA (in ₹ Cr)	15.1	to	15.8
PAT (in ₹ Cr)	9.3	to	9.9

### Full year ending March 31, 2017:

Total Revenues (in ₹ Cr)	509.7	to	532.8
EBIDTA (in ₹ Cr)	57.7	to	61.8
PAT (in ₹ Cr)	32.6	to	35.1

## Investor Call:

IIFL shall host the Investor call to discuss the un-audited financial results for quarter and half-year ended September 30, 2016, at 4.30 PM on Friday, October 21<sup>st</sup>, 2016.

Dial in details: +91 22 6629 0000 (or)  
+91 22 3065 0000 (or)  
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+91 40 6000 1331

Use Code 2323997# to join the calltails:

## About Tanla:

Tanla Solutions [BSE: 532790|NSE: TANLA] founded in the year 1999, is the largest provider of A2P messaging services worldwide measured by volume of messages processed. Tanla's Fastrack platform is used by enterprises of all sizes including social media, banks, ecommerce and logistics service providers to deliver mission critical messages and communicate with their customers. Tanla employs more than 300 telecom professionals and is listed in BSE and NSE in India

## Safe Harbor:

Certain statements in this presentation are forward looking in nature within the meaning of securities law. Forward looking statements generally relate to future events or future financial or operating performance, which include substantial risks and uncertainties. These statements relate to, among other things, our business strategy, goals and expectations concerning our market position, our channel partners and carrier relationships, size and growth of markets in which we operate and our future financial and operating results.

Although we believe the assumptions upon which these forward looking statements are based are reasonable, the outcome of events described in these forward looking statements depend on a variety of factors known and unknown, uncertainties and other factors including adverse changes in general and economic market conditions and our ability to adapt to evolving market and customer demands and rapid technological changes.

In this presentation, we provide certain non-Ind AS financial measures, which are reconciled to their directly comparable IGAAP financial measures. These reconciliations are presented in the Appendix at the end of this update.

## Condensed Consolidated Statement of Operations:

(₹ in Crores, except earnings per share)

(Unaudited)

	Six Months Ended
	Sept 30, 2016
<b>Revenue</b>	
Revenue from operations	232.91
Other income	1.84
Total Revenue	234.75
<b>Expenditure</b>	
Cost of services	195.46
Employee benefits expense	7.02
Depreciation expense	11.27
Other expenses	5.55
Total Expenses	219.30
Profit / (Loss) before tax	15.45
<b>Tax expense :</b>	
Current tax	2.05
Deferred tax	(0.37)
Profit / (Loss) for the year	13.77
<b>Earnings per share (of ₹ 1 /- each):</b>	
Basic	1.36
Diluted	1.36

## Condensed Consolidated Balance Sheet

(₹ in Crores)

(Unaudited)

	As at Sept 30, 2016
<b>EQUITY AND LIABILITIES</b>	
<b>Shareholders' Funds</b>	
Capital	10.15
Reserves & Surplus	653.84
	<u>663.99</u>
<b>Non-Current Liabilities</b>	
Long-term borrowings	0.26
Other long term liabilities	0.16
	<u>0.42</u>
<b>Current Liabilities</b>	
Short-term borrowings	0.17
Trade payables	107.10
Other current liabilities	5.73
Short-term provisions	3.14
Sub-total Current Liabilities	<u>116.14</u>
	<u>780.54</u>
<b>TOTAL - EQUITY AND LIABILITIES</b>	
<b>ASSETS</b>	
<b>Non-current Assets</b>	
Fixed Assets (incl. Capital Work-in-progress)	532.05
Investment Property	7.85
Goodwill on consolidation	0.47
Deferred tax assets (net)	5.05
Long term loans and advances	6.75
Other non-current assets	6.10
Sub-total Non-current assets	<u>558.27</u>
<b>Current Assets</b>	
Inventories	31.36
Trade receivables	108.37
Cash and cash equivalents	69.94
Short-term loans and advances	1.11
Other current assets	11.49
Sub-total Current assets	<u>222.27</u>
	<u>780.54</u>
<b>TOTAL - ASSETS</b>	
	<u>780.54</u>

## Condensed Consolidated Statement of Cash flow

( ₹ in Crores )

(Unaudited)

	Six Months Ended
	Sept 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net profit before taxation, and extraordinary items	15.43
<b>Adjusted for :</b>	
Depreciation	11.27
Interest & other income received	(1.23)
Loss on sale of discarded assets	0.01
Provision for doubtful debts	0.06
Operating profits before working capital charges	25.55
<b>CHANGES IN CURRENT ASSETS AND LIABILITIES</b>	
(Increase)/Decrease in Trade Receivables	(25.00)
(Increase)/Decrease in Loans and Advances	9.04
Increase/(Decrease) in Trade payables & other liabilities	12.50
Cash generated from operations	22.09
Income taxes paid	-
Net cash generated from operating activities	22.09
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of fixed assets	(2.17)
Purchase of inventories	(2.11)
Interest received	1.23
Net cash used in investing activities	(3.05)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Proceeds towards share application money	-
Dividends and dividend tax paid during the year	-
Net Cash generated from financing activities	-
Net increase / (decrease) in cash and cash equivalents	19.04
Cash and cash equivalents at the beginning of the year	50.90
Cash and cash equivalents at the end of the year	69.94

## Profit reconciliation between IGAAP and Ind AS

( ₹ in Crores )

	Quarter ended Sept 30, 2015	Half year ended Sept 30, 2015
Net Profit/(Loss) under Indian GAAP	4.10	7.23
<b>Details of Ind - AS Adjustments</b>		
Recognition of expected credit loss	(0.05)	(0.11)
Recognition of provision for employee benefits as per actuarial valuation	(0.03)	(0.05)
Recognition of deferred tax on above adjustments	0.03	0.05
Recognition of deferred tax on indexation of land	0.02	0.04
Net Profit/(Loss) under Ind-AS	4.06	7.17
Recognition of actuarial gains/(loss) on employee benefits	0.01	0.02
Recognition of deferred tax on actuarial gain/(loss)	-	(0.01)
Net Comprehensive Income /(Loss) under Ind-AS	4.07	7.18

- Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles.
- Deferred tax adjustments include deferred tax impact on account of differences between Indian GAAP and Ind AS.
- Under Indian GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses is recognized in other comprehensive income in the respective periods and not reclassified to Profit and Loss account in the subsequent period.
- Represents deferred tax impact on actuarial gains/(loss).



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