



Tanla Solutions Limited
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May 02, 2019

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 532790	National Stock Exchange of India Ltd. “Exchange Plaza” Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: TANLA
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Dear Sir/Madam,

Sub: Investor Updates for Quarter & Year ended March 31, 2019.

With reference to the notice issued on April 24, 2019 under Regulation 29 & 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors in the meeting held today i.e., May 02, 2019 approved the Statement of audited financial results for the quarter & year ended March 31, 2019.

Please find enclosed the Investor Update for the quarter & year ended March 31, 2019.

Request you to take the same on record and oblige.

Yours faithfully,

For **Tanla Solutions Limited**




Seshanuradha Chava
VP - Legal & Secretarial
ACS-15519

Tanla announces Fourth Quarter & FY2019 Results:

Revenues

FY19 revenues at ₹ 1004 Cr, +27% Y-o-Y from ₹ 792 Cr in FY18
Q4FY19 revenues at ₹ 318 Cr, +13% Q-o-Q from ₹ 282 Cr in Q3FY19

Gross Margin

FY19 Gross margin at ₹ 143 Cr, +49% Y-o-Y from ₹ 96 Cr in FY18
Q4FY19 Gross margin at ₹ 46 Cr, +16% Q-o-Q from ₹ 39 Cr in Q3FY19

One-off expenses

Employee stock purchase scheme (ESPS) cost of ₹ 4.6 Cr
Employee incentives of ₹ 1.2 Cr
Acquisition related cost of ₹ 3.5 Cr

EBITDA

FY19 EBITDA at ₹ 97 Cr, +48% Y-o-Y from ₹ 65 Cr in FY18
Q4FY19 EBITDA at ₹ 28.3 Cr, +1% Q-o-Q from ₹ 27.9 Cr in Q3FY19

Tax

FY19 Tax at ₹ 4.9 Cr, +107% Y-o-Y from ₹ 2.4 Cr in FY18

PAT

FY19 PAT at ₹ 30 Cr, +56% Y-o-Y from ₹ 19 Cr in FY18
Q4FY19 PAT at ₹ 9.7 Cr, - 2% Q-o-Q from ₹ 9.9 Cr in Q3FY19

Earnings Per Share (EPS)

FY19 EPS at ₹ 2.6, +52% Y-o-Y from ₹ 1.7 in FY18

Other Income

FY19 Other income at ₹ 11 Cr, +123% from ₹ 5 Cr in FY18

Cash accruals

FY19 Cash accruals at ₹ 82 Cr, + 58% from ₹ 52 Cr in FY18

Cash retained

FY19 Cash and cash equivalents at ₹ 229 Cr, +38% Y-o-Y from ₹ 165 Cr in FY18

Dividend pay-out

FY19 Dividend recommended at 35%, +17% Y-o-Y from 30% in FY18

Business Highlights:

- Tanla launched Trubloq, World's first blockchain enabled commercial communications stack on Feb 26, 2019 at Mobile World Congress (MWC), Barcelona to comply with the new TRAI regulation (TCCCPR 2018).
- Tanla has tied up with 6 telecom operators viz., Airtel, Vodafone Idea, BSNL, Videocon, MTNL & TATA to launch Trubloq.
- Deployment of Trubloq is in progress with revenue expected to flow from Q4FY2020.

Corporate Highlights:

- Karix Mobile Pvt Ltd ("Karix") becomes a Wholly Owned Subsidiary of Tanla, pursuant to completion of Acquisition on April 10th, 2019, from Banyan Investments Ltd ("Banyan"), a company owned by funds affiliated with GSO Capital Partners L.P. ("GSO"), a Blackstone Company. Consolidation of Karix financials with Tanla will commence from Q1FY2020.
- As part of the Purchase Consideration, 2.20 Crore Equity Shares of Tanla of Face Value of ₹ 1/- each, were allotted to Banyan at a rate of ₹ 56.79 per share representing 14.6% of fully diluted share capital of Tanla.
- Mr. Alex Howell, (Managing Director at GSO – A Blackstone Company) joins Tanla board as Observer. Alex is an alumnus of London School of Economics and brings with him more than 14 years of rich experience in financial markets in a number of areas such as M&A, leveraged & equity financings and public credit markets, having previously worked at Lehman Brothers, Nomura, and GSO (since 2012).
- **The Board in its meeting held today, has:**
 - recommended a final dividend of 35%, payable subject to shareholders' approval in the ensuing AGM.
 - approved the appointment of MSKA & Associates, Hyderabad (www.mska.in) as Statutory Auditors for Tanla, Karix and Unicel, subject to approval of respective Shareholders in the ensuing AGM.
 - appointed Deloitte Haskins & Sells, Hyderabad as Internal Auditors for Tanla, Karix and Unicel, for FY2020

Consolidated Statement of Profit and Loss (Audited):

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<i>I. Revenue from operations</i>	1,004.0	791.6
<i>II. Other income</i>	10.6	4.8
<i>III. Total Income (I+II)</i>	1,014.6	796.4
<i>IV. Expenses</i>		
<i>Cost of services</i>	860.7	695.5
<i>Employee benefits expense</i>	22.9	14.2
<i>Depreciation and amortization expense</i>	73.2	57.3
<i>Travel expenses</i>	2.6	2.6
<i>Connectivity & related expenses</i>	2.7	3.8
<i>Finance cost</i>	0.3	-
<i>Other expenses</i>	18.3	10.4
<i>Total expenses (IV)</i>	980.8	783.8
<i>V. Profit before non-controlling interest/share in net profit/(loss) of associate (III - IV)</i>	33.8	12.6
<i>VI. Share in net profit/(loss) of associate</i>	(0.3)	-
<i>VII. Profit before tax (V - VI)</i>	33.5	12.6
<i>VIII. Tax expense:</i>		
<i>Current tax</i>	4.9	2.4
<i>Deferred tax</i>	2.8	(7.2)
<i>MAT credit entitlement</i>	(4.0)	(1.6)
<i>IX. Profit for the year (VII - VIII)</i>	29.8	19.1
<i>X. Other comprehensive income</i>	1.2	2.3
<i>IX.Total comprehensive income for the period (IX + X)</i>	31.0	21.4
<i>XI. Earnings per equity share (of ₹ 1 each)</i>		
<i>1. Basic</i>	2.6	1.7
<i>2. Diluted</i>	2.6	1.7

Cash & Cash Equivalents as at March 31, 2019 (including Liquid Fund Investments) :-

(₹ in Crore)

Company	Bank	Branch	Current Account	Fixed Deposit	Total
Tanla Solutions Limited	HDFC Bank	Hitec City, Hyderabad	34.7	75.0	109.7
	ICICI Bank	Jubilee Hills, Hyderabad	8.4	-	8.4
	Axis Bank	Jubilee Hills, Hyderabad	5.2	-	5.2
	Others		1.6	-	1.6
Tanla Corporation Pvt Ltd	HDFC Bank	Hitec City, Hyderabad	1.9	-	1.9
	Axis Bank	Jubilee Hills, Hyderabad	2.5	-	2.5
Capitalsiri Investments Pvt Ltd	HDFC Bank	Hitec City, Hyderabad	0.1	2.1	2.2
Tanla Solutions Limited (DMCC Branch)	Citi Bank	Dubai, UAE	10.7	-	10.7
Tanla Mobile Asia Pacific Pte Ltd	DBS	Singapore	10.8	2.3	13.1
Liquid Fund Investments	Reliance Fund		33.5	-	33.5
	Axis Fund		20.0	-	20.0
	ICICI Fund		10.0	-	10.0
	HDFC Fund		10.0	-	10.0
Total			149.4	79.4	228.8

About Tanla:

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 100 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 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

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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.