

# TANLA SOLUTIONS LIMITED



CIN: L72200TG1995PLC021262

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## Notice of Postal Ballot

**Notice pursuant to Sections 108 and 110 of the Companies Act, 2013, as amended, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and MCA Circulars (as defined below)**

Dear Shareholders,

This notice ("**Notice**") is hereby given pursuant to Sections 108 and 110 of the Companies Act, 2013, as amended (the "**Companies Act**"), read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended (the "**Management Rules**") including any statutory modification or re-enactment thereof for the time being in force, and other applicable provisions, if any, and the General Circular Nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020, respectively, issued by the Ministry of Corporate Affairs, Government of India ("**MCA Circulars**"), seeking approval of the shareholders of Tanla Solutions Limited (the "**Company**") to the proposed special resolution appended through postal ballot by way of remote e-voting only. A statement setting out material facts pursuant to Section 102 of the Companies Act and Regulation 5(iv) read with Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ("**SEBI Buyback Regulations**") is annexed herewith.

The board of directors of the Company ("**Board**") at its meeting held on April 22, 2020 ("**Board Meeting**") has, subject to the approval of the shareholders of the Company by way of a special resolution through the postal ballot (by remote e-voting) and subject to approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, approved buyback by the Company of its fully paid up equity shares of having a face value INR 1/- (Indian Rupee One Only) each of the Company ("**Equity Shares**"), not exceeding 1,90,12,345 Equity Shares (representing 12.49% of the total number of Equity Shares in the total existing paid-up equity capital of the Company and 16.44% and 13.02% of the total number of Equity Shares in the total paid-up equity capital as of March 31, 2019, and March 31, 2020, respectively) at a price of INR 81/- (Indian Rupees Eighty One Only) per Equity Share ("**Buyback Offer Price**"), which represents premium of 55.47% over the closing price of the Equity Shares on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") on April 16, 2020 being the day preceding the date when intimation for the Board meeting was sent to NSE and BSE, payable in cash, for an aggregate maximum amount not exceeding INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only) excluding any expenses incurred or to be incurred for the buyback viz. brokerage, costs, fees, turnover charges, taxes such as buyback tax, securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("**Transaction Costs**") (such maximum amount hereinafter referred to as the "**Buyback Offer Size**") which represents 22.32% and 24.65% of the aggregate of the paid-up capital and free reserves of the Company as per the latest available standalone and consolidated audited financials of the Company for the year ended March 31, 2019, respectively, from all the shareholders/beneficial owners of the Equity Shares of the Company, as on a record date to be subsequently decided by the Board or the Buyback Committee, on a proportionate basis through the "tender offer" route in accordance with the Companies

Act and Rules issued thereunder, the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), the SEBI Buyback Regulations read with SEBI circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and SEBI circular CFD/DCRZ/CIR/P/2016/131 dated December 9, 2016 and such other circulars or notifications ("**SEBI Circulars**"), as may be applicable (hereinafter referred to as the "**Buyback**").

An explanatory statement pursuant to Section 102 of the Companies Act and other applicable provisions of the Companies Act and Regulation 5(iv) read with Schedule I of the SEBI Buyback Regulations ("**Explanatory Statement**"), setting out the material facts and the reasons is appended hereto. Pursuant to Rule 22(5) of the Management Rules, the Company has appointed Ms. Suman Bijarnia, Practicing Company Secretary (CP No. 19013) who will act as the scrutinizer (the "**Scrutinizer**") for conducting the postal ballot process through remote e-voting in a fair and transparent manner. The Scrutinizer is willing to be appointed and be available for the purpose of ascertaining the requisite majority.

In compliance with Sections 108 and 110 of the Companies Act read with Rules 20 and 22 of the Management Rules, Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the Company is offering facility of remote e-voting only ("**E-voting**"). The Company has engaged services of KFin Technologies Private Limited as its agency for providing E-voting facility to shareholders of the Company. In compliance with the requirements of the MCA Circulars, hard copy of this Notice along with postal ballot forms and pre-paid business envelope will not be sent to the shareholders for this postal ballot and shareholders are requested to carefully read the instructions indicated in this Notice and communicate their assent (for) or dissent (against) through E-voting only. Shareholders are requested to follow the procedure as stated in the notes and instructions for casting of votes by E-voting.

The Scrutinizer will submit the report to the Chairman of the Company, or any other person authorized by him in writing, after completion of scrutiny of postal ballot voting process in a fair and transparent manner. The results of the postal ballot will be announced on or before May 25, 2020 (Monday) and will be displayed on the website of the Company ([www.tanla.com](http://www.tanla.com)) and intimated to BSE Limited (the "**BSE**") and National Stock Exchange of India Limited (the "**NSE**") (the NSE together with the BSE are referred to as the "**Stock Exchanges**") where the Equity Shares of the Company are listed and shall also be intimated to KFin Technologies Private Limited, the registrar and share transfer agents of the Company.



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### SPECIAL BUSINESS:

#### APPROVAL FOR BUYBACK OF EQUITY SHARES

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as special resolutions:

**RESOLVED THAT** pursuant to Article 3 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70, 108 and 110 and all other applicable provisions, if any, of the Companies Act, 2013, as amended ("**Companies Act**") read with the Companies (Share Capital and Debentures) Rules, 2014 (to the extent applicable) (hereinafter referred to as the "**Share Capital Rules**"), the Companies (Management and Administration) Rules, 2014 and other relevant Rules made thereunder, each as amended from time to time and the provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended ("**SEBI Buyback Regulations**"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("**SEBI Listing Regulations**") (including re-enactment of the Companies Act or the rules made thereunder or the SEBI Buyback Regulations or the SEBI Listing Regulations) and subject to such other approvals, permissions, consents, sanctions and exemptions of Securities and Exchange Board of India ("**SEBI**"), Reserve Bank of India ("**RBI**") and/ or other authorities, institutions or bodies (together with SEBI and RBI, the "**Appropriate Authorities**"), as may be necessary, and subject to such conditions, alterations, amendments and modifications as may be prescribed or imposed by them while granting such approvals, permissions, consents, sanctions and exemptions which may be agreed by the board of directors of the Company ("**Board**", which term shall be deemed to include any committee of the Board and/ or officials, which the Board may constitute/ authorise to exercise its powers, including the powers conferred by this resolution), the consent of the shareholders be and is hereby accorded for the buyback by the Company of its fully paid-up equity shares having a face value of INR 1/- (Indian Rupee One Only) each ("**Equity Shares**"), not exceeding 1,90,12,345 Equity Shares (representing 12.49% of the total number of Equity Shares in the total existing paid-up equity capital of the Company and 16.44% and 13.02% of the total number of Equity Shares in the total paid-up equity capital of the Company as on March 31, 2019 and March 31, 2020, respectively,) at a price of INR 81/- (Indian Rupees Eight One Only) per Equity Share ("**Buyback Offer Price**"), which represents premium of 55.47% over the closing price of the Equity Shares on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") on April 16, 2020 being the day preceding the date when intimation for the Board meeting was sent to NSE and BSE, payable in cash for an aggregate maximum amount of INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only), excluding any expenses incurred or to be incurred for the buyback viz. buyback tax, brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("**Transaction Costs**") (such maximum amount hereinafter referred to as the "**Buyback Offer Size**") which represents 22.32% and 24.65% of the aggregate of the Company's paid-up capital and free reserves as per the latest available standalone and consolidated audited financials of the Company for the year ended as on March 31, 2019, respectively, from all the shareholders/ beneficial owners of the Equity Shares of the Company, as on a record date to be subsequently decided by the Board ("**Record Date**"), through the "tender offer" route, on a proportionate basis as prescribed under the SEBI Buyback Regulations (hereinafter referred to as the "**Buyback**").

**RESOLVED FURTHER THAT** as required under Regulation 6 of the SEBI Buyback Regulations, the Company may buyback Equity Shares from the existing shareholders as on Record Date, on a proportionate basis, provided that 15% of the number of Equity Shares which the Company proposes to buyback or number of Equity Shares entitled as per the shareholding of small shareholders as defined- in the SEBI Buyback Regulations ("**Small Shareholders**"), whichever is higher, shall be reserved for the small shareholders as defined in the SEBI Buyback Regulations.

**RESOLVED FURTHER THAT** the Company shall implement the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICY-CELL/1/2015 dated April 13, 2015 read with the SEBI's circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, or such other circulars or notifications, as may be applicable and the Company shall approach either NSE or BSE, as may be required, for facilitating the same.

**RESOLVED FURTHER THAT** the Buyback from shareholders/ beneficial owners who are persons resident outside India, including the foreign portfolio investors, erstwhile overseas corporate bodies and non-resident Indians, etc., shall be subject to such approvals if, and to the extent necessary or required from the concerned authorities including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, as amended and the rules, regulations framed thereunder, Income Tax Act, 1961 and rules framed there under, as amended if any.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to give effect to the aforesaid resolutions and may delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any director(s)/ officer(s)/ authorised representative(s)/ committee i.e., Buyback Committee of the Company in order to give effect to the aforesaid resolutions, including but not limited to finalizing the terms of Buyback, the mechanism for the Buyback, the schedule of activities, the dates of opening and closing of the Buyback, record date, entitlement ratio, the timeframe for completion of the Buyback; appointment of designated stock exchange and other intermediaries/ agencies, as may be required, for the implementation of the Buyback; preparation, approving, signing and filing of the public announcement, the draft letter of offer, letter of offer and post-buyback public announcement with the SEBI, BSE, NSE and other appropriate authorities and to make all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the SEBI, RBI under the Foreign Exchange Management Act, 1999, as amended and the rules, regulations framed thereunder; and to initiate all necessary actions with respect to opening, operation and closure of necessary accounts including escrow account with a bank, entering into agreement(s), release of public announcement, filing of declaration of solvency, obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, extinguishment of Equity Shares bought back by the Company, and such other undertakings, agreements, papers, documents and correspondence, under the common seal of the Company, as may be required to be filed in connection with the Buyback with the SEBI, RBI, BSE, NSE, Registrar of Companies, Depositories and/ or other regulators and statutory authorities as may be required from time to time.

**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on any shareholder to offer, or confer any obligation on the Company or the Board or the Buyback Committee to buyback any Equity Shares, or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if permitted by law.



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**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or the Buyback Committee be and are hereby severally empowered and authorised on behalf of the Company to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as the Board and/or any person authorised by the Board may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By order of the Board of Directors of  
Tanla Solutions Limited

Sd/-  
Seshanuradha Chava  
Vice President - Legal & Secretarial

**Place:** Hyderabad

**Date:** April 22, 2020

### NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act and Regulation 5(iv) read with Schedule I to the SEBI Buyback Regulations in respect of proposed special resolution to be passed through postal ballot (by remote E-voting) is annexed hereto, for your consideration.
2. The Notice is being sent to all the shareholders, whose names appear in the register of members/ list of beneficial owners, as on the close of working hours on April 17, 2020 (Friday) i.e., cut off date, as received from the National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") (together referred to as "**Depositories**") and who have registered their e-mail addresses in respect of electronic holdings with the depository through the concerned depository participants and in respect of physical holdings with KFin Technologies Private Limited, the registrar and share transfer agent of the Company ("**KFintech**"). Any person who is not a shareholder of the Company as on date specified above shall treat the Notice for information purposes only. A copy of this Notice will also be available on the Company's website ([www.tanla.com](http://www.tanla.com)), on the website of KFintech (<https://evoting.karvy.com>) and at the relevant sections of the websites of the stock exchanges on which the Equity Shares of the Company are listed.
3. In compliance with Regulation 44 of the SEBI Listing Regulations and Sections 108 and 110 and other applicable provisions of the Company Act and its Rules and MCA Circulars, the Company is only offering E-voting facility to the shareholders, to enable them to cast their votes electronically. The Company has engaged the services of KFin Technologies Private Limited to provide E-voting facility.
4. On account of threat posed by COVID-19 and in terms of the MCA Circulars, the Company will send this Notice in electronic form only and hard copy of this Notice along with postal ballot forms and pre-paid business envelope will not be sent to the shareholders for this postal ballot. Accordingly, the communication of the assent or dissent of the members would take place through the E-voting system. Therefore, those shareholders who have not yet registered their e-mail address are requested to get their e-mail addresses submitted by following the procedure given below:
  - i. In light of the MCA Circulars, for remote E-voting for this postal ballot, shareholders who have not submitted their email addresses and in consequence the E-voting notice could not be serviced, may temporarily get their e-mail addresses registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: <https://karisma.kfintech.com/emailreg>. Shareholders may also visit the website of the Company ([www.tanla.com](http://www.tanla.com)) and click on the "Postal ballot-email registration" and follow the submission process as guided thereafter. Post successful submission of the e-mail address, the shareholder would get soft copy of this Notice and the procedure for E-voting along with the user-id and the password to enable E-voting for this postal ballot. In case of any queries, shareholder may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - ii. It is clarified that for permanent submission of e-mail address, the shareholders are however requested to register their email address, in respect of electronic holdings with the depository through the concerned depository participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, Selenium, Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, India by following due procedure.
  - iii. Those shareholders who have already registered their e-mail address are requested to keep their e-mail addresses validated with their depository participants / the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited to enable servicing of notices / documents / annual Reports electronically to their e-mail address.



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5. The Scrutinizer will submit the report to the Chairman of the Company, or any other person authorized by him in writing, after completion of scrutiny of postal ballot process. The results of the postal ballot will be announced on or before May 25, 2020 will be displayed on the website of the Company ([www.tanla.com](http://www.tanla.com)) and intimated to Stock Exchanges and shall also be intimated to KFinTech. In the event that the national lockdown on account of COVID-19 situation is eased off and the Company's offices are open for business, the Company will also display the results of the postal ballot at its registered office and the corporate office.
6. The voting rights of shareholders shall be in proportion to their Equity Share of the paid-up equity share capital of the Company as on April 17, 2020 (Friday). A person, whose name is recorded in the register of members/list of beneficial owners maintained by the Depositories as on the cut off date (i.e., April 17, 2020) only shall be entitled to avail the facility of E-voting.
7. The E-voting period begins at 09:00 a.m. IST on April 24, 2020 (Friday) and ends at 05:00 p.m. IST on May 23, 2020 (Saturday). During this period shareholder of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. April 17, 2020 (Friday) may cast their votes through E-voting facility. The E-voting module shall be disabled by KFin Technologies Private Limited for voting thereafter.
8. The last date for the E-voting i.e., May 23, 2020 (Saturday) shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority. All the material documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection on the website of the Company ([www.tanla.com](http://www.tanla.com)) until the last date for the E-voting.

### The instructions for the members for remote e-voting are as under:

- i. The e-voting period begins at **9.00 A.M. IST on Friday, April 24, 2020 and ends at 5.00 P.M. IST on Saturday, May 23, 2020**. During this period shareholder of the Company holding Equity Shares either in physical form or in dematerialized form, as on the cut-off date, i.e. April 17, 2020 (End of Day) may cast their votes electronically. The remote E-voting module shall be disabled by KFin Technologies Private Limited for voting thereafter. Once the vote on a resolution is cast by a shareholder, he or she will not be allowed to change it.
- ii. The voting rights of the shareholders shall be in proportion to their Equity Shares held on cut-off date i.e. April 17, 2020. Voting rights in the E-voting cannot be exercised by a proxy, though corporate and institutional shareholders shall be entitled to vote through their authorized representative with proof of authorization.
- iii. In case of any queries you may contact Ms. Seshanuradha Chava, Vice President - Legal & Secretarial at [investorhelp@tanla.com](mailto:investorhelp@tanla.com) or Contact No.: 040- 4009 9999
- iv. Institutional shareholders (other than Individual, HUF, NRI etc.) are required to send a scanned copy of relevant board resolution / authorization letter to the scrutinizer via email to [cssumanbijarnia@gmail.com](mailto:cssumanbijarnia@gmail.com) with a copy to [evoting@kfintech.com](mailto:evoting@kfintech.com).
- v. The shareholders should log on to the E-voting website <https://evoting.kfintech.com> during the voting period.
- vi. Click on the "Shareholders" tab.
- vii. Now select the "TANLA SOLUTIONS LIMITED" from the dropdown menu and click on "SUBMIT".
- viii. Now enter your User-ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding Equity Shares in physical form should enter Folio Number registered with the Company.
- ix. Next enter the Image Verification as displayed and Click on Login.
- x. If you are holding shares in demat form and had logged on to <https://evoting.kfintech.com> and voted on an earlier voting of any company, then your existing password is to be used.

xi. If you are a first-time user follow the steps given below:

### INSTRUCTIONS FOR E-VOTING:

1. Open your web browser during the voting period and navigate to <https://evoting.kfintech.com>.
2. Enter the login credentials (i.e., user-id and password) mentioned on the e-mail received by you.

In case you are already registered with KFin Technologies Private Limited, you can use your existing user id and password for casting your vote. User-ID for shareholders holding Equity Shares in demat form (Electronic Mode):

- i. For NSDL: 8 Character DP-ID (Starts with "IN") followed by 8 Digits Client ID.
- ii. For CDSL: 16 Digits beneficiary ID.
- iii. For Members holding Shares in Physical Form: Event Number followed by Folio Number registered with the Company.

### Password

Your Unique Password is printed on the forwarded through the electronic notice via e-mail.

### Captcha

Enter the Verification Code i.e., please enter the alphabets and numbers in the exact way as they are displayed, for security reasons.

3. Members can cast their vote online

**From: Friday, April 24, 2020 (9.00 AM IST)**

**To: Saturday, May 23, 2020 (5.00 PM IST)**

Thereafter the e-voting module will be disabled by KFin Technologies Private Limited for voting.

4. After entering these details appropriately, click on "LOGIN".
5. Shareholders holding shares in demat/physical form will now reach Password Change Menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character. Kindly note that this password can be used by the demat holders for voting for resolution of the Company or any other company on which they are eligible to vote, provided that Company opts for e-voting through KFin Technologies Private Limited's e-voting platform. System will prompt you to change your password and update any contact details like mobile no., email ID, etc.



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on first login. You may also enter the Secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

6. You need to login again with the new credentials.
7. On successful login, system will prompt to select the "EVENT" i.e., Tanla Solutions Limited.
8. On the voting page, you will see resolution description and against the same the option "FOR/AGAINST/ABSTAIN" for voting. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote. Once you have voted on the resolution, you will not be allowed to modify your vote.
9. In case of Equity Shares held by companies, trusts, societies, etc., a scanned copy (PDF/JPG format) of a certified true copy of the resolution of its board of directors/ authority letter authorizing the person to represent in terms of Section 113 of the Companies Act, 2013 read with rules mentioned therein together with attested specimen signature of the duly authorized signatory(ies), should be sent to the Scrutinizer through e-mail on [cssumanbijarnia@gmail.com](mailto:cssumanbijarnia@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com).
10. Please contact KFin Technologies Private Limited at Toll Free No.: 1-800-34-54-001 for any further clarifications or may refer the Frequently Asked Questions (FAQs) for Members and e-Voting User manual for Members available at the "Downloads" section of <https://evoting.kfintech.com>.
11. Voting can be exercised only by the shareholder or his/her duly constituted attorney or in case of bodies corporate, the duly authorized person.
12. Shareholders holding Equity Shares either in physical form or in dematerialized form may cast their vote electronically.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT AND REGULATION 5(IV) READ WITH SCHEDULE I TO THE SEBI BUYBACK REGULATIONS FORMING PART OF THE NOTICE

#### APPROVAL FOR BUYBACK OF EQUITY SHARES

- i. The board of directors of the Company ("**Board**") at its meeting held on April 22, 2020 ("**Board Meeting**") has, subject to the approval of the shareholders of the Company by way of a special resolution and subject to approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, approved the buyback by the Company of its fully paid-up equity shares of having a face value INR 1/- (Indian Rupee One Only) each ("**Equity Shares**"), not exceeding 1,90,12,345 Equity Shares (representing 12.49% of the total number of Equity Shares in the existing total paid-up equity capital of the Company and , 16.44% and 13.02% of the total number of Equity Shares in the total paid-up equity capital as of March 31, 2019 and March 31, 2020, respectively) at a price of INR 81/- (Indian Rupees Eighty One Only) per Equity Share ("**Buyback Offer Price**"), which represents premium of 55.47% over the closing price of the Equity Shares on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") on April 16, 2020 being the day preceding the date when intimation for the Board meeting was sent to NSE and BSE, payable in cash, for an aggregate maximum amount not exceeding INR 154,00,00,000/- (Indian Rupees

One Hundred and Fifty Four Crores Only), excluding any expenses incurred or to be incurred for the buyback viz. buyback tax, brokerage, costs, fees, turnover charges, taxes such as securities transaction tax and goods and services tax (if any), stamp duty, advisors fees, filing fees, printing and dispatch expenses and other incidental and related expenses and charges ("**Transaction Costs**") (such maximum amount hereinafter referred to as the "**Buyback Offer Size**") which represents 22.32% and 24.65% of the aggregate of the Company's paid-up capital and free reserves as per the latest available standalone and consolidated audited financials of the Company for the year ended as on March 31, 2019, respectively, from all the shareholders/ beneficial owners of the Equity Shares of the Company, as on a record date to be subsequently decided by the Board ("**Record Date**"), on a proportionate basis through the "tender offer" route in accordance with the Companies Act and rules issued thereunder, the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended (the "**SEBI Buyback Regulations**") read with SEBI circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 and such other circulars or notifications, as may be applicable (hereinafter referred to as the "**Buyback**").

- ii. As per the relevant and other applicable provisions of Companies Act and SEBI Buyback Regulations, this Explanatory Statement contains relevant and material information to enable the shareholders holding Equity Shares of the Company to consider and approve the special resolution for the Buyback of the Company's Equity Shares.
- iii. Since the Buyback is more than 10% of the total paid-up capital and free reserves of the Company, in terms of Section 68(2)(b) of the Companies Act and Regulation 5(i)(b) of the SEBI Buyback Regulations, it is necessary to obtain consent of the shareholders of the Company, for the Buyback, by way of a special resolution. Accordingly, the Company is seeking your consent for the aforesaid proposal as contained in the Resolution. Requisite details relating to the Buyback are given below:

#### (a) Necessity for the Buyback

The Buyback is being undertaken by the Company after taking into account the strategic and operational cash requirements of the Company in the medium term and for returning surplus funds to the members in an effective and efficient manner. The Board at its meeting held on April 22, 2020 considered the accumulated free reserves as well as the cash liquidity reflected in the latest available standalone and consolidated audited financial statements as on March 31, 2019 and also as on the date of the Board Meeting and considering these, the Board decided to allocate up to INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only) excluding the Transaction Costs for distributing to the shareholders holding Equity Shares of the Company through the Buyback.

After considering several factors and benefits to the share holders holding Equity Shares of the Company, the Board decided to recommend Buyback of Equity Shares at a price of INR 81/- (Indian Rupees Eighty One Only) per Equity Share for an aggregate amount not exceeding INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only). Buyback is being undertaken, inter-alia, for the following reasons:



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- i. The Buyback will help the Company to return surplus cash to its shareholders holding Equity Shares broadly in proportion to their shareholding, thereby, enhancing the overall return to shareholders;
- ii. The Buyback, which is being implemented through the tender offer route as prescribed under the SEBI Buyback Regulations, would involve allocation of number of Equity Shares as per their entitlement or 15% of the number of Equity Shares to be bought back whichever is higher, reserved for the small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder" as per Regulation 2(i)(n) of the SEBI Buyback Regulations;
- iii. The Buyback may help in improving its earning per share and return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value; and
- iv. The Buyback gives an option to the shareholders holding Equity Shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback offer or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post the Buyback offer, without additional investment.

### **(b) Maximum amount required for Buyback, its percentage of the total paid-up capital and free reserves and source of funds from which Buyback would be financed**

- i. The maximum amount required for Buyback will not exceed INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only) excluding the Transaction Costs, being 22.32% and 24.65% of the total paid-up capital and free reserves as on March 31, 2019 on a standalone and consolidated financial statements of the Company basis, respectively, which is not exceeding 25% of the aggregate of the total paid-up capital and free reserves of the Company as per latest available standalone and consolidated audited financials of the Company as on March 31, 2019.
- ii. The funds for the implementation of the proposed Buyback will be sourced out of the free reserves of the Company (including securities premium account) or such other source as may be permitted by the SEBI Buyback Regulations or the Companies Act. The funds borrowed, if any, from banks and financial institutions will not be used for the Buyback.
- iii. The Company shall transfer from its free reserves and/ or securities premium account a sum equal to the nominal value of the Equity Shares bought back through the Buyback to the capital redemption reserve account and details of such transfer shall be disclosed in its subsequent audited financial statement.

### **(c) Buyback Offer Price and the basis of arriving at the price of the Buyback**

- i. The Equity Shares of the Company are proposed to be bought back at a price of INR 81/- (Indian Rupees Eighty One Only) per Equity Share. The Buyback Offer Price has been arrived at, after considering various factors including, but not limited to the trends in the volume weighted average prices of the Equity Shares on the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") where the Equity Shares are listed, the net worth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earnings per Equity Share.

- ii. The Buyback Offer Price represents:
  - a. Premium of 17.70% and 15.76% volume weighted average market price of the Equity Shares on NSE and BSE, respectively, during the three months preceding April 17, 2020, being the date of intimation to NSE and BSE for the Board Meeting to consider the proposal of the Buyback ("**Intimation Date**").
  - b. Premium of 55.80% and 55.35% over the volume weighted average market price of the Equity Shares on NSE and BSE, respectively, for two weeks preceding the Intimation Date.
  - c. Premium of 48.08% over the closing price of the Equity Shares on NSE and BSE, respectively, as on the Intimation Date.
  - d. Premium of 55.47% over the closing price of the Equity Shares on NSE and BSE, respectively, as on April 16, 2020, being the day preceding the Intimation Date.

### **(d) Maximum number of Equity Shares that the Company proposes to Buyback**

The Company proposes to Buyback not exceeding 1,90,12,345 Equity Shares of the Company, representing 12.49% of the total number of Equity Shares in the total existing paid-up equity capital of the Company and 16.44% and 13.02% of the total number of Equity Shares in the total paid-up equity capital as of March 31, 2019, and March 31, 2020, respectively.

### **(e) Method to be adopted for the Buyback**

- i. The Buyback shall be on a proportionate basis from all the shareholders holding Equity Shares (both physical and dematerialized Equity Shares) of the Company, as on the record date as decided by the Board, through the "tender offer" route, as prescribed under the SEBI Buyback Regulations, to the extent permissible, as prescribed under the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICY-CELL/1/2015 dated April 13, 2015 read with the SEBI's circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016. The Buyback will be implemented in accordance with the Companies Act, to the extent applicable, and the SEBI Buyback Regulations and on such terms and conditions as may be deemed fit by the Company.
- ii. As required under the SEBI Buyback Regulations, the Company will announce a record date (the "**Record Date**") for determining the names of the shareholders holding Equity Shares of the Company who will be eligible to participate in the Buyback.
- iii. In due course, each shareholder as on the Record Date will receive a Letter of Offer along with a Tender Form indicating the entitlement of the shareholder for participating in the Buyback.
- iv. The Equity Shares to be bought back as a part of the Buyback is divided in two categories:
  - a. Reserved category for small shareholders; and
  - b. General category for all other shareholders.
- v. As defined in Regulation 2(i)(n) of the SEBI Buyback Regulations, a "small shareholder" is a shareholder who holds Equity Shares having market value, on the basis of closing price on stock exchanges in which the highest trading volume in respect of such Equity Shares as on Record Date, is not more than INR 2,00,000/- (Indian Rupees Two Lakh Only).



## Notice of Postal Ballot

- vi. In accordance with the proviso to Regulation 6 of the SEBI Buyback Regulations, 15% (fifteen percent) of the number of Equity Shares which the Company proposes to buyback or number of Equity Shares entitled as per the shareholding of small shareholders as on the Record Date, whichever is higher, shall be reserved for the small shareholders as part of this Buyback. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder".
- vii. Based on the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buyback. This entitlement for each shareholder will be calculated based on the number of Equity Shares held by the respective shareholder as on the Record Date and the ratio of Buyback applicable in the category to which such shareholder belongs.
- viii. Shareholders' participation in Buyback will be voluntary. Shareholders holding Equity Shares of the Company may also accept a part of their entitlement. Shareholders holding Equity Shares of the Company also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other shareholders, if any.
- ix. The maximum tender under the Buyback by any shareholder cannot exceed the number of Equity Shares held by the shareholder as on the Record Date.
- x. The Buyback from shareholders who are persons resident outside India, including the foreign portfolio investors, erstwhile overseas corporate bodies and non-resident Indian, etc., shall be subject to such approvals, if any and to the extent required from the concerned authorities including approvals from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, and such approvals shall be required to be taken by such non-resident shareholders.
- xi. Detailed instructions for participation in the Buyback (tender of Equity Shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the shareholders holding Equity Shares of the Company as on the Record Date.

### (f) Time limit for completing the Buyback

The Buyback is proposed to be completed within a period of one year from the date of special resolution approving the proposed Buyback.

### (g) Compliance with Section 68(2)(c) of the Companies Act

- i. The aggregate paid-up capital and free reserves (including securities premium) as per the latest available standalone and consolidated audited financial statements of the Company as on March 31, 2019 is INR 689,99,91,537/- (Indian Rupees Six Hundred Eighty Nine Crore Ninety Nine Lakh Ninety One Thousand Five Hundred and Thirty Seven Only) and INR 624,63,80,627/- (Indian Rupees Six Hundred Twenty Four Crore Sixty Three Lakh Eighty Thousand Six Hundred and Twenty Seven Only), respectively. Under the provisions of the Companies Act and the SEBI Buyback Regulations, the Buyback shall be 25% or less of the aggregate of the paid-up capital and free reserves (including securities premium) of the Company as per the last audited standalone and consolidated financial statements of the Company as on March 31, 2019 (the latest standalone audited financial statements available as on the date of Board meeting recommending the proposal of the Buyback). The maximum amount proposed to be utilized for the Buyback, is not exceeding INR 172,49,97,884/- and INR 156,15,95,156/- which is the 25% of the aggregate paid-up capital and free reserves (including securities premium) as per the latest available standalone and consolidated audited financial statements of the Company as on March 31, 2019, respectively, and therefore within the above-mentioned limit.
- ii. Further, under the Companies Act and SEBI Buyback Regulations, the number of Equity Shares that can be bought back in any financial year shall not exceed 25% of the total paid-up equity capital of the Company in that financial year. The number of Equity Shares proposed to be purchased under the Buyback i.e., 1,90,12,345 Equity Shares does not exceed 25% of the total number of Equity shares in the existing total paid-up equity capital of the Company and of the total paid-up equity capital of the Company as of March 31, 2019 and March 31, 2020

### (h) Details of holding and transactions in the Equity Shares of the Company

- i. The aggregate shareholding of the promoter, members of the promoter group, directors of the promoter and members of the promoter group, where such promoter or promoter group entity is a Company and of persons who are in control of the Company, as on the date of this Notice is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of paid up equity share capital
1.	Udaykumar Reddy Dasari*	2,81,03,431	18.46
2.	D Tanuja Reddy**	2,10,88,127	13.85
3.	TNA Corporation LLP	34,79,000	2.28
4.	Mobile Techsol Private Limited	3,15,000	0.21
5.	Veda Matha Technologies Private Limited	3,05,000	0.20
6.	Blue Green Technologies Private Limited	3,20,000	0.21
7.	B Venu Gopal Reddy***	2,070	Negligible
	<b>TOTAL</b>	<b>5,36,12,628</b>	<b>35.21</b>



## Notice of Postal Ballot

\* Udaykumar Reddy Dasari is one of the promoters of the Company and holds directorship in certain promoter group entities of our Company, namely, Mobile Techsol Private Limited and Veda Matha Technologies Private Limited. Udaykumar Reddy Dasari is a partner of promoter group entity of the Company, namely, TNA Corporation LLP.

\*\* D Tanuja Reddy is one of the promoters of the Company and holds directorship in certain promoter group entities of our Company, namely, Mobile Techsol Private Limited and Veda Matha Technologies Private Limited. D Tanuja Reddy is a partner of promoter group entity of the Company, namely, TNA Corporation LLP.

\*\*\* B Venu Gopal Reddy holds directorship in Blue Green Technologies Private Limited, which is part of the promoter group of the Company.

ii. None of the directors of the Company ("Directors") or key managerial personnel of the Company ("KMPs") hold any Equity Shares in the Company, as on the date of this Notice for Buyback except for the following:

Sr. No.	Name of the Shareholder	Designation	Number of Equity Shares	% of paid up equity share capital
1.	Udaykumar Reddy Dasari	Chairman and Managing Director	2,81,03,431	18.46
2.	AG Ravindranath Reddy	Non-Executive Director	3,000	Negligible
3.	Sanjay Kapoor	Non-Executive Director	96,866	0.06
4.	Sanjay Baweja	Independent Director	2,32,850	0.15
5.	Kamoji Srinivas Gunupudi	Chief Financial Officer	1,41,110	0.09
6.	Seshanuradha Chava	Vice President - Legal and Secretarial	1,73,582	0.11

iii. Except as disclosed below, no Equity Shares or other specified securities in the Company were either purchased or sold (either through the stock exchanges or off market transaction) by any of the promoters, members of the promoter group, directors of the promoter and promoter group, where such promoter or promoter group entity is a Company and of persons who are in control of the Company during a period of six months preceding the date of the board meeting till the date of this Notice for Buyback:

Sr. No.	Name of share holder	Aggregate number of Equity Shares purchased/ sold	Nature of transaction	Minimum Price (INR)	Date of Minimum Price	Maximum Price (INR)	Date of Maximum Price
1.	Udaykumar Reddy Dasari*	31,42,929	Acquisition by conversion of warrants	40	April 3, 2020	40	April 3, 2020
2.	D Tanuja Reddy**	31,42,929	Acquisition by conversion of warrants	40	April 3, 2020	40	April 3, 2020

\* Udaykumar Reddy Dasari is one of the promoters of the Company and holds directorship in certain promoter group entities of our Company, namely, Mobile Techsol Private Limited and Veda Matha Technologies Private Limited. Udaykumar Reddy Dasari is a partner of promoter group entity of the Company, namely, TNA Corporation LLP.

\*\* D Tanuja Reddy is one of the promoters of the Company and holds directorship in certain promoter group entities of our Company, namely, Mobile Techsol Private Limited and Veda Matha Technologies Private Limited. D Tanuja Reddy is a partner of promoter group entity of the Company, namely, TNA Corporation LLP.

### (i) Intention of promoters and members of the promoter group to participate

i. In terms of the SEBI Buyback Regulations, under the tender offer route, the promoters and members of the promoter group of the Company have the option to participate in the Buyback. In this regard, the promoters and members of the promoter group expressed their intention of not participating in the Buyback. Accordingly, the disclosures as required as per paragraphs (viii) to the Schedule I of the SEBI Buyback Regulations are not applicable.





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### (j) Confirmations from Company and Board of Directors as per the provisions of SEBI Buyback Regulations and Companies Act

- i. all Equity Shares of the Company are fully paid up;
- ii. the Company shall not issue any shares or other securities from the date of the board resolution including by way of bonus issue till the expiry of the buyback period i.e. date on which the payment of consideration to shareholders who have accepted the buyback offer is made in accordance with the Companies Act and the SEBI Buyback Regulations;
- iii. the Company shall not make any further issue of the same kind of Equity Shares or other securities including allotment of new equity shares under Section 62(1)(a) or other specified securities within a period of 6 (six) months after the completion of the Buyback except by way of bonus shares or Equity Shares issued in order to discharge subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into Equity Shares;
- iv. as per Regulation 24(i)(f) of the SEBI Buyback Regulations, the Company shall not raise further capital for a period of one year from the expiry of the buyback period i.e., the date on which the payment of consideration to shareholders who have accepted the buyback offer is made except in discharge of subsisting obligations;
- v. the Company shall not buyback its Equity Shares or other specified securities from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;
- vi. the aggregate maximum amount of the Buyback i.e. INR 154,00,00,000/- (Indian Rupees One Hundred and Fifty Four Crores Only) does not exceed 25% of the aggregate of the paid-up capital and free reserves based on both audited standalone and consolidated financial statements of the Company as on March 31, 2019;
- vii. the number of Equity Shares proposed to be purchased under the Buyback i.e., 1,90,12,345 Equity Shares does not exceed 25% of the total number of Equity shares in the existing total paid-up equity capital of the Company and of the total paid-up equity capital of the Company as of March 31, 2019 and March 31, 2020;
- viii. there are no pending schemes of amalgamation or compromise or arrangement pursuant to the Companies Act ("Scheme") involving the Company, and no public announcement of the Buyback shall be made during pendency of any such Scheme;
- ix. the Company shall not make any further offer of buyback within a period of one year reckoned from the expiry of the buyback period i.e. date on which the payment of consideration to shareholders who have accepted the buyback offer is made;
- x. the Company shall not withdraw the Buyback offer after the draft letter of offer is filed with the SEBI or the public announcement of the offer of the Buyback is made;
- xi. the Company shall comply with the statutory and regulatory timelines in respect of the buyback in such manner as prescribed under the Companies Act and/or the SEBI Buyback Regulations and any other applicable laws;
- xii. the Company shall not utilize any money borrowed from banks or financial institutions for the purpose of buying back its Equity Shares;
- xiii. the Company shall not directly or indirectly purchase its own Equity Shares through any subsidiary company including its own subsidiary companies, if any or through any investment company or group of investment companies;
- xiv. the Company is in compliance with the provisions of Sections 92, 123, 127 and 129 of the Companies Act;
- xv. there are no defaults (either in the past or subsisting) in the repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company;
- xvi. the Company will not buyback Equity Shares which are locked-in or non-transferable, until the pendency of such lock-in, or until the time the Equity Shares become transferable, as applicable;
- xvii. the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice its paid-up capital and free reserves based on both, audited standalone and consolidated financial statements of the Company as on March 31, 2019;
- xviii. the Company shall transfer from its free reserves or securities premium account and/ or such sources as may be permitted by law, a sum equal to the nominal value of the Equity Shares purchased through the Buyback to the capital redemption reserve account and the details of such transfer shall be disclosed in its subsequent audited financial statements;
- xix. the Buyback shall not result in delisting of the Equity Shares from National Stock Exchange of India Limited and BSE Limited.
- xx. the Buyback would be subject to the condition of maintaining minimum public shareholding requirements as specified in Regulation 38 of the SEBI Listing Regulations;
- xxi. as per Regulation 24(i)(e) of the SEBI Buyback Regulations, the promoters and members of promoter group, and their associates, other than the Company, shall not deal in the Equity Shares or other specified securities of the Company either through the stock exchanges or off-market transactions (including inter-se transfer of Equity Shares among the promoters and members of promoter group) from the date of the board resolution till the closing of the Buyback offer; and
- xxii. that the Company has not completed a buyback of any of its securities during the period of one year immediately preceding the date of this Board Meeting.

### (k) No default

The Company confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.



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### (l) Confirmation from the Board

As required by clause (x) of Schedule I in accordance with Regulation 5(iv)(b) of the SEBI Buyback Regulations, the Board hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed an opinion that:

- i. immediately following the date of the board resolution and the date on which the results of shareholders' resolution passed by way of Postal Ballot will be declared ("**Postal Ballot Resolution**"), there will be no grounds on which the Company can be found unable to pay its debts;
- ii. as regards the Company's prospects for the year immediately following the date of the board resolution and for the year immediately following the Postal Ballot Resolution, and having regard to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the board resolution as well as from the date of the Postal Ballot Resolution;

To,

The Board of Directors  
Tanla Solutions Limited  
Tanla Technology Centre,  
HITECH City Road, Madhapur  
Hyderabad,  
Telangana 500081

We, MSKA & Associates, Chartered Accountants, the Statutory Auditors of the Company, have performed the following procedures agreed with you vide mandate letter dated March 30, 2020, in connection with the proposal of Tanla Solutions Limited ('Company') to buy-back its equity shares in pursuance of the provisions of Section 68 of the Companies Act, 2013 (the "Act") as amended and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended, ("Buyback Regulations"), approved by the Board of Directors of the Company at the Board Meeting held on April 22, 2020.

Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information," issued by the Institute of Chartered Accountants of India.

We have been provided with the following documents:

- a. Audited standalone and consolidated financial statements for the year ended March 31, 2019
- b. Solvency declaration by the Board of Directors
- c. Board resolutions dated April 22, 2020 for approval of proposed buyback
- d. Assessment note and projected cash flow provided to the board for solvency declaration
- e. Annexure A-Statement of permissible capital payment ("Statement") and the same has been initialed for the identification purpose only.
- f. Articles of association to verify authorization for buy back of securities.

The procedures summarized below are performed solely to assist you in confirming the affairs and prospects of the Company for the proposed buyback of shares:

1. Inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended March 31, 2019;
2. Examined authorization for buyback from the Articles of Association of the Company, approved by Board of Directors in its meeting held on April 22, 2020, which is subject to approval of the shareholder of the Company;

- iii. in forming the aforesaid opinion, the Board has taken into account the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the provisions of the Companies Act or the Insolvency and Bankruptcy Code, 2016 (to the extent notified).

### (m) Report addressed to the Board by the Company's auditors on the permissible capital payment and the opinion formed by Board regarding insolvency

The text of the report dated April 22, 2020 received from the statutory auditor of the Company ("**Auditor's Report**") addressed to the Board of the Company is reproduced below:

Quote

**Report of factual findings in connection with Agreed-upon Procedures related to confirming the affairs and prospects of the Company for the proposed buyback of equity shares in accordance with the requirements of the Companies Act, 2013 and Schedule I to the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended.**



## Notice of Postal Ballot

3. Agreed the amounts of paid up equity share capital, securities premium account, general reserve and retained earnings as at March 31, 2019 as disclosed in the accompanying Statement, with the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2019;
4. Examined that the amount of capital payment for the buyback as detailed in the Statement is within the permissible limit computed in accordance with section 68(2)(c) of the Act and Regulation 4(i) of the Buyback Regulations;
5. Examined that the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice its paid-up capital and free reserves based on both, audited standalone and consolidated financial statements of the Company as on March 31, 2019;
6. Examined that all the shares for buy-back are fully paid-up;
7. Inquired if the Board of Directors of the Company, in its meeting held on April 22, 2020 has formed the opinion as specified in Clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board meeting and the date on which the results of the shareholders' resolution with regard to the proposed buyback will be declared;
8. Examined resolutions passed in the meetings of the Board of Directors i.e., on April 22, 2020;
9. Examined Director's declarations in respect of the buyback and solvency of the Company; and
10. Obtained necessary management representations from the company.

Based on the procedures performed as stated above, and according to the information, explanations provided by the Company, we report that:

- A. We have inquired into the state of affairs of the Company in relation to its latest audited standalone and consolidated financial statements for the year ended March 31, 2019;
- B. The permissible capital payment towards buyback of equity shares, as stated in the Statement, is in our view properly determined in accordance with Section 68(2)(c) of the Act and Regulation 4(i) of the Buyback Regulations based on the audited standalone and consolidated financial statements for the year ended March 31, 2019; and
- C. The Board of Directors at their meeting held on April 22, 2020 have formed its opinion, as per the provisions of clause (x) of Schedule I to the Buyback Regulation on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of board meeting and one year from the date on which the results of the shareholders with regards to the proposed buy back will be declared.

The above procedures do not constitute either an audit or a review made in accordance with the Generally Accepted Auditing Standards in India.

Had we performed additional procedures or an audit or review of the financial statements / information provided to us in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the aforesaid requirements and to include this report, pursuant to the requirements of the Buyback Regulations, (i) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders of the Company, (ii) public announcement to be made to the shareholders of the Company, (iii) in the draft letter of offer and the letter of offer to be filed with the Registrar of Companies, Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited, as required by the Buyback Regulations, (iv) the Central Depository Services (India) Limited, National Securities Depository Limited, as applicable, and (v) for providing to the merchant banker to the buyback. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. This report can be relied upon by the Manager to the Buyback. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For MSKA & Associates,**

**Chartered Accountants**

FRN: 105047W

Sd/-

Amit Kumar Agarwal

M. No: 214198

Date: April 22, 2020

Place: Hyderabad

UDIN: 20214198AAAACM4186



## Notice of Postal Ballot

### ANNEXURE A - STATEMENT OF PERMISSIBLE CAPITAL PAYMENT

Computation of amount of permissible capital payment towards buyback of equity shares of Tanla Solutions Limited in accordance with the requirements of Section 68(2)(c) of the Companies Act, 2013, as amended and Regulation 4(i) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended based on audited standalone and consolidated financial statements for the year ended March 31, 2019:

Particulars	As at March 31, 2019	
	Standalone	Consolidated
<b>A.</b> Issued subscribed and fully paid up capital as at March 31, 2019#  (115,626,827 Equity Shares of INR 1/- each fully paid-up)	11,56,26,827	11,56,26,827
<b>B.</b> Free Reserves as at March 31, 2019*#		
General Reserve	25,48,17,667	25,48,17,667
Securities premium account	475,09,21,963	476,13,10,163
Surplus in statement of Profit and Loss	177,86,25,080	111,46,25,970
Total Free Reserves	<b>678,43,64,710</b>	<b>613,07,53,800</b>
<b>C.</b> Total of Paid up Equity Share Capital and Free Reserves (A+B)	<b>689,99,91,537</b>	<b>624,63,80,627</b>
<b>D.</b> Maximum amount permissible for buyback under Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations (25% of the total paid-up equity capital and free reserves)	<b>172,49,97,884</b>	<b>156,15,95,156</b>

\*Free reserves as defined in Section 2(43) of the Companies Act, 2013 read along with Explanation II provided in Section 68 of the Companies Act, 2013, as amended.

# The above calculation of the total paid-up equity share capital and free reserves as at March 31, 2019 for buyback of equity shares is based on the amounts appearing in the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2019. These financial statements are prepared and presented in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rules made thereunder, each as amended from time to time.

For and on behalf of the Board of Directors

**Tanla Solutions Limited**

Sd/-

Udaykumar Reddy Dasari

Chairman and Managing Director

DIN: 00003382

Date: April 22, 2020

Sd/-

AG Ravindranath Reddy

Director

DIN: 01729114

Date: April 22, 2020



## Notice of Postal Ballot

### Unquote

For any clarifications related to the Buyback process, shareholders holding Equity Shares of the Company may contact Ms. Seshanuradha Chava, Vice President - Legal & Secretarial at Telephone No.: +91 40 4009 9999; Email ID: investorhelp@tanla.com.

All the material documents referred to in the Explanatory Statement such as the Articles of Association of the Company, relevant Board Resolution for the Buyback, the Auditor's Report dated April 22, 2020 and the latest available audited standalone and consolidated financial statements of the Company as on March 31, 2019 are available on the Company's website ([www.tanla.com](http://www.tanla.com)) to facilitate online inspection till the date of announcement of the results of this Postal Ballot.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its shareholders holding Equity Shares of the Company. The Board, therefore, recommends passing of the special resolution as set out in the accompanying Notice.

None of the Directors or any KMPs of the Company or their respective relatives is in anyway, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their respective interest as shareholders of the Company.

By order of the Board of Directors of  
Tanla Solutions Limited

Sd/-  
Seshanuradha Chava  
Vice President - Legal & Secretarial

**Place:** Hyderabad

**Date:** April 22, 2020