

Tanla Solutions Limited Investor Update

For the Quarter ended June 30, 2018

August 14, 2018

Q1FY2019 Financial Highlights:

Particulars (₹ in Crore)	Q1 2019	Q4 2018	Shift %	Q1 2018	Shift %
Total Revenues	187.6	211.9	-11%	185.8	1%
EBITDA	18.3	15.8	16%	16.4	12%
Profit before tax	8.1	-2.0	800%	4.7	71%

Investor Call:

The Investor call to discuss the Un-audited financial results for the quarter ended on June 30, 2018 will be held at 4 PM [IST] on Thursday, August 16, 2018.

Dial-in details are as follows:

Universal access	+91 22 6280 1141 / +91 22 7115 8042
Local access	+91-7045671221 - Available all over India
International toll free numbers:	
Hong Kong	800 964 448
Singapore	800 101 2045
UK	0 808 101 1573
USA	1 866 746 2133

Financial Highlights:

- Business Revenues at ₹ 186 Cr, a growth of 3% Y-o-Y & a decline of 6% Q-o-Q
- EBITDA from business stood at ₹ 18.3 Cr for the quarter, a growth of 17% Q-o-Q and 26% Y-o-Y
- Cash accruals during the quarter were ₹ 19.4 Cr [EBITDA of ₹ 18.3 Cr add other income ₹ 1.8 Cr less Capex of ₹ 0.7 Cr]
- Employee benefits expense increased by 37% Q-o-Q due to annual increments & new resource cost
- Profit before tax (PBT) at ₹ 8.1 Cr, a growth of 800% Q-o-Q and 71% Y-o-Y
- Net Profit at ₹ 1.7 Cr, a growth of 170% Q-o-Q and a decline of 86% Y-o-Y due to deferred tax on account of timing difference in depreciation on assets between tax and company laws. Comparatively, there was a deferred tax asset during Q1FY18
- Investment in mutual funds & fixed deposits yielded an average interest of 7% p.a. resulting in interest income of ₹ 1.8 Cr during Q1FY19.

Corporate Highlights:

- A Big4 firm has been assigned to conduct process of the pre-audit, with a scope to ensure that (a) financial transactions pass through prescribed checks and adhere to defined processes, (b) support functions adhere to prescribed operating procedures.
- 22nd Annual General Meeting of the Shareholders shall be held at 11:30 a.m. on Tuesday, September 25, 2018, at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Hi-tec city, Hyderabad.
- Tanla has been certified as an ISO 27001:2013 Information Security compliant company.
- Capitalsiri Investments Private Limited, a 100% subsidiary of Tanla Solutions Limited, has received a Certificate of Registration from the Reserve Bank of India ("RBI") to commence/carry on the business of non-banking financial institution ("NBFC") without accepting public deposits.

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

(₹ in Crore, except earnings per share)

Particulars	Quarter ended June 30, 2018 (Un-audited)	Quarter ended March 31, 2018 (Audited)	Quarter ended June 30, 2017 (Un-audited)
Revenue			
I. Revenue from operations (net)	185.81	207.93	185.53
II. Other income	1.82	4.02	0.23
III. Total Income (I+II)	187.63	211.94	185.76
IV. Expenses			
Cost of services	159.76	183.96	161.23
Employee benefits expense	4.13	3.01	3.86
Depreciation and amortization expense	12.04	21.87	11.87
Travel expenses	0.68	1.05	0.71
Connectivity & related expenses	0.31	0.55	0.83
Other expenses	2.62	3.52	2.53
Total expenses (IV)	179.55	213.97	181.03
V. Profit/(loss) before Tax (III - IV)	8.08	(2.03)	4.72
VI. Tax expense:			
1. Current tax	0.76	0.50	0.61
2. MAT credit entitlement	(0.76)	(0.11)	-
3. Deferred tax	6.40	2.79	(7.82)
VII. Profit for the quarter (V - VI)	1.68	(5.22)	11.93
VIII. Other comprehensive income	0.03	2.24	0.01
IX. Total comprehensive income for the period (VII + VIII)	1.71	(2.98)	11.94
X. Earnings per equity share (of ₹ 1 each)			
1. Basic	0.15	(0.46)	1.11
2. Diluted	0.15	(0.46)	1.11

About Tanla Solutions:

Tanla started its journey as the new millennium set in with a small group of mobile messaging experts, with base in Hyderabad, India, to create a world-class messaging service. Today, Tanla is a global leader in its domain as one of the largest Cloud Communication providers, handling over 90 bn business communications annually. Tanla is innovating the way world communicates, continuously raising the bar through enhanced speed, ease and simplicity of Cloud Communication solutions, adopting cutting-edge technologies backed by the best of IT setup, highly scalable cloud infrastructure, industry standard processes and world-class security (ISO 27001:2013) to meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies. Tanla is a public limited company listed on leading Indian stock exchanges (BSE CODE: 532790 and NSE: TANLA).

For any further information, please write to us : investorhelp@tanla.com

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.