



Tanla Solutions Limited Investor Update

For the Quarter and Six months ended Sept 30, 2019

Nov 09, 2019

Hyderabad: Tanla Solutions Limited (“Tanla”) announces Second Quarter and Half-year FY20 Financials:

Financial results presented are for full quarter and six months for Tanla and full quarter and from April 10, 2019 to September 30, 2019 for Karix Mobile Private Limited and its wholly owned subsidiary Unicel Technologies Private Limited.

Financial Highlights:

- **Business Revenue** at ₹ 487.2 Cr for the second quarter of FY20, up 23% from first quarter of FY20 and 123% sequentially from second quarter of FY19
- **Non-recurring cost** for the quarter ₹ 29.5 Cr
 - Employee costs of ₹ 29.5 Cr on account of allotment of shares under Employee Stock Purchase Scheme, 2018
- **EBITDA** from business stood at ₹ 31.5 Cr at the equivalent value as in Q1 FY20 and 41% sequentially from second quarter of FY19. EBITDA before non-recurring cost stood at ₹ 61.0 Cr for Q2FY20
- **Finance Cost** for the quarter is ₹ 1.2 Cr on a term loan of ₹ 60.0 Cr @ interest rate of 9.6%. The loan outstanding as on September 30, 2019, is ₹ 56.0 Cr
- **Other income** includes interest on mutual funds & fixed deposits ₹ 1.7 Cr (average rate of interest @ 7%)
- **Net Loss** for the quarter was ₹ 47.0 Cr. Net Profit after Tax without considering non-recurring cost would have been ₹ 33.1 Cr

Business Highlights:

- On-boarded 56 new enterprise customers in Q2 FY20 with an estimated FY20 revenue potential of ~ ₹ 38 Cr
- Participated in RFPs/Tenders of which Punjab National Bank, Maharashtra State Electricity and Distribution Corporation Limited, Uttar Pradesh Power Corporation Limited, Indian Bank, Colgate, IIT Chennai (National Program on Technology Enabled Learning) were won

Corporate Highlights:

- Tanla closed the acquisition of Gamooga Softtech Private Limited on October 24, 2019 for a purchase consideration of ₹ 48.5 Cr. The purchase consideration comprised of a cash payment of ₹ 31.5 Cr and allotment of 21,19,688 equity shares of Tanla of face value ₹ 1 /- to the erstwhile promoters of Gamooga, at a price of ₹ 80/- per equity share
- BDO India has been entrusted with the assignment for 100% verification and rectification of all GST related cost and revenue invoices, prior to accounting and payment of GST and vendors

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

(₹ in Crore)

Particulars	¹ Q2FY20	¹ Q1FY20	² Q2FY19
Revenue			
I. Revenue from operations	487.2	394.6	218.4
II. Other income	1.7	4.7	2.2
III. Total Income (I+II)	488.9	399.3	220.6
IV. Expenses			
Cost of services	388.6	317.9	186.2
Employee benefits expense	45.9	26.7	4.1
Depreciation expense	69.2	153.6	19.2
Travel expenses	2.2	1.1	0.3
Connectivity & related expenses	2.1	1.7	0.6
Finance cost	1.2	1.5	0.1
Other expenses	16.9	15.9	5.0
Total expenses (IV)	526.1	518.4	215.5
V. Profit before non-controlling interest/share in net profit/(loss) of associate (III - IV)	-37.2	-119.1	5.1
VI. Share in net profit/(loss) of associate	-1.5	-0.2	-
VII. Profit before tax (V - VI)	-38.7	-119.3	5.1
VIII. Tax expense:			
Current tax	2.7	2.0	0.3
MAT credit entitlement	0.0	-0.3	-0.3
Deferred tax	5.6	-45.3	-3.3
IX. Profit for the year (VII - VIII)	-47.0	-75.7	8.4
X. Other comprehensive income			
X. Total Comprehensive income for the period	-43.6	-72.8	9.0
XI. Earnings per equity share (₹)			
1. Basic	-3.3	-5.4	0.8
2. Diluted	-3.3	-5.4	0.8

¹Tanla consolidated including Karix

²Tanla consolidated before Karix acquisition

Auditors:

Internal Auditor : Deloitte Haskins & Sells LLP
Statutory Auditor : MSKA & Associates

About Tanla:

Tanla is a Hyderabad, India-based company, established in 1999. It is a global leader in its domain as one of the largest Cloud Communication providers, handling over 200 bn business communications annually. Tanla is innovating the way the world communicates, continuously raising the bar through enhanced speed, ease, and simplicity of Cloud Communication solutions, adopting cutting-edge technologies to meet the needs of a diverse clientele, from enterprises to carriers across geographies.

Safe Harbor:

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



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