



Tanla Solutions Limited Investor Update

For the Quarter and Nine months ended Dec 31, 2019

Feb 13, 2020

Mumbai: Tanla Solutions Limited ("Tanla") announces Third Quarter and Nine Months FY20 Financials:

Financial results presented are for full quarter and nine-months for Tanla and full quarter and from April 10, 2019 to September 30, 2019 for Karix Mobile Private Limited ("Karix) and its wholly owned subsidiary Unicel Technologies Private Limited (Unicel) and from October 24, 2019 to December 31, 2019 for Gamooga Softech Private Limited.

Financial Highlights:

- **Revenue** at ₹ 539.0 Cr up 11% from second quarter of FY20 and 91% sequentially from third quarter of FY19.
- **EBITDA** stood at ₹ 63.7 Cr up 102% from second quarter of FY20 and 128% sequentially from third quarter of FY19.
- **Other income** includes interest on mutual funds & fixed deposits ₹ 2.2 Cr (average rate of interest @ 7%).
- **Net Profit** for the quarter was ₹ 0.7 Cr up from a loss of ₹ 47.0 Cr from second quarter of FY20 and sequentially down by 93% from ₹ 10.0 Cr from third quarter of FY19.
- **Cash and Cash equivalents** for the quarter was ₹ 204.8 Cr up 23% from second quarter of FY20 and sequentially down 3% from third quarter of FY19.

Business Highlights:

- Added ~110 customers in Q3 FY20 with a FY20 revenue potential of ₹ 18.5 Cr and FY21 annual revenue potential of ~ ₹ 85 Cr
- Major wins are Dream11, Redbus, Fino Bank etc
- Tenders won – Canara, HSBC, Samsung OBD

Corporate Highlights:

- Tanla Digital Labs Private Limited, (“Tanla Digital”) a wholly owned subsidiary of Tanla Solutions Limited was incorporated on December 18, 2019, to focus on innovation and development of new products and solutions using State of Art Technology, has been granted approval for setting up a SEZ unit (admeasuring ~ 59,000 sq. ft) in Raheja Mindspace, Hi-Tech City, Hyderabad, Telangana State.
- Merger petition seeking approval for merger of Karix Mobile Private Limited (“Karix”) and Unicel Technologies Private Limited (“Unicel”) was filed in NCLT, Hyderabad on September 30, 2019. For Unicel, the NCLT Bench on December 19, 2019 passed orders to conduct the unsecured creditors meeting on February 01, 2020, accordingly the meeting was conducted, and the Chairman’s Report and Scrutinizer’s Report were filed in NCLT on February 03, 2020. Final petition has been filed with NCLT.
- Pursuant to acquisition of Karix Mobile Private Ltd and its subsidiary Unicel Technologies Private Ltd by Tanla, the task of purchase price allocation (PPA) to various assets including intangible assets and residual goodwill was assigned to an external valuation expert who shared their PPA allocation report during the quarter. The PPA report is under consideration by the Board and accordingly, the accounting has been done on a provisional basis and the impact of amortization on the aforesaid assets has been considered on a pro-rata basis in the current quarter financials.

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

(₹ in Crore)

Particulars	¹ Q3FY20	² Q2FY20	³ Q3FY19
Revenue			
I. Revenue from operations	539.0	487.2	281.8
II. Other income	2.2	1.7	2.7
III. Total Income (I+II)	541.3	488.9	284.5
IV. Expenses			
Cost of services	435.1	388.6	242.5
Employee benefits expense	18.3	46.0	5.4
Depreciation and amortisation expense	70.8	69.2	21.7
Travel expenses	2.0	2.1	0.7
Connectivity & related expenses	1.5	2.2	0.5
Finance cost	1.8	1.2	0.3
Other expenses	18.5	16.9	4.7
Total expenses (IV)	548.0	526.1	275.8
V. Profit/(Loss) before non-controlling interest/share in net profit/(loss) of associate (III - IV)	(6.8)	(37.2)	8.7
VI. Share in net profit/(loss) of associate	-	(1.5)	-
VII. Profit/(Loss) before tax (V - VI)	(6.8)	(38.7)	8.7
VIII. Tax expense:			
Current tax	(4.6)	2.7	1.8
MAT credit entitlement	0.3	0.0	(1.8)
Deferred tax	(3.1)	5.6	(1.2)
IX. Profit/(Loss) for the period (VII - VIII)	0.7	(47.0)	10.0
X. Other comprehensive income			
X. Total Comprehensive income for the period	1.2	(43.6)	10.2
XI. Earnings per equity share (₹)			
i. Basic	0.05	(3.3)	0.9
ii. Diluted	0.05	(3.3)	0.9

¹Tanla consolidated including Karix and Gamooga,

²Tanla consolidated including Karix,

³Tanla 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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