

Tanla Solutions Limited Investor Update

For the year ended 31 Mar 2017

May 18th, 2017

FY2017 Financial Highlights:

Particulars (₹ In crore)	Q4 FY17	Q4 FY16	Shift (%)	FY17	FY16	Shift (%)
Total Revenues	177.80	113.80	56%	579.30	431.55	34%
EBITDA	15.65	12.98	21%	56.10	65.5	(14%)
Profit after Tax	15.31	(4.01)	482%	40.91	7.24	465%

Investor Call:

The Investor call to discuss the financial results for quarter and full year ended March 31, 2017, will be held at **12.00 noon IST on Friday, May 19, 2017.**

Dial-in details are as follows:

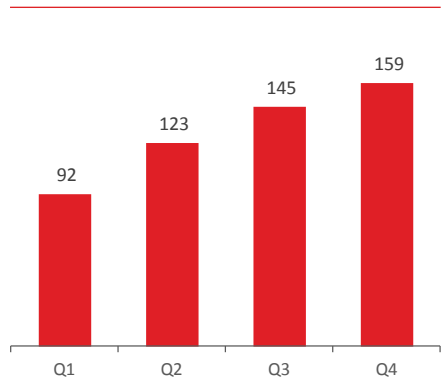
Primary Number	+91 22 3938 1071
Local Access Number	3940 3977 (Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon NCR, Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune) Accessible from all carriers.
International Toll Free Number	
USA	18667462133
UK	08081011573
Singapore	8001012045
Hong Kong	800964448

Tanla Solutions announces AFR for Quarter and Full Year ended March 31st 2017

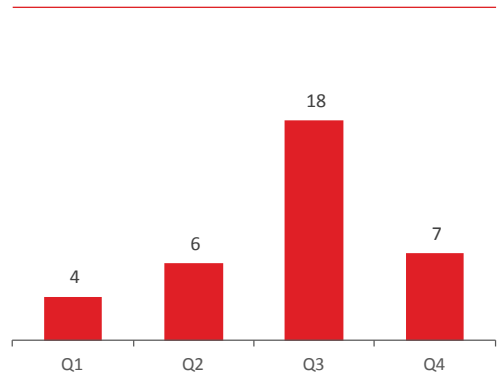
Tanla Solutions Limited (BSE: 52790, NSE: TANLA), the largest provider of A2P Messaging globally, announced its financial results according to Ind-AS for the quarter and full-year ended March 31, 2017.

Key Metrics:

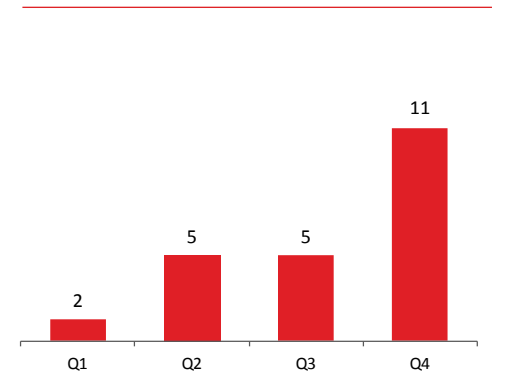
Revenue from A2P Messaging ₹(Cr)



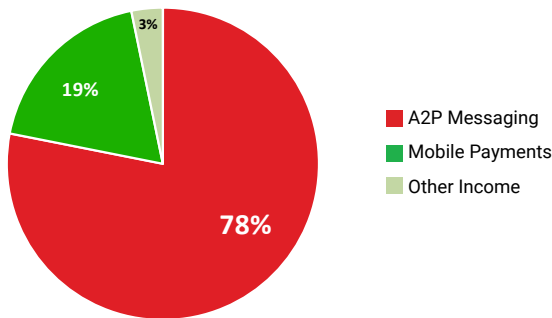
Revenue from Mobile Payments ₹(Cr)



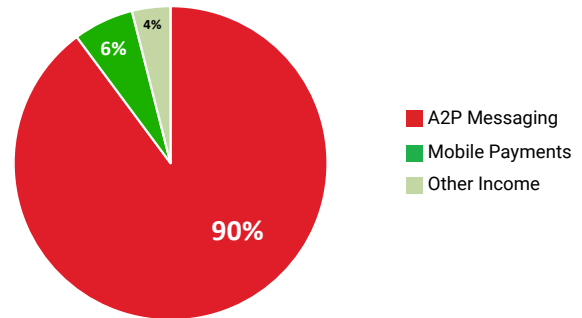
Property Income ₹(Cr)



FY 16 Segment revenue breakup ₹(Cr)



FY 17 Segment revenue breakup ₹(Cr)



Business Highlights in FY 17:

In Q4:

- Won the contract to implement SMS hub platform for a leading Telecom operator in India. This platform shall be a global hub for terminating A2P & origination and termination of P2P messages for India and global destinations. This hub is being deployed under a fully managed services model.

In Q3:

- The first phase of Tanla's Cloud Communication platform went live, experienced a good traction in terms of quality of service, as evidenced by appreciation received from large clients.
- Deployed a dedicated SMSC for OTP traffic with Vodafone, the first of its kind in India, for delivery of mission critical messages.

In Q2:

- 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.

In Q1:

- Agreements have been executed with a major social media network and a leading OTT player in Asia.
- Partnered with a leading telecom operator in India for processing messages terminating into India and its global hub for provision of international A2P messaging services globally.
- Executed agreements with 2 large domestic mobile operators for domestic A2P messaging.

Management Commentary:

Commenting on the announcement of the annual results for the year ended March 31, 2017, Uday Reddy, Chairman and Managing Director, said:

"I am very pleased to present to you an outstanding FY17 performance, where we have surpassed even our own expectations not only on the financial aspect but also strategy-wise.

We believe we have demonstrated our ability to monetise our A2P platform gainfully on the back of the technical acumen of our team, our experience in managing large deployments and the long-standing partnerships we enjoy with telecom companies. Enthused by the success of the model domestically we wish to translate these capabilities to countries outside of India.

We have seen good traction in cloud communication service on voice platform, where the first phase went live during FY17. Building on the momentum seen in India we are confident of being able to replicate our experience in the markets overseas."

Q4 Outlook Vs Actuals	Outlook			Actuals
Total Revenues (in ₹ Cr)	150.0	to	160.0	177.7
EBIDTA (in ₹ Cr)	14.7	to	15.2	15.6
PAT (in ₹ Cr)	9.7	to	10.4	15.3

FY17 Outlook Vs Actuals	Outlook			Actuals
Total Revenues (in ₹ Cr)	509.7	to	532.8	581.8
EBIDTA (in ₹ Cr)	57.7	to	61.8	56.1
PAT (in ₹ Cr)	32.6	to	35.1	40.9

Outlook:

Growth in performance will be backed by capabilities in monetizing deployments across key platform and services. Initiatives to be undertaken during FY18 include;

- Monetization of existing agreements with large telecom operators domestically under the A2P messaging platform
- Expansion into geographies:
 - To deploy and monetize A2P platform beyond India
 - To roll out the cloud communication service on voice platform internationally
 - To address requirements of large international enterprises on global basis
- With a strong presence in the cloud communication space on the ground the Company is geared to create a leadership position for itself in its chosen domains of business worldwide.
- With the business being in growth mode any projection of financial results on a Q-o-Q/Y-o-Y basis could see marked variation from the actual outcome. The management would like to therefore refrain from issuing numerical guidance going forward.

Financial Highlights:

- Revenue grew by 34% to ₹ 579.3 Crs in FY17 from ₹ 431.5 Crs in FY16 driven by healthy volumes in the domestic as well as international A2P messaging business.
- Business Revenue grew to ₹ 556.3 Crs from ₹ 417.5 Crs Y-o-Y, a growth of 33%
- EBITDA came in at Rs. 56.10 crore in FY17 as compared to Rs. 65.55 crore in the previous financial year. Earnings are reflective of the change in business mix, incorporating increased contribution from the domestic, high-volume A2P business and also capturing the steadily increasing footprint in international markets.
- Net Profit improved by 465% to ₹ 40.9 Crs from ₹ 7.2 Crs Y-o-Y guided by strong operational performance during the year
- Earnings Per Share grew by 433% to ₹ 3.81 in FY17 from ₹ 0.71 in FY16
- Cash and Cash equivalents improved by 162% to ₹ 133.3 Crs from ₹ 50.9 Crs Y-o-Y
- Better collections have resulted in Debtor days being reduced to 72 days in FY17 from 77 days in FY16

Corporate Highlights:

- The Board of Directors of Tanla Solutions recommended a final dividend of 25% i.e. ₹ 0.25 per equity share of face value of ₹ 1/- each, subject to approval of the shareholders in the ensuing Annual General Meeting.
- Ernst & Young LLP, India, has been appointed as Internal Auditors for FY 17-18.
- 19,68,310 Equity shares of ₹ 1/- each have been allotted to the Promoters at a premium of ₹ 32.87/- per share, pursuant to conversion of warrants into equity.
- 2,00,000 options have been granted to the eligible employee(s) under Tanla Solutions Limited Employee Stock Options Plan 2015.
- Mr. Kedarnath Gupte has been appointed as Senior Vice President - International Markets. Kedar comes from Vodafone Group in UK where he focused on wholesale innovation to drive higher margins for Vodafone's Carrier business. He brings with him more than 15 years' experience in the telecommunication industry working across the globe.
- Mr. Gautam Sabharwal, Director – Global Business Development, has resigned as a Director from the Company's Board w.e.f. May 31, 2017. The Board placed on record appreciation for services rendered and guidance provided during his tenure as Director on the Board.

Corporate Highlights:

Condensed Consolidated P&L A/C (Audited) for the period ended:

(₹ in Crores, except earnings per share)

Particulars	Quarter ended March 31, 2017	Quarter ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
REVENUE				
Revenue from operations	177.8	113.8	579.3	431.55
Other income	-0.06	0.59	2.49	1.06
Total Revenue	177.74	114.39	581.79	432.61
EXPENDITURE				
Cost of services	152.23	82.98	494.55	316.54
Employee Benefits expenses	3.9	3.06	14.44	12.07
Depreciation expense	3.82	14.09	19.59	52.95
Connectivity & related expenses	0.93	0.17	2.05	1.56
Travel expenses	1.47	0.65	2.57	2.8
Other Expenses	3.63	13.96	9.59	33.03
Total Expenses	165.97	114.91	542.79	418.96
Profit / (Loss) Before Tax	11.77	-0.52	39.0	13.65
Tax expense :				
Current Tax	-2.8	3.4	-	5.35
Deferred Tax	-0.74	0.09	-1.92	1.07
Profit / (Loss) for the year	15.31	-4.01	40.91	7.24
Earnings per share (of ₹ 1 /- each):				
Basic	1.42	-0.39	3.81	0.71
Diluted	1.42	-0.39	3.81	0.71

Reconciliation between consolidated statement of profit and loss under IGAAP to Ind AS

Particulars (₹ In crore)	Quarter ended	Year ended
	31-Mar-16	31-Mar-16
Net Profit/(Loss) under Indian GAAP	0.39	11.91
Details of Ind - AS Adjustments		
Recognition of expected credit loss	(0.05)	(0.21)
Recognition of provision for employee benefits as per actuarial valuation (A)	(0.03)	(0.11)
Recognition of stock compensation cost(B)	(0.55)	(0.83)
Recognition of deferred tax on above adjustments	(3.00)	(3.00)
Assets written off (C)	(0.78)	(0.61)
Recognition of deferred tax on indexation of land (D)	0.02	0.09
Net Profit/(Loss) under Ind-AS	(4.01)	7.24
Recognition of actuarial gains/(loss) on employee benefits(E)	0.01	0.05
Recognition of deferred tax on actuarial gain/(loss) (F)	(0.00)	(0.02)
Net Comprehensive Income /(Loss) under Ind-AS	(4.00)	7.27

Explanation on reconciliation between consolidated statement of profit and loss under IGAAP to Ind AS:

- Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles.
- Provision for ESOP compensation cost has been recognized under Ind AS 102 principles.
- Assets written off on reassessment of useful life.
- 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).

About Tanla Solutions:

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, e-commerce, and logistics service providers to deliver mission critical messages and communicate with their customers.

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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.



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