



ANNUAL REPORT 2018-19

"Our achievements in innovation and growth were not accidental but rather a result of relentless dedication and professional excellence of our employees, partners and customers."

(Read more on Page 2)

– **D. Uday Kumar Reddy**
Chairman

FY 2019 Highlights

Revenue

₹1,004 Crore [^] **27%**

EBIDTA

₹97 Crore [^] **48%**

EBIDTA Margin

10% [^] **17%**

Profit After Tax

₹30 Crore [^] **56%**

[^]
y-o-y growth

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ABOUT US

Tanla Solutions – Globally acclaimed expertise in cloud communications

With the advent of the new millennium, Tanla Solutions Limited (Tanla) began its journey with a small group of mobile messaging experts to create a world-class messaging service in 2000. We have traversed a long way since we began. Our aim is to instill greater speed, ease and simplicity in our cloud solutions. Over the years, we have steadily developed and delivered a wide spectrum of products to meet the diverse requirements of our clients across geographies.

Achievements, FY 2019



Acquisition of Karix Mobile Private Limited

We concluded a definitive share purchase agreement, acquiring 100% shareholding of Karix Mobile Private Limited and its wholly-owned subsidiary, Unicel Technologies Private Limited from Banyan Investments Limited, a company owned by funds affiliated with GSO Capital Partners, a Blackstone Company. This acquisition, an inspiring milestone in our evolution, is likely to shrink processes, timelines and costs, following wide-ranging innovation and value-addition.

Launch of Trubloq

FY 2019 witnessed the launch of the world's first blockchain-enabled commercial communication stack, Trubloq, at the Mobile World Congress (MWC), Barcelona in February 2019. In step with the latest Telecom Regulatory Authority of India (TRAI) regulations, Trubloq, a first-of-its-kind blockchain-enabled commercial communication stack for the telecom sector is a unique telecom solution built on Distributed Ledger Technology (DLT). It has been designed to cater to individual mobile users to facilitate the management of their communication preferences and consents. We have tied up with the major telecom providers to launch Trubloq.

TRUBLOQ

LEADERSHIP PERSPECTIVE

From the Chairman's desk



“Our vision has always been to transform the future of communications through the convergence of sunrise technologies.”

Dear Shareholders,

FY 2019 was a seminal year for your Company. Our achievements in innovation and growth were not accidental but rather a result of relentless dedication and professional excellence of our employees, partners and customers. Tanla registered a revenue growth of 27% on a year-on-year (y-o-y) basis on an enhanced base and stood at ₹ 1,004 Crore. EBITDA was up by 48% at ₹ 97 Crore. With the resultant increase in free cash flows, our cash and cash equivalents stood at ₹ 228.79 Crore at the end of the financial year.

In 2018, the Telecom regulator proposed a momentous legislation Telecom Commercial Communication Customer Preference Regulation (TCCCPR), 2018 to alleviate the issues faced by mobile users with respect to spam, fraud and individual privacy.

Responding with alacrity to this clarion call, Tanla launched the world's first DLT-enabled solution 'Trubloq'. This platform based on blockchain technology was launched at the Mobile World Congress, Barcelona on February 26, 2019 by Mr. R. S. Sharma, Chairman, TRAI.

This product has since received widespread acceptance and appreciation by both the regulators and the end user industries alike. As you read this, the deployment of Trubloq at various client sites is happening and will imminently go live.

Your Company's acquisition of Karix was an ideal marriage of market leaders on two ends of the industry value chain.

Acquired at an enterprise valuation of ₹ 340 Crore from GSO Capital Partners, a Blackstone company,

our complementary offerings will ensure future revenue growth. Since 2000, Tanla has built solid relationships with telecom operators and provided technology solutions in a rapidly changing and formidable telecom ecosystem. We have kept pace with newer technologies, and as early adapters of emerging technologies and protocols, telecom operators have had an umbilical relationship with us.

Karix on the other hand, has over the last two decades built and nurtured clientele both from the Application to Peer (A2P) aggregator and marquee enterprises side. With over 1,500 customer relationships from sectors as diverse as government, e-commerce, Banking, Financial Services and Insurance (BFSI), Direct-to-Home (DTH) and retail, there is little to wonder that our combined entity revenue is the dominant market leader with the next best competitor at half the revenue.

Over the years as evident from my communiqués, I have stressed on our single-minded objective of inculcating international best practices in all aspects of corporate affairs. Tanla is pleased to announce the appointment of MSKA & Associates as the Statutory Auditors of your Company with effect from September 30, 2019. Deloitte, Haskins & Sells is the Internal Auditor and to ensure adherence to our internal Standard Operating Procedures (SOPs), we have engaged with KPMG for Loan Staffing. I am confident that the visibility with the investor community at large will increase manifold with these measures.

I am delighted to announce a reconstitution of our Board of Directors, which would add heft and expertise to guide Tanla towards its stated future growth roadmap.

We are pleased to appoint Ms. Amrita Gangotra as Independent Director. Ms. Gangotra, formerly Opco Director Technology (CTIO) of Vodafone where she operated from International locations in Europe and the UK, and the CIO of Bharti Airtel, brings with her extensive knowledge of IT transformation in the telecom sector and expertise in path-breaking technologies. We look forward to her guidance in our global expansion and accelerated growth path.

Tanla also announces the appointment of Mr. Rohit Bhasin as Independent Director who would also be Chairing the Audit Committee. Mr. Bhasin is a Chartered Accountant with experience in leading organisations such as PricewaterhouseCoopers (PwC) and a strong functional experience in the finance area, including Business Strategy, Investment Advisory, Business Planning & Restructuring and Corporate Finance across sectors. Tanla would leverage on his experience in improving financial reporting and audit processes.

We are delighted to appoint Mr. Sanjay Kapoor as Non-Executive Director. He was the Chief Executive Officer of Airtel for India and South Asia. Currently, Mr. Kapoor, is an active member on the Board of Saudi Telecom Company (Gulf Cooperation Council's (GCC's) leading telco). Mr. Kapoor would be providing strategic insights on business growth, brand building, diversification and technical inputs in corporate decision-making.

We also welcome on Board, Mr. Sanjay Baweja, as an Independent Director. He was the Chief Financial Officer (CFO) of Suzlon Energy Ltd., a leading renewable energy solutions provider in the world, Mr. Baweja was also the CFO of Flipkart and Global CFO for Tata Communications. With over three decades of experience across diverse industries, we look forward to Mr. Baweja's guidance in areas of treasury management and better allocation of capital.

Tanla is also pleased to re-designate Dr. A. G. Ravindranath Reddy as Non-Executive Director. As a Corporate Consultant specialising in corporate laws, economic laws, foreign exchange laws and corporate restructuring, we believe Dr. Reddy would contribute to raising the standards of corporate governance in Tanla.

The promoters continue to reaffirm their belief in the prospects of your Company. Promoter shareholding has increased from 30.06% as on March 31st, 2018 to 33.22% as on March 31, 2019. In absolute terms it implies an investment of ₹ 12.95 Crore towards subscription of 79,50,858 warrants and payment of allotment price for 16,65,000 equity shares. I would also like to thank my fellow 53,853 shareholders for their unwavering faith in Tanla

As we look to the future with a spring in our step, going forward the growth drivers would include adoption of newer technologies and launching our products in the global market. Migration of our existing platforms to the cloud will address issues of scalability and ease of access. We would be also striving to onboard domain experts in this sphere. Together, Tanla and Karix will now embark on a calibrated expansion to the global markets.

I would like to take this opportunity to heartily welcome our new Directors and place on record our gratitude to the outgoing Directors. I also look forward to the continued unequivocal support and diligence of the employees of both Tanla and Karix.

I look forward to meeting you all at the Annual General Meeting on September 30, 2019.

Warm regards



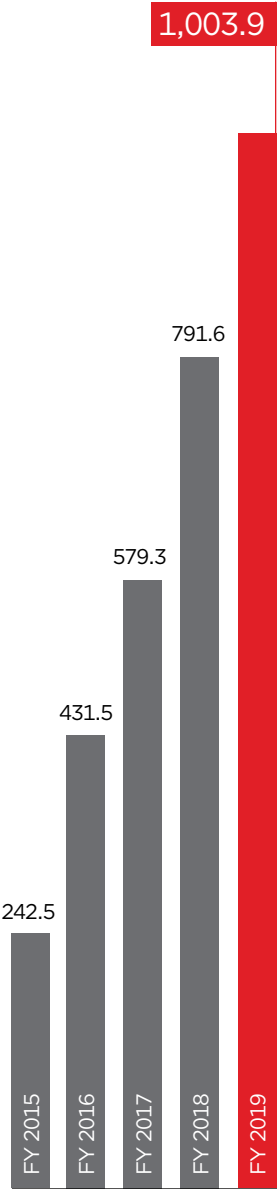
D. Uday Kumar Reddy
Chairman

KEY PERFORMANCE INDICATORS

On a steady growth trajectory

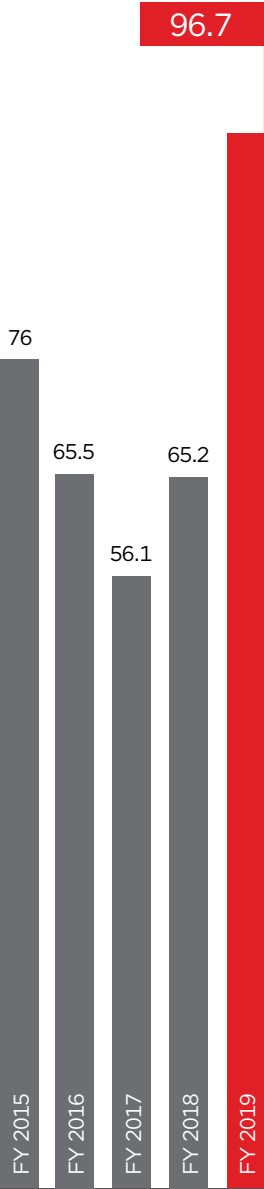
Revenue
(₹ in Crore)

▲
43%



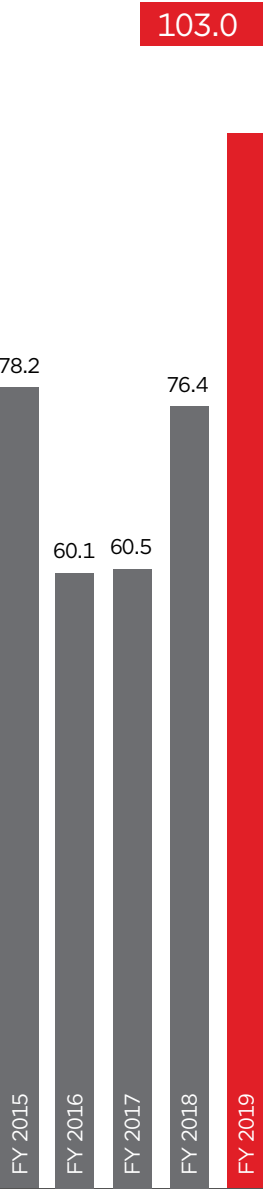
EBITDA
(₹ in Crore)

▲
6%

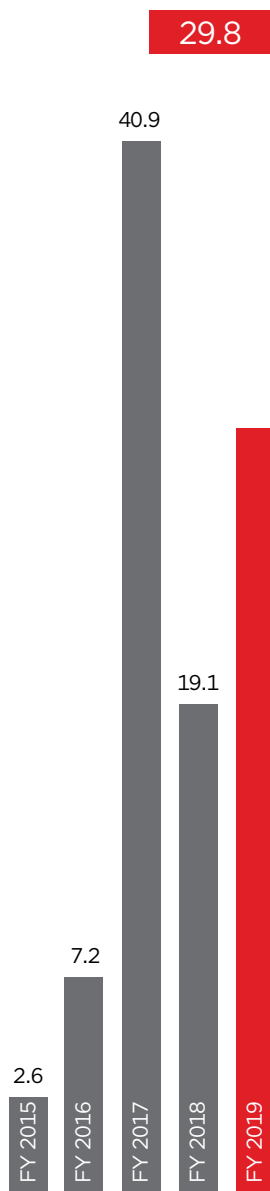


Cash Profit
(₹ in Crore)

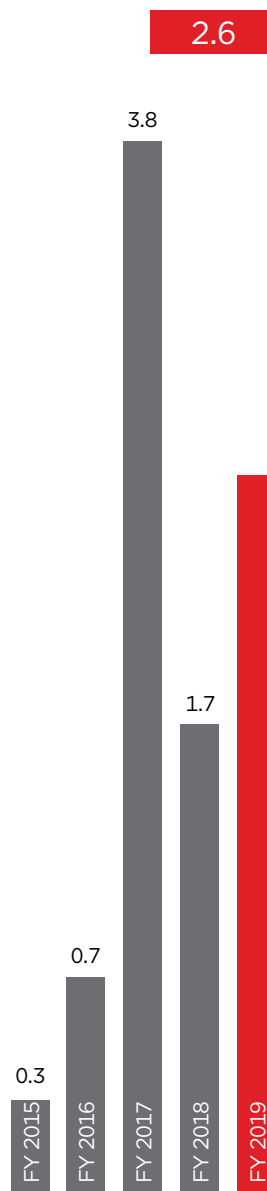
▲
7%



EBITDA - Earnings before interest, tax, depreciation and amortisation

PAT
(₹ in Crore)**^**
84%

PAT - Profit after tax

EPS
(₹)**^**
77%

EPS - Earnings per share

Credit Rating

- CARE A- for long-term facilities and CARE A²⁺ for short-term facilities
- Dun & Bradstreet 5a3

^
5-year CAGR

CORPORATE SOCIAL RESPONSIBILITY

Ensuring a sustainable future for all

We are cognisant of our responsibility as a corporate citizen. Thus, our social initiatives extend beyond the mandate and aim to address the core issues of quality education and health in improving lives and livelihoods. We design programmes that are scalable and impactful with special focus on children.



Baseline Survey



Anganwadi Teachers Training



Bodhaguru Implementation



Medical Camps
in Schools



Bodhaguru Implementation



Anganwadi Teachers Training

Management Discussion and Analysis

Company overview

Tanla offers high-end, dependable and quality consumer commercial communication services to enterprises. Commercial communications comprise Short Message Services (SMS), voice, push notifications, e-mails, WhatsApp and Rich Content Services (RCS). This segment, regulated by the Telecom Regulatory Authority of India (TRAI), has been growing at an annual rate of 25% over the past few years.

The growth in the number of users of mobile handsets and the migration to smartphones have resulted in significant growth in digitisation of services like banking, insurance and retail, and the rise of social media, resulting in the emergence of unsolicited commercial communication from these enterprises. To ensure data privacy of mobile users and to curb the menace of unsolicited messages, TRAI, in July 2018, has issued Telecom Commercial Communication Customer Preference Regulations stipulating blockchain technology to be used for developing platforms for transmitting commercial communications.

Tanla has proactively initiated its teams into the development of blockchain-enabled platforms and has successfully launched its platform on February 26, 2019 and targets to go live with various telecom operators.

Human capital

Human resources are vital for the growth and sustainability of information technology industry. Often encountered with a challenge of recruiting, training and retaining, the HR team conducts training programmes for people to groom them into subject matter experts.

Tanla is focusing on creating a talent pool trained in advanced technologies like Artificial Intelligence, Machine Learning and Big Data. The Company encourages talent and rewards performance. Towards this purpose, people are incentivised through employee stock option plans, employee share purchase scheme and spot recognitions & awards.

The total number of employees in Tanla Solutions & Subsidiaries as at March 31, 2019 was 130.

Corporate social responsibility

Tanla Solutions Limited's CSR objective is to build safer, healthier and productive communities of young

people, capable of supporting self-directed growth and citizenship by providing end-to-end community-based solutions.

The Company meticulously nurtures quality learning, health and hygiene, along with sustainable livelihoods for vulnerable communities of children and young people. To accomplish this purpose, it has adopted a community stakeholders-based approach, targeting children and young people at risk in schools and out of school conditions.

The following initiatives were undertaken by Tanla through Unitedway of Hyderabad to help improve the quality of education in schools and *anganwadi* centres during the year:

- Initiated a baseline survey in six villages (comprising 2,853 families and 9,905 people) on their socio-economic status, academic performance of students, enrolment in schools, attendance, role played by School Management Committees, water and sanitation, infrastructure related issues, among others
- Sports day was conducted in which 650 students participated from 10 primary schools and one high school in various sports events; the winners were awarded medals and prizes, among others
- Conducted career counselling sessions by India Literacy Project (ILP) for 8th, 9th and 10th standard students; 200 children benefited through the programme, reducing the number of students who had no clarity of future career prospects
- Conducted *anganwadi* teacher training and distributed Bodhaguru learning material (a play equipment for kids) that helps improve the child's physical, cognitive and emotional skills – 352 children benefited from 10 *anganwadi* centres
- Conducted health check-up for 1,000 children and 80% were identified as anaemic
- Regular school enrolment drives were conducted by the field team
- Conducted capacity-building programmes for School Management Committees

Financial review

The table below provides an overview of the consolidated revenue and gross margin for FY 2019:

Particulars	FY 2019		FY 2018		Growth %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Revenue					
Overseas	186.41	18.6	84.92	10.7	120
Domestic	817.55	81.4	706.69	89.3	16
Total Revenue	1,003.96	100.0	791.61	100.0	27
Direct Expenses					
Cost of Services	860.66	85.7	695.47	87.9	24
Gross Margin	143.30	14.3	96.14	12.14	51

Revenue

The Company's overseas revenue grew by 120% and domestic revenue expanded by 16%. The consolidated revenue increased by 27% year-on-year, of which ₹ 171 Crore (equivalent to 22%) is attributable to an increase in price per message in overseas and domestic markets and ₹ 41 Crore equivalent to 5% was achieved due to enhanced volumes.

Price per message increased due to a sudden dip in supply pursuant to closure of two of the largest telcos in the domestic market.

Cost of services

The Company's cost of services grew by 24% year-on-year, of which 16% was on account of an increase in

cost per message, while 8% was on account of an increase in volumes.

The Compounded Annual Growth Rate (CAGR) in revenue over the preceding six years touched 49%.

Gross margin

The net impact of an increase in revenue and cost was an year-on-year growth in gross margin by 51%.

The Company's gross margin as a revenue percentage grew from 12.1% to 14.3%, a growth of 18.25% year-on- year.

Employee benefits expense

Particulars	March 2019		March 2018		Increase / (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Salaries, Incentives and Allowances	15.88	1.5	11.71	1.5	35
Employee Stock Options Cost	0.51	0.1	0.76	0.1	-33
Employee Stock Purchase Scheme	4.61	0.5	-	-	-
Contributions to Provident Fund and Other Funds	0.95	0.1	0.62	0.1	55
Staff Welfare Expenses	1.00	0.1	1.09	0.1	-9
Total	22.95	2.3	14.18	1.8	

Salaries, Incentives and Allowances grew by 35% year-on year, of which ₹ 3.39 Crore was a result of salary increments and ₹ 0.76 Crore was on account of payment of performance incentives.

Employees of Tanla and its subsidiaries were allotted shares under Tanla Employee Stock Option Plan (ESOP) 2015 and Tanla Employee Share Purchase Scheme (ESPS) 2018, at a cost of ₹ 5.12 Crore vis-à-vis ₹ 0.76 Crore in FY 2018, resulting in an overall increase in employee benefits expense by 62%.

Other operating expenses

Particulars	March 2019		March 2018		Increase / (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Travel Expenses	2.62	0.3	2.57	0.3	1
Connectivity and Related Expenses	2.67	0.3	3.81	0.5	(29)
Advertisement and Promotion	2.97	0.3	0.95	0.1	213
Provision for Bad Debt	0.26	-	(0.06)	-	-
Finance Cost	0.33	-	-	-	-
Other Expenses	15.10	1.5	9.50	1.2	59
Total	23.95	2.4	16.77	2.1	

Connectivity and Related Expenses decreased by 29% as bandwidth costs declined. The Company's Advertisement and Promotion Expenses increased by 213% on account of spends for Mobile World Congress event in Barcelona and the launch of Trubloq, Tanla's proprietary technology for blockchain-enabled platforms.

Provision for bad debt represents the expected credit loss on realisation of debtors as per Accounting Standard Ind-AS 109. Finance cost comprises the commission paid for bank guarantees for business, loan processing charges and interest on working capital and term loan @ 9.6% annually, availed from HDFC during FY 2019 to replace high-cost debt in Karix.

Break-up of Other Expenses

Particulars	(₹ in Crore)	
	March 2019	March 2018
Fees to advisors, legal consultants and bankers to acquisition	3.6	-
Exchange Fluctuation	2.2	0.3
Rent, Rates & Taxes	2.6	2.8
Repairs & Maintenance	1.3	1.1
Professional Charges	1.6	1.5
Other Admin Expenses	3.8	3.8
Total	15.1	9.5

Other expenses increased by 59% due to the cost incurred towards professional charges to advisors, legal consultants and investment bankers for advice on matters relating to deal structuring, legal and regulatory issues for the acquisition of Karix Mobile Private Ltd. and its wholly-owned subsidiary Unicel Technologies Pvt. Ltd. The deal was consummated in the first quarter of FY 2020.

Exchange fluctuation represents the cost incurred to conduct transactions in international currencies. Exchange fluctuation cost has increased due to the variations in exchange rates in international currencies between the date of recording of transaction and date of actual payment.

EBITDA & PAT

Particulars	FY 2019		FY 2018		Increase / (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
EBITDA	96.72	9.6	65.19	8.2	48
Depreciation	73.23	7.3	57.33	7.2	28
Other Income	10.61	1.1	4.76	0.6	123
Profit Before Tax	33.47	3.3	12.62	1.6	165
Tax Expense	3.65	0.4	(6.49)	-0.8	156
Profit After Tax (PAT)	29.82	2.9	19.11	2.4	56

Depreciation

Particulars	March 2019		March 2018		Increase/ (Decrease) %
	₹ in Crore	% of Revenue	₹ in Crore	% of Revenue	
Depreciation	73.23	7.3	57.33	7.2	28

Depreciation grew by ₹ 15.9 Crore, from ₹ 57.3 Crore to ₹ 73.2 Crore in FY 2019, a 28% growth and a result of the depreciation of assets, based on the reassessment of their useful life.

Depreciation is provided on a straight-line method, based on the useful life of the asset. Life of assets is assessed at the end of each financial year and assets whose useful life has expired are depreciated fully in line with the applicable Ind-AS Accounting Standard.

The Company's assets are assessed for impairment at the end of each financial year, where events or changes in circumstances reflect that the carrying amount of an asset or group of assets may not be recoverable. If such an indication exists, the Company estimates the recoverable amount of the asset or group of assets and the impairment loss is recognised in the Statement of Comprehensive Income.

Other income

Other income grew by 123% as a result of:

- planned investment of surplus cash in liquid mutual funds, yielding a return of 7% to 7.5% annually
- interest on Income Tax refund pursuant to the completion of pending assessments

Tax expense comprises of current tax and deferred tax.

Current tax is either regular tax computed in accordance with Income Tax or Minimum Alternate Tax (MAT). Currently MAT is calculated at a rate of 20.4% on profit as per Profit and Loss account drawn up in accordance with Companies Act 2013 and is payable when regular tax computed in accordance with Income Tax provisions is nil.

Deferred tax arises on account of timing differences in depreciation charge between Income Tax Act and Companies Act and is reversed in future periods.

For FY2019, Tanla's tax liability computed under MAT provisions increased by ₹ 2.5 Crore from ₹ 2.4 Crore in FY 2018 to ₹ 4.9 Crore in FY 2019.

Deferred tax liability for FY 2019 increased by ₹ 10.1 Crore against deferred tax asset of ₹ 7.2 Crore in FY 2018 resulting in a net deferred tax liability of ₹ 2.8 Crore.

The net effect of the above is disclosed under Tax expense in Statement of Profit and Loss.

Consolidated balance sheet

Particulars	(₹ in Crore)	
	As at March 2019	As at March 2018
Equity and Liabilities		
Shareholder's Funds	725.54	687.65
Non-current Liabilities	47.20	0.20
Current Liabilities	334.13	246.14
Total	1,106.87	933.99
Assets		
Property, Plant and Equipment	349.71	451.99
Other Non-current Assets	91.78	25.56
Trade Receivables	396.48	266.53
Cash and Bank Balances	228.79	165.44
Current Assets	40.11	24.47
Total	1,106.87	933.99

Share capital

Particulars	(₹ in Crore)	
	As at March 2019	As at March 2018
Authorised		
200,000,000 equity shares of ₹ 1/- each (120,000,000 equity shares of ₹ 1/- each as on March 31, 2018)	20.00	12.00
Issued, Subscribed and Fully Paid-up		
115,626,827 equity shares of ₹ 1/- each (112,421,952 equity shares as on March 31, 2018)	11.56	11.24

Tanla has one class of fully paid-up equity shares of ₹ 1/- each. As on March 31, 2018, the paid-up share capital was ₹ 112,421,952. During FY 2019, a total of 32,04,875 fully paid-up equity shares of ₹ 1/- each were allotted as follows:

Date of allotment	Number of shares allotted	Allotted to
December 27, 2018	3,00,000	Employee towards ESPS
March 7, 2019	63,750	Employee towards ESOPS
March 15, 2019	11,76,125	Employees towards ESPS
March 29, 2019	16,65,000	Promoters pursuant to the conversion of preferential warrants into equity
Total	32,04,875	

As on March 31, 2019, paid-up share capital was ₹ 115,626,827.

Other equity

Particulars	(₹ in Crore)	
	As at March 2019	As at March 2018
Capital Reserve	6.99	6.99
Investment Subsidy	0.04	0.04
Share Premium	476.13	464.86
General Reserve	25.48	25.48
Retained Earnings	111.46	85.70
Other Reserves	93.88	93.33
Total	713.98	676.41

Other equity comprises share premium, general reserve, retained earnings and other reserves. Total other equity increased by 5.5% in FY 2019, profit accumulation during the year resulted in an increase of ₹ 25.8 Crore in retained earnings, up 30% from

₹ 85.7 Crore in FY 2018 and increase of ₹ 11.3 Crore in share premium up from ₹ 464.9 Crore in FY 2018, on allotment of preferential warrants to promoters and ESOPs and ESPS to deserving employees.

Current and non-current liabilities

Particulars	(₹ in Crore)	
	As at March 2019	As at March 2018
Trade Payables	299.47	237.50
Term Loan	59.88	-
Statutory Liabilities	12.43	2.15
Outstanding Expenses	4.65	4.29
Provision for Tax	4.90	2.40
Total	381.33	246.33

During FY 2019, trade payables increased by 26% due to increased business volumes resulting in creditor days stabilising at 127 days in FY 2019 compared to 125 days in FY 2018. In the acquisition of Karix and Unicel from GSO Capital Partners, a Blackstone Company, the Company assumed the debt of Karix amounting to ₹ 103 Crore, as part of the purchase consideration.

To reduce the interest burden of the high-cost term loan of Karix, Tanla substituted it with a term loan from HDFC Bank at a lower interest, resulting in an increase in current/non-current liabilities of ₹ 59.9 Crore. Tanla proposes to repay this term loan at the earliest from internal accruals.

Property, plant and equipment

(₹ in Crore)

Particulars	Gross block as at March 2019	Gross block as at March 2018	Accumulated depreciation as at March 31, 2019	Accumulated depreciation as at March 31, 2018	Net block as at March 2019	Net block as at March 2018
Office Building – Land	7.66	7.66	–	–	7.66	7.66
Buildings	14.61	11.62	0.88	0.66	13.73	10.96
Leasehold Improvements	2.87	2.87	2.12	1.16	0.75	1.71
Furniture and Fixtures	3.02	2.79	2.23	1.91	0.79	0.88
Computers and Software	40.05	70.75	20.88	18.11	19.17	52.64
Platforms & Deployments	416.44	425.05	110.79	48.53	305.65	376.52
Office Equipment	2.26	1.31	1.03	0.73	1.23	0.58
Vehicles	0.55	1.74	0.15	1.34	0.40	0.40
Air conditioners	2.93	2.91	2.60	2.29	0.33	0.62
Total	490.39	526.70	140.68	74.73	349.71	451.99

During FY 2019, assets aggregating ₹ 30.7 Crore (comprising software platforms) were disposed as their useful life had expired. The management assesses that capex requirement during the foreseeable future is minimal.

Trade receivables

(₹ in Crore)

Particulars	March 2019	% of Revenue	March 2018	% of Revenue
Trade Receivables	307.83	26.7	205.51	22.6

During FY 2019 credit period offered to customers stood at 97 days vis-à-vis 82 days in FY 2018, representing 18% year-on-year increase.

The Company's debtor days are calculated on outstanding debtors adjusted for taxes as a factor of revenues for the year. The revenues as per Profit & Loss Account do not include the Goods and Services Tax (GST) component, as this is an intermediate liability, to be collected from customers and paid to the government.

However, the GST component recoverable from the customers represents a part of the Company's trade receivables. This variation in accounting gives rise to a situation where ex-GST revenues are measured against cum-GST Trade Receivables resulting in an increase in debtor days. The debtor days mentioned above have been arrived at after adjustment of the GST effect on sales & debtors.

Trade receivables excludes un-billed revenue which is included under Other Current Assets.

Current and non-current assets

(₹ in Crore)

Particulars	As at March 2019	As at March 2018
Cash and Cash Equivalents	228.78	165.44
Other Advances	80.73	12.49
Advance Income Tax and GST	32.48	23.02
Total	341.99	200.95

During FY 2019 Tanla has invested surplus funds in AAA rated liquid mutual funds, yielding an annual return of 7% to 7.5%. These funds were accumulated for the purpose of meeting working capital requirements and to meet the Company's inorganic growth roadmap.

Summarised cash flow statement

	(₹ in Crore)	
Net Cash Provided by/(Used in)	As at March 2019	As at March 2018
Operating Activities	(30.42)	32.31
Investing Activities	(53.71)	(5.19)
Financing Activities	73.71	5.02
Net Increase/(Decrease) in Cash and Cash Equivalents	(10.42)	32.14

The Company's cash and cash equivalents increased in FY 2019 vis-à-vis FY 2018 due to the inflow of ₹ 8.4 Crore towards the receipt of amount paid by promoters for subscription to warrants and conversion of share warrants to equity, and net cash generated from operations of ₹ 29.7 Crore, utilised for dividend payment of ₹ 3.3 Crore and purchase of assets of ₹ 2.6 Crore.

Cash and cash equivalents

	(₹ in Crore)	
Particulars	As at March 2019	As at March 2018
Current Accounts	74.65	54.17
Deposit Accounts	80.18	111.19
Investments in Liquid Funds	73.76	-
Total	228.59	165.36
Current Accounts		
INR	59.68	41.01
USD	13.53	11.82
Others	1.44	1.34
Sub-total	74.65	54.17
Deposit Accounts		
INR	77.85	109.01
USD	2.33	2.18
Sub-total	80.18	111.19
Investments in Liquid Funds		
Axis Liquid Fund	20.20	-
HDFC Liquid Fund	10.02	-
ICICI Prudential Liquid Fund	10.02	-
Reliance Liquid Treasury Plan	33.52	-
Sub-total	73.76	-
Grand Total	228.59	165.36

Cash and cash equivalents increased by ₹ 63.2 Crore from ₹ 165.4 Crore to ₹ 228.6 Crore in FY 2019, a 38% year-on-year growth.

Cash and cash equivalents represent the balances held with various banks in current accounts and deposits and amounts invested in units of liquid mutual funds. Cash and cash equivalents are used in the business to fund working capital requirements as the Company has been debt-free since inception. Surplus funds are invested in mutual funds or bank deposits with average annual yields, ranging between 7% and 7.5% annually.

Dividend

Tanla paid dividend consistently for a period of eight years from FY 2004 to FY 2011 and again from FY 2016. At Tanla, the goal is to reward shareholders by continuing to distribute steadily increasing profits as annual dividends.

For FY 2018, a final dividend of 30%, aggregating to ₹ 405.92 Lakh, inclusive of dividend distribution tax of ₹ 68.66 Lakh was paid.

Tanla's Board of Directors, at their meeting held on May 2, 2019, has recommended a final dividend of 35% which would result in a cash outflow of ₹ 606.55 Lakh inclusive of dividend distribution tax of ₹ 103.42 Lakh. This is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Risk management

In business, risk management is defined as the process of identifying, monitoring and managing potential risks in order to minimise the negative impact they may have on an organisation. Examples of potential risks include security breaches, data loss, cyber attacks, system failures and natural disasters. An effective risk management process will help identify which risks

pose the biggest threat to an organisation and provide guidelines for handling them.

Risk management process consists of three parts: risk assessment and analysis, risk evaluation, and risk treatment and response.

1. Risk assessment & analysis

The first step of the risk management process is risk assessment and analysis stage. A risk assessment evaluates an organisation's exposure to uncertain events that could impact its day-to-day operations and estimates the damage those events could have on an organisation's revenue and reputation.

2. Risk evaluation

After the completion of the risk assessment/analysis, a comprehensive risk evaluation process takes place. A risk evaluation process compares estimated risks vis-à-vis risk criteria that the organisation has already institutionalised. The Company's risk criteria can include associated costs and benefits, socio-economic factors, legal requirements and system malfunctions.

3. Risk treatment and response

The last step in the risk management process is risk treatment and response. Risk treatment is the implementation of policies and procedures that will help avoid or minimise risks.

Risk management requires a deep insight into the organisation's day-to-day operations, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives.

Over the years, the Company has evolved a resilient risk identification and mitigation process. It has helped it overcome business downtrends, economic slowdown and financial impact. An effective assessment and risk analysis has helped Tanla protect assets, improve decision-making and optimise operational efficiency across the board, thereby saving money, time and resources.

The risk management team at Tanla follows a governance structure to ensure that the management makes informed decisions on critical issues.

Recognising the kind of risks that the Company is/may be exposed to, the identified risks can be classified broadly into the following categories:

a) Business risk

- As agreements with clients and telecom partners are subject to periodic reviews, reduction in revenue share payable by telecom partners or change in the transaction cost may affect Tanla. Clients may shift to a partner with competitive cost advantage that may impact Tanla's business.
- Risks also exist in implementing and supporting aggregators. Mismanagement of these efforts may effectively lead to restricted growth and adversely impact operations.
- Concentration of clientele and a limited number of customers will require the Company to continue to nurture client/customer relationships and modify the terms to continue the relationships. This risk has been mitigated as newer inclusive business strategies to ensure harmonious relationships with the clients/customers and assured business growth have been developed. The dependence on existing clients is also reduced as we are focusing on diversifying the clientele base, expanding into newer markets and geographies and emerging as an enterprise cloud communications provider to safeguard against this threat.
- Constant change in client requirements for a cost-effective end-user engagement model by maintaining the quality of service in the form of stringent SLAs are resulting in the emergence of new-age engagement models, requiring constant technology upgradation and products. This may lead to project delays.

b) Compliance risk

- The Company operates in a dynamic and regulated industry, which requires the implementation of emerging technology, and tools to ensure compliance to changed regulations. This makes the existing technology obsolete and increases the capital expenditure. To mitigate this risk, our teams are constantly updated with new regulations and are equipped with adequate training to meet the emerging challenges.
- A statutory compliance calendar is in place to track applicable regulations, obligation arising out of it and corresponding action items that require to be adhered to ensure compliance. The calendar is monitored and regularly reviewed to ensure compliance.

- Non-renewal of agreements that expire while the services are being rendered/procured would impair the Company's ability to proceed legally in case of non-performance by the vendor/customer. A standard operating procedure describes the process for entering into an agreement and maintaining the agreement calendar.

c) Financial risk

- The Company operates with large volumes but lower margins, necessitating timely collections with nil bad debt. It has well-defined processes in place for ensuring timely collection of receivables. This process is regularly revisited to check for any corrective action required.

d) Operational risk

- The introduction of a new technology, along with emerging processes impacts the overall value chain of the business, leading to sub-optimal process efficiency. The Company has hired consultants to implement new processes, while existing employees are provided with necessary trainings to upskill them.
- The platform's operational efficiency depends on primarily three parameters: speed of delivery, uptime of platform and percentage of delivery. Non-achievement of agreed SLAs with regard to these attributes would be detrimental to customer engagement. Tanla constantly upgrades its system to achieve better-than-industry standards. The Company has deployed a robust technology that delivers 85% messages in less than 5 seconds and maintains a 99% platform uptime.

Internal control systems and adequacy

In addition to a strong internal control system to monitor its business processes, commensurate with the size of the operations and industry in which Tanla operates, Tanla has employed the services of a team from a Big4 Audit firm to enable verification and validation of every financial and accounting transaction that takes place in the organisation. This team's clearance is required for every transaction before it is entered in the accounting package and before any payment is released. The team ensures compliance with the applicable legal and financial statutes, thereby preventing losses, interest and penalties.

Tanla has drawn up Standard Operating Procedures for all business transactions with the support of KPMG in India to ensure compliance with industry best practices. KPMG in India, internal auditors for FY 2019, carried out quarterly internal audits and submitted reports to the Audit Committee for review and discussion. The Audit Committee and the Statutory Auditors, in their meetings with the internal auditors, have reviewed the reports and suggested corrective actions, which have since been implemented.

The auditors have also independently audited the internal financial controls on financial reporting as at March 31, 2019 and have opined that adequate controls over financial reporting exist and that such controls were operating effectively.

Board's Report

Dear Members,

Your Directors are pleased to submit their 23rd (twenty third) report of Tanla Solutions Limited (hereinafter referred as “Tanla” or the “Company”) on the Company's business and operations, together with the audited financial statements of the Company for the year ended March 31, 2019.

Summary of Financial Results:

The summary of Consolidated & Standalone Financial Results for the year is as follows;

(₹ in Lakh)

Particulars	Consolidated		Standalone	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Revenue from Operations	1,00,396.5	79,161.3	80,940.9	69,193.5
Other Income	1,061.1	476.0	956.0	467.2
Total Income	1,01,457.6	79,637.3	81,896.9	69,660.7
Expenses				
Operating expenses	90,756.4	72,642.4	73,124.8	64,131.8
Depreciation	7,322.8	5,733.0	6,808.3	4,891.5
Total Expenses	98,079.2	78,375.5	79,933.1	69,023.2
Profit before Tax	3,347.4	1,261.8	1,963.8	637.5
Less: Provision for Tax incl. deferred Tax	365.3	(649.0)	256.2	(671.7)
Profit after Tax	2,982.1	1,910.8	1,707.6	1,309.2
Other Comprehensive Income	119.6	227.8	433.9	34.7
Total Comprehensive Income	3,101.7	2,138.6	2,141.4	1,343.9
Attributable to:				
Shareholders of the Company	3,101.7	2,138.6	2,141.4	1,343.9
Non-controlling interests	-	-	-	-
Retained earnings – opening balance	8,570.1	6,993.1	16,484.6	15,509.2
Add: Profit/(Loss) for the period	2,982.1	1,910.8	1,707.6	1,309.2
Less: Dividend and dividend tax	(405.9)	(333.8)	(405.9)	(333.8)
Retained earnings – closing balance	11,146.3	8,570.1	17,786.3	16,484.6
Earnings per Share (EPS)				
Basic & Diluted	2.6	1.7	1.5	1.2

Consolidated Performance

The Consolidated Revenue from operations for FY 2019 stood at ₹ 1003.96 Crore and grew by 26.83% Y-o-Y.

Standalone Performance

The Standalone Revenue from operations for FY 2019 stood at ₹ 809.41 Crore and grew by 16.98% Y-o-Y.

Dividend:

During the year under review, the Board has recommended a final dividend for FY 2018-19 @ 35% of the paid-up equity share capital i.e. ₹ 0.35 per fully paid-up equity share of ₹ 1/- each, for your

consideration and approval at the ensuing 23rd Annual General Meeting of the Company.

With the proposed final dividend, the dividend for FY 2018-19 would be ₹ 0.35 per fully paid-up equity share of ₹ 1/- each (35% of the paid-up value) as against the total dividend of ₹ 0.30 per equity share (30% of the paid-up value) declared in the previous year 2017-18.

The total dividend outgo would amount to ₹ 6.06 Crore (including Corporate Dividend Tax), a payout of 35.52% of Net profit of the Company for the financial year 2018-19.

Transfer to Reserves:

The Company has not proposed to transfer any amount to the general reserve for the Financial Year ended March 31, 2019.

State of Company's affairs:

During FY 2019 the Company:

- has achieved a consolidated revenue of ₹ 1,004 Crore registering a growth of 27% Year-on-Year
- to strengthen and retain its leadership position, the Company successfully launched Trubloq, the first blockchain-enabled customer commercial communication stack
- completed the acquisition of Karix Mobile Private Limited and its wholly owned subsidiary Unicel Technologies Ltd

Listing with Stock Exchanges:

Tanla is a public limited Company listed on leading Indian stock exchanges The BSE Limited (BSE: 532790 and National Stock Exchange of India Limited. (NSE: TANLA). The annual listing fee for the financial year 2018-19 is paid to both these exchanges.

Particulars of Loans, Guarantees or Investments:

Details of loans and guarantees given and investments made under Section 186 of the Act are given in the Notes to the Financial Statements.

Disclosure under Section 197(14) of Act

The managing director of the Company is not receiving any remuneration or commission from any subsidiary companies of the Company.

Material Changes and Commitments:

Tanla has completed acquisition of Karix Mobile Private Limited (hereinafter referred as "Karix") on April 10, 2019, making Karix a 100% wholly-owned subsidiary (WOS) of Tanla. Karix has a WOS Unicel Technologies Private Limited (hereinafter referred as "Unicel"), making Unicel step down subsidiary of Tanla. Post-acquisition, Registered Office of Karix and Unicel has been shifted to the State of Telangana from the states of Tamilnadu and Karnataka respectively.

RBI has vide Order No. DNBS (H) CMS No. 131/00.01.692/2019-20, dated August 2, 2019 confirmed cancellation of the Registration of CapitalSiri Investments Private Limited as NBFC.

Apart from above acquisitions, there are no material changes and commitments, affecting the financial position of the Company which have occurred between

the end of the FY 2018-19 to which the financial statements relate and to the date of this report.

Management Discussion & Analysis:

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, outlook, risks and concerns etc. is furnished separately and forms part of this Annual Report, as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Directors' Responsibility Statement as required under Section 134 of the Companies Act, 2013:

The Directors' Responsibility Statement pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013 ("the Act") is appended as **Annexure-1** to this Report.

Consolidated Financial Results:

Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosures Requirements) Regulations 2015, and the Companies Act, 2013, the Consolidated Financial Statements prepared as per Companies Act, 2013 and Indian Accounting Standards, duly audited from part of the Annual Report.

Consolidated Financial Statements incorporating the operations of the Company, its Subsidiaries, Joint Venture Company and Associate Company is appended. Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Subsidiaries, Joint Venture and Associate is enclosed in Form AOC-1 as **Annexure-2** to this Report.

Change in the nature of business, if any:

There is no change in the nature of business of the Company or any of its subsidiaries or joint venture, during the year under review.

Subsidiary, Associate & Joint Venture (JV) Companies

Tanla Corporation Private Limited, India ("TCPL")
A wholly-owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in development of products and services.

Tanla Mobile Asia Pacific Pte Limited, Singapore ("Tanla Singapore" or "TMAP"), a wholly-owned subsidiary of Tanla based at Singapore, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

Capitalsiri Investments Private Limited (“Capitalsiri”)

a wholly-owned subsidiary of Tanla Solutions Limited based at Hyderabad, India is engaged in NBFC activity and the Company is yet to commence its operations. RBI has vide Order No. DNBS (H) CMS No. 131/00.01.692/2019-20, dated August 2, 2019 confirmed cancellation of the Registration of CapitalSiri Investments Private Limited as NBFC.

Karix Mobile Private Limited (“Karix”)

a wholly-owned subsidiary of Tanla Solutions Limited, is engaged in the business of Cloud Communications. It has received a Certificate of Registration from the Registrar of Companies on August 8, 2000 and the Company was acquired by Tanla on April 10, 2019.

Unicel Technologies Private Limited (“Unicel”)

a wholly-owned subsidiary of Karix, and Step-Down Subsidiary of Tanla is engaged in the business of providing wireless applications hosting services designed to help businesses deliver Internet and other content and web applications to users. It has received a Certificate of Registration from the Registrar of Companies on May 29, 2003 and Unicel became Step-Down Subsidiary of Tanla as a result of acquisition of Karix by Tanla on April 10, 2019.

TZ Mobile Private Limited (“TZ Mobile”) a joint venture of Tanla with Zed Worldwide (ZWW), Spain, is under liquidation w.e.f. June 18, 2019

Jengatron Gaming Private Limited (“Jengatron”) an associate Company of Tanla, provides a skill based mobile gaming platform.

The audited financial statements of each of its subsidiary, associate and joint venture companies are available for inspection at the Company’s registered office and also at registered offices of the respective companies and pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of each of its subsidiary companies are also available on the Company’s website www.tanla.com. Copies of the annual financial statements of the subsidiary, associate and joint venture companies will also be made available to the investors of the Company and those of the respective companies upon request.

Deposits:

The Company has not accepted any deposit from the public under Chapter V of the Act or under the corresponding provisions of Section 73 and 74 of the Companies Act, 2013, and no amount of principal or interest was outstanding as on the Balance Sheet date.

Share Capital:

The paid-up equity share capital of the Company as on March 31, 2019 was ₹ 1,156.27 Lakh.

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	₹	Number of shares	₹
SHARE CAPITAL				
(a) Authorised Equity shares of ₹ 1/- each	20,00,00,000	20,00,00,000	12,00,00,000	12,00,00,000
(b) Issued, Subscribed and fully paid-up:				
Equity Shares of ₹ 1/- each fully paid-up	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952
	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952

During the year the Company had issued shares as detailed below:

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
Shares outstanding at the beginning of the year	11,24,21,952	11,24,21,952	10,74,85,785	10,74,85,785
Add: Issued and allotted during the year	32,04,875	32,04,875	49,36,167	49,36,167
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	11,56,26,827	11,56,26,827	11,24,21,952	11,24,21,952

The Company has one class of equity shares of ₹ 1/- each fully paid-up. As on April 01, 2018 the paid-up share capital of the Company was ₹ 11,24,21,952. For the year under review, the Company has issued & allotted 3,00,000 equity shares under ESPS 2018 on December 27, 2018, 63,750 equity shares under ESOP 2015 on March 7,

2019, 11,76,125 equity shares under ESPS 2018 on March 15, 2019 and 16,65,000 equity shares to Promoters upon conversion of warrants into equity on Preferential basis on March 29, 2019.

During the year under review, the Promoters Mr. D. Uday Kumar Reddy & Ms. D. Tanuja Reddy have

subscribed to 79,50,858 warrants at ₹ 40/- each by paying 25% upfront amount. Out of the above, 16,65,000 warrants were converted into Equity Shares on March 29, 2019 by paying remaining 75% amount. The balance 62,85,858 warrants are to be converted into Equity Shares.

As on March 31, 2019 the paid-up share capital of the Company was ₹ 11,56,26,827.

(ii) Terms/Rights and restrictions attached to the equity shares:

The Company has only one class of equity shares having a face value of ₹ 1/-. Each shareholder is eligible for one vote per every equity share held.

(iii) The details of shareholders holding more than 5% shares in the Company:

Sr. No.	D. Uday Kumar Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	1,94,96,493	17.34	-	-
	26/10/2018 (Purchase)	7	0.00	1,94,96,500	17.34
	28/01/2019 (Purchase)	1,90,000	0.17	1,96,86,500	17.46
	29/01/2019 (Purchase)	4,46,947	0.40	2,01,33,447	17.86
	29/03/2019 (Preferential Allot.)	8,32,500	0.72	2,09,65,947	18.13
	At the end of the year			2,09,65,947	18.13

Sr. No.	D. Tanuja Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	At the beginning of the year	1,43,19,270	12.74	-	-
	29/03/2019 (Preferential Allot.)	8,32,500	0.72	1,51,51,770	13.10
	At the end of the year			1,51,51,770	13.10

Particulars of Employees:

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure-3** of this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 including the amendments thereto, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure-4** to this report.

Extract of the Annual Return:

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013 and rules framed thereunder, an extract of the Annual Return in form MGT-9 in the prescribed format is appended as **Annexure-5** to this Report. The Weblink for accessing the extract of annual return is www.tanla.com.

Corporate Governance:

Your Company is committed to good Corporate Governance coupled with good corporate practices.

The report on corporate governance for the year ended March 31, 2019 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 forms part of this annual report. A Compliance Report on Corporate Governance for the year 2018-19 from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the Report on Corporate Governance.

The Corporate Governance Report, *inter alia*, contains the following disclosure:

- Number of Board Meetings
- Composition of Audit Committee
- Composition of Nomination & Remuneration Committee
- Composition of Stakeholders' Relationship Committee
- Composition of Corporate Social Responsibility Committee
- Appointment & Remuneration Policy (for Directors, Key Managerial Personnel & Senior Management Personnel of the Company)

- vii. Performance Evaluation criteria of the Board, its Committees & individual Directors
- viii. Details as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Directors and Key Managerial Personnel:

Pursuant to the provisions of Sections 149 & 184 of the Companies Act, 2013 and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the Independent Directors of the Company have submitted a declaration that each of them meets the criteria of Independence as prescribed in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

Pursuant to provisions of Section 203 of the Act, Mr. Dasari Uday Kumar Reddy, Chairman & Managing Director, Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer and Ms. Seshanuradha Chava, Company Secretary, are the Key Managerial Personnel (KMP) of the Company.

No Director or KMP was appointed or had retired or resigned during FY 2018-19.

Mr. D. Uday Kumar Reddy, Chairman & Managing Director of the Company is recommended by the Board and by Nomination & Remuneration Committee to be reappointed as the Chairman & Managing Director of the Company for next 5 (Five) years subject to approval of the Shareholders.

Ms. Amrita Gangotra, who was appointed by the board on July 31, 2019 and Mr. Rohit Bhasin, Mr. Sanjay Baweja & Mr. Sanjay Kapoor who were appointed by the board on August 30, 2019 as Additional Directors up to the date of Annual General Meeting are proposed by the Board and Nomination & Remuneration Committee to be appointed as a regular Directors on the Board of the Company subject to the approval of Shareholders.

Mr. R. N. Agarwal & Ms. Kalpana Kunda are retiring from the Board as their term as Independent Directors is expiring in this Annual General Meeting, the Board thanks them for their contribution on the Board during their association with the Company.

Dr. A. G. Ravindranath Reddy is retiring as Independent Director as his term is expiring in this Annual General Meeting. The Board and Nomination & Remuneration Committee propose to appoint and redesignate him as Non-Executive Director on the Board of the Company subject to the approval of Shareholders.

Brief particulars and expertise of each director seeking appointment/re-appointment together with their other directorships and committee memberships has been given in the annexure to the Notice of the Annual General Meeting and Report on Corporate Governance, which forms part of this Annual Report, in accordance with the requirements of the Listing Regulations and applicable Secretarial Standards.

Declaration from Independent Directors:

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulations 16 & 25 of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's code of conduct

Familiarisation Programme for Independent Directors:

In terms of Clause 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of the familiarisation programme of the independent directors are available on the website of the Company (www.tanla.com)

A meeting of Independent Directors was held on January 24, 2019.

Committees of Board, Number of Meetings of the Board and Board Committees:

During the year ended March 31, 2019, Seven (7) Board Meetings were held. And the dates on which they were held are – May 4, 2018, May 18, 2018, August 14, 2018, August 24, 2018, November 1, 2018, January 23, 2019 & March 7, 2019.

As on March 31, 2019, the Board has Four committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility ('CSR') Committee, the Stakeholders' Relationship Committee.

All the recommendations made by committees of the Board including the Audit Committee were accepted by the Board. A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during FY 2018-19 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Annual Report.

Secretarial Standards:

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with

the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

Internal Financial Controls and their adequacy:

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of accounting records, and timely preparation of reliable financial disclosures. Refer to "Internal control systems and adequacy" in the Management Discussion and Analysis report.

Whistle-Blower Policy/Vigil Mechanism:

Pursuant to the requirement of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. The said Policy provides for adequate safeguard against victimisation of directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee. The Whistle-Blower Policy has been placed on website of the Company and web link thereto is www.tanla.com.

During the year, no whistle blower complaints were received.

Board Evaluation:

The Company believes that formal evaluation of the board and of the individual directors, on an annual basis, is a potentially effective way to respond to the demand for greater board accountability and effectiveness. Evaluations provide an ongoing means for directors to assess their individual and collective performance and effectiveness on the Board of the Company.

In line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board has carried out evaluation of its own performance, the Directors individually and the Committees of the Board.

The board evaluation was performed after seeking inputs from all the directors and included criteria such as the board composition and structure, effectiveness of board processes, information and functioning as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017 and the amendments brought in SEBI (LODR) Regulations in 2018.

Nomination and Remuneration Policy:

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013, and Regulation 19 of the Listing Regulations, the NRC has formulated a policy relating to the nomination and remuneration for the Directors and Key Managerial Personnel (KMP). The current policy is to have an appropriate mix of executive, non-executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the Nomination & Remuneration policy of the Company. The Nomination & Remuneration policy adopted by the Board is placed on the Company's website www.tanla.com.

Risk Management:

The Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimisation of probable risks. It ensures that all the risks are defined and mitigated in accordance with the well-structured risk management process.

During the year, the Risk management team reviewed the elements of risk and the steps taken to mitigate the risks and in the opinion of the Board there are no major element of risk, which has the potential of threatening the existence of the Company. A report on risk management is prepared by the management and forms part of this annual report.

Material Subsidiary Policy:

The Company has adopted a policy for determining material subsidiary, in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on Material Subsidiaries is available on the website of the Company and weblink thereto is www.tanla.com

Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

None of the Directors had any pecuniary relationship or transactions with the Company, other than to the extent of their shareholding and except the payments made to them in the form of remuneration/sitting fee.

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into, if any, by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **Annexure-6**.

Corporate Social Responsibility Committee (CSR):

The Company has formed its Corporate Social Responsibility Committee and the details of the composition of the Corporate Social Responsibility Committee as required under the provisions of Section 135 of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on the CSR activities during the year are provided elsewhere in this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The said policy is available on the Company's website www.tanla.com.

The prescribed minimum CSR spend i.e. 2% of the average net profits of the Company for the immediately preceding three financial years calculated as per Section 198 of the Companies Act, 2013 works out to ₹ 11.03 Lakh and the Company has spent ₹ 14.46 Lakh on CSR activities in the areas of Education. Detailed disclosure of CSR are provided in Management Discussion & Analysis annexed to this Annual Report.

Auditors and Auditors' Report:

Statutory Auditors:

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s. M. N. Rao & Associates, Chartered Accountants were appointed as the Company's Statutory Auditors in the 22nd AGM, for a period of one year i.e. till the conclusion of 23rd AGM. The Board has duly examined the Statutory Auditors' Report to the financial statements, which is self-explanatory and required no further clarifications.

The Auditors have not reported any frauds to the Audit Committee and/or to the Central Government as prescribed under Section 143 (12) of the Companies Act, 2013.

Auditors of the Company have completed their term as they have been appointed for a period of 1 year

from the date of 22nd AGM until the conclusion of 23rd AGM to be held in 2019 and therefore, the Board of Directors of your Company, on the recommendation of the Audit Committee, have recommended to the members for appointment of M/s. MSKA & Associates, Chartered Accountants, Firm Registration number 105047W as Statutory Auditors of the Company for a period of 5 years from the conclusion of 23rd Annual General Meeting of the Company till the conclusion of 28th Annual General Meeting to be held in 2024.

Internal Auditors:

The Company has appointed KPMG as the Internal Auditors for FY 2018-19 to audit specific locations and processes. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. The recommendations of the internal audit team on improvements in the operating procedures and control systems are also presented to the Audit Committee and the business to use these as tools for strengthening the operating procedures.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board had appointed M/s. BS & Company Company Secretaries LLP as Secretarial Auditors to conduct Secretarial audit of the Company for the financial year 2018-19. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Secretarial Audit Report issued by M/s. BS & Company Company Secretaries LLP in form MR-3 is enclosed as **Annexure-7** to this Annual Report.

The Report does not contain any qualification, reservation, disclaimer or adverse remark.

Cost Audit:

Pursuant to Section 148(1) of the Companies Act, 2013, Cost Audit is not required for the Company for the financial year ended March 31, 2019.

Significant and material orders passed by the Courts/Regulators:

There are no significant and material orders passed by the Courts or Regulators against the Company.

Rating:

The rating was not changed during the year and the Company has maintained rating of **CARE A2+** by CARE and **5a3** by Dun & Bradstreet.

Insurance:

All the properties and insurable interests of the Company including buildings have been fully insured.

Human Capital:

Employees are our most valuable assets and they play a vital role in the growth of your Company. The Company places the engagement, development and retention of talent as its highest priority, to enable achievement of organisational vision. Structure, Process and Culture are the cornerstones of our Human Resource strategy and we have made strides in these areas during the last year.

With an unswerving focus on nurturing, training and retaining talent, your Company provides avenues for learning and development through functional, behavioural and leadership training programmes, communication channels for information sharing, to name a few.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Act, read with the Companies (Accounts) Rules, 2014, are enclosed as **Annexure-8** to this Report.

Employee Stock Option Scheme (ESOP):

Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"). There was no change in the ESOP scheme of the Company during the year.

The Company has an operative Employees Stock Option Scheme Plan 2015 (ESOP 2015-16) which provides for grant of Stock Options to eligible employees of the Company.

The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 and erstwhile SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided in **Annexure-9** to this Report. 63,750 shares were granted under ESOP 2015, during FY 2018-19.

Employee Stock Purchase Scheme (ESPS)

Company believes in rewarding its employees, for their hard work, dedication and support, which has led the Company on growth path. Equity based compensation is considered to be an integral part of employee compensation across sectors.

The Company implemented employee stock purchase scheme i.e. Tanla Employee Stock Purchase Scheme 2018" ("ESPS 2018"/"Scheme") pursuant to the

approval of shareholders on September 17, 2018, on the recommendation of Nomination and Remuneration Committee of the Board.

The details of ESPS 2018 pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 are provided in **Annexure-10** to this Report.

Sexual Harassment of Women at Workplace

Pursuant to the provisions of "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" ("POSH Act") the Company has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has always provided a safe and harassment free workplace for every woman working in its premises through various policies and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has been actively involved in ensuring that the associates are aware of the provisions of the POSH Act and rights thereunder. In the year under review, the Company has not received any complaint from any woman employee.

Acknowledgement:

The Board of Directors takes this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz. customers, investors, banks, regulators, suppliers and other business associates for the support received from them during the year under review. The Directors also wish to place on record their deep sense of gratitude and appreciation to all the employees for their commitment and contribution towards achieving the goals of the Company. The relation between the management and the employees has been cordial throughout the year.

On behalf of The Board of Directors

For Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy
Chairman & Managing
Director
(DIN: 00003382)

Hyderabad
August 30, 2019

Annexures to Board's Report

Annexure-1

Directors' Responsibility Statement

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Companies Act, 2013, and on the basis of compliance certificate received from the executives of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of our knowledge and information furnished, we state that:

- i) In preparation of the Annual Accounts for the year ended March 31, 2019, all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- ii) We have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2019.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts for the year ended March 31, 2019 has been prepared on a going concern basis.
- v) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

On behalf of The Board of Directors
For Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 30, 2019

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

Sr. No.	Name of the Subsidiary	The date since when subsidiary was acquired /date of incorporation	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Tax expense	Profit after taxation	Proposed Dividend	Extent of share-holding (in percentage)
1	Tanla Corporation Private Limited	16-11-1998	31.03.2019	INR	13,286,470	540,486,416	735,961,219	182,188,332	-	347,099,388	34,166,499	10,910,919	23,255,580	-	100
2	Tanla Mobile Asia Pacific Pte Ltd	24-04-2007	31.03.2019	USD	555,063	4,342,620	14,468,685	9,571,002	-	26,094,602	1,589,779	-	1,589,779	-	100
3	Capitalsiri Investments Private Limited	17-11-2017	31.03.2019	INR	20,500,000	-4,141,101	21,686,497	5,327,598	-	-	-3,689,606	-	-3,689,606	-	100

Names of subsidiaries which are yet to commence operations- Capitalsiri Investments Private Limited

Names of subsidiaries which have been liquidated or sold during the year- Not applicable

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Particulars	TZ Mobile Private Limited	Jengatron Gaming Private Limited
1	Latest audited Balance Sheet Date	31.03.2019	31.03.2019
2	Date on which the Associate or Joint Venture was associated or acquired	27.07.2009	27-11-2018
3	Shares of Associate or Joint Ventures held by the company on the year end		
	No.	103,490	60,000
	Amount of Investment in Associates or Joint Venture	10349000	20000000
	Extent of Holding (in percentage)	50%	30%
4	Description of how there is significant influence	Company holds 50% of shares in TZ Mobile Private Limited.	Company holds 30% of shares in Jengatron Gaming Private Limited.
5	Reason why the associate/joint venture is not consolidated	Not applicable	Not applicable
6	Networth attributable to shareholding as per latest audited Balance Sheet	3,465,834	12,347,826
7	Profit or Loss for the year	-22,000	-13,475,869
	(i) Considered in Consolidation	-11,000	-3,096,200
	(ii) Not Considered in Consolidation	-	-946,560

Names of associates or joint ventures which are yet to commence operations- Not applicable

Names of associates or joint ventures which have been liquidated or sold during the year- Not applicable

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

M. V. Ratnam
Partner
Membership No. 008314

Hyderabad
May 02, 2019

For and on behalf of the Board
Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
VP - Legal & Secretarial & Company Secretary

Annexure-3

The details of remuneration during the year 2018-19 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

Sr. No.	Disclosure Requirement	Disclosure Details	
1.	Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:	Executive Directors	Ratio to median remuneration (In %)
		Mr. D. Uday Kumar Reddy	56.3
		Non-Executive Directors	
		Mr. Ram Narain Agarwal	0.11
		Dr. A. G. Ravindranath Reddy	0.52
		Ms. Kalpana Reddy	0.52
2.	Percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
		Mr. D. Uday Kumar Reddy, Chairman & Managing Director	-
		Mr. Ram Narain Agarwal	-
		Dr. A. G. Ravindranath Reddy	-
		Ms. Kalpana Reddy	-
		Mr. Srinivas Gunupudi Kamoji, Chief Financial Officer	8.2%
		Mrs. Seshanuradha Chava, Company Secretary	6%

3. Percentage increase in the median remuneration of the employees in the financial year – 48%
4. Number of permanent employees on the rolls of the Company as on March 31, 2019 is 130.
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase in salaries of employees was around 10%.

Increase in the managerial remuneration for the year was 10%.

6. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its remuneration policy.

On behalf of The Board of Directors
For Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 30, 2019

Annexure-4

Statement under Section 134 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014

a) Employed throughout the Financial Year and in receipt of remuneration aggregating ₹ 1,02,00,000 per year or more:

Name, Age and Qualification	Designation and nature of duties	Date of commencement of employment	Experience in years	Remuneration (in ₹)	Last Employment
D. Uday Kumar Reddy 52 Years MBA	Chairman & Managing Director	27/11/1999	23 Years	₹ 2,20,00,000 (excluding contributions to provident and other funds)	-

List of Top 10 employees in terms of Remuneration drawn as set out in Rule 5(2) Companies (Appointment and Remuneration Of Managerial Personnel) Rules, 2014

Sr. No.	Name of the Employee	Designation	Remuneration* received (₹) p.a.	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of Commencement of employment	Age	The last employment held before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of sub-rule (2) of Rule 5	Whether the employee is a relative of any director or manager of the Company
1	Sriram Srinivasa Vinjamuri	COO	15,128,560	Permanent	MBA and 25.3 years	22/10/2018	49	Tata Teleservices	No Employee was in receipt of remuneration above the remuneration of Managing Director/ Whole-time	No
2	Venkata Papi Reddy Konda	AVP - Delivery Product Engineering	7,180,762	Permanent	MCA and 25 Years	08/11/2006	49	Virtu mobile Pvt. Ltd.	Director	No
3	Srinivas Gunupudi Kamoji	CFO	8,289,882	Permanent	CA and 27 Years	08/08/2008	57	Omeir travel agency	Director	No
4	Ravichandra Reddy Kanuparthi	Manager - Delivery	7,337,840	Permanent	MBA and 20 Years	01/06/2001	43	Poojitha Infotech	Director	No
5	Chandra Sekhar Konetiseti	VP - Product Planning	6,738,115	Permanent	MBA and 23.9 Years	01/11/2007	40	Tecsys Pvt Ltd	Director	No
6	Badrinath Krishnarao Agnihotri	AVP - India Sales	5,862,715	Permanent	MBA and 21.6 Years	12/02/2014	50	Loop Mobile Pvt. Ltd.	Director	No
7	Kiran Kumar Sikhakolli	GM - Operations	6,596,001	Permanent	MBA and 18.6 Years	11/02/2008	40	People infocom Pvt. Ltd.	Director	No
8	Amar Reddy Chilukuri	Manager - Delivery	6,374,642	Permanent	B.Tech and 16.8 Years	11/12/2002	39	-	Director	No
9	Seshanuradha Chava	VP - Legal & Secretarial	6,764,010	Permanent	M.COM, LLb, ACS-22.9 Years	06/11/2005	47	Virtusa	Director	No
10	Praveen Kumar Reddy Narra	DGM - Pre-sales	6,084,698	Permanent	MBA and 14.1 Years	16/07/2008	39	XIUS-BCGI Pvt Ltd.	Director	No

* Remuneration paid includes perquisite value of shares allotted under ESPS / ESOP.

b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹ 8,50,000 per month or more:

Mr. Sriram Srinivasa Vinjamuri- COO of the Company- details in the table above-mentioned

1. Remuneration includes salary and allowances, commission where applicable, Company's contribution to Provident Fund, Superannuation Fund and Group Gratuity Scheme, reimbursement of medical expenses at actuals, and monetary value of perquisites calculated in accordance with the Income Tax Act/Rules.
2. There are no employees in the service of the Company within the category covered by Rule 5 (2) (iii) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.
3. None of the above employees is a relative of any Director of the Company.

Form No. MGT-9

Annexure-5

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration & Other Details:

i)	CIN	L72200TG1995PLC021262
ii)	Registration Date	28/07/1995
iii)	Name of the Company	TANLA SOLUTIONS LIMITED
iv)	Category/Sub-category of the Company	Company Limited by Shares/Non - Government Company
v)	Address of the Registered office & contact details	Tanla Technology Centre, Hitec City Road, Madhapur, Hyderabad, Telangana - 500 081. Tel.: +91 40 40099999 Fax: +91 40 23122999 Website: www.tanla.com E-mail: investorhelp@tanla.com
vi)	Whether listed Company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Karvy Fintech Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri Lingampally, Hyderabad - 500 032, Telangana State, India. Tel.: +91 40 6716 1585/2222 Fax: +91 40 2300 1153

II. Principal Business Activities of the Company

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Information Technology and Computer Services	62099	100%

III. Particulars of Holding, Subsidiary & Joint Venture Companies

Sr. No.	Name and Description of main products/services	CIN/GLN	Holding, Subsidiary and Associate	% of Shares held	Applicable Section
1	Tanla Corporation Private Limited	U70100TG1998PTC054527	Subsidiary	100%	Section 2(87)
2	Tanla Mobile Asia Pacific Pte. Ltd., Singapore	Not Applicable	Subsidiary	100%	Section 2(87)
3	Capitalsiri Investments Private Limited	U65929TG2017PTC120679	Subsidiary	100%	Section 2(87)
4	TZ Mobile Private Limited	U64203TG2009PTC064512	Joint Venture	50%	NA
5	Jengatron Gaming Private Limited	U74999DL2016PTC303011	Associate	30%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category code	Category of shareholder	No. of shares held at the beginning of the year 01/04/2018				No. of shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A) Promoter and promoter group										
(1) Indian										
(a)	Individual /HUF	32331835	1483928	33815763	30.08	34452717	1665000	36117717	31.24	1.16
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	620000	0	620000	0.55	4419000	0	4419000	3.82	3.27
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	32951835	1483928	34435763	30.63	38871717	1665000	40536717	35.06	4.43
(2) Foreign										
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	32951835	1483928	34435763	30.63	38871717	1665000	40536717	35.06	4.43
(B) Public Shareholding										
(1) Institutions										
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	146847	0	146847	0.13	256836	0	256836	0.22	0.09
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	146847	0	146847	0.13	256836	0	256836	0.22	0.09
(2) Non-Institutions										
(a)	Bodies Corporate	9394243	0	9394243	8.36	3753436	0	3753436	3.25	-5.11
(b) Individuals										
	(i) Individuals holding nominal share capital upto ₹1 Lakh	48660118	38683	48698801	43.32	41345788	1275782	42621570	36.86	-6.46
	(ii) Individuals holding nominal share capital in excess of ₹ 1 Lakh	15905365	0	15905365	14.15	24728745	300000	25028745	21.65	7.50
(c)	Others									
	Clearing Members	319659	0	319659	0.28	218673	0	218673	0.19	-0.10
	Foreign Nationals	0	85886	85886	0.08	0	85886	85886	0.07	0.00
	I E P F	32998	0	32998	0.03	32998	0	32998	0.03	0.00
	NBFC	118687	0	118687	0.11	102572	0	102572	0.09	-0.02
	Non Resident Indians	2648539	20	2648559	2.36	2190780	20	2190800	1.89	-0.46
	NRI Non-Repatriation	624068	0	624068	0.56	786584	0	786584	0.68	0.13
	Trusts	11076	0	11076	0.01	12010	0	12010	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	77714753	124589	77839342	69.24	73171586	1661688	74833274	64.72	-4.52
	Total B=B(1)+B(2) :	77861600	124589	77986189	69.37	73428422	1661688	75090110	64.94	-4.43
	Total (A+B) :	110813435	1608517	112421952	100.00	112300139	3326688	115626827	100.00	0.00
(C) Shares held by custodians, against which Depository Receipts have been issued										
(1) Promoter and Promoter Group										
(2) Public										
		0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C) :	110813435	1608517	112421952	100.00	112300139	3326688	115626827	100.00	

ii) Shareholding of Promoters (including promoter group)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01/04/2018			Shareholding at the end of the year i.e. 31/03/2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	D. Uday Kumar Reddy	1,94,96,493	17.34	0.00	2,09,65,947	18.13	0.00	7.54
2	D. Tanuja Reddy	1,43,19,270	12.74	0.00	1,51,51,770	13.10	0.00	5.81
3	Arka Dresswear Private Limited	3,15,000	0.28	0.00	3,15,000	0.27	0.00	0.00
4	Veda Matha Technologies Private Limited	3,05,000	0.27	0.00	3,05,000	0.26	0.00	0.00
5	Mounika Finance and Leasing Private Limited#	34,79,000	3.09	0.00	34,79,000	3.00	0.00	0.00
6	Blue Green Biotech and Pharma Private Limited#	3,20,000	0.28	0.00	3,20,000	0.28	0.00	0.00
TOTAL		3,82,34,763	34.00	0.00	4,05,36,717	35.04	0.00	6.02

Included in Promoter Group during the financial year 2018-19.

iii) Change in Promoters' Shareholding (including promoter group) (please specify, if there is no change)

Sr. No.	D. Uday Kumar Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	1,94,96,493	17.34	-	-
	26/10/2018 (Purchase)	7	0.00	1,94,96,500	17.34
	28/01/2019 (Purchase)	1,90,000	0.17	1,96,86,500	17.46
	29/01/2019 (Purchase)	4,46,947	0.40	2,01,33,447	17.86
	29/03/2019 (Preferential Allot.)	8,32,500	0.72	2,09,65,947	18.13
	At the end of the year (or on the date of separation, if separated during the year)			2,09,65,947	18.13

Sr. No.	D. Tanuja Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	At the beginning of the year	1,43,19,270	12.74	-	-
	29/03/2019 (Preferential Allot.)	8,32,500	0.72	1,51,51,770	13.10
	At the end of the year (or on the date of separation, if separated during the year)			1,51,51,770	13.10

Sr. No.	Arka Dresswear Private Limited	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	At the beginning of the year	3,15,000	0.28	-	-
	At the end of the year (or on the date of separation, if separated during the year)			3,15,000	0.27

Sr. No.	Veda Matha Technologies Private Limited	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	At the beginning of the year	3,05,000	0.27	-	-
	At the end of the year (or on the date of separation, if separated during the year)			3,05,000	0.26

Sl. No.	Mounika Finance and Leasing Private Limited#	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	At the beginning of the year	34,79,000	3.09	-	-
	At the end of the year (or on the date of separation, if separated during the year)			34,79,000	3.00

Sr. No.	Blue Green Biotech and Pharma Private Limited#	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	At the beginning of the year	3,20,000	0.28	-	-
	At the end of the year (or on the date of separation, if separated during the year)			3,20,000	0.28

Included in Promoter Group during the financial year 2018-19.

iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Gautam Sabharwal				
	At the beginning of the year	2571764	2.29	-	-
	Date	Reason			
	06/04/2018	Sale	184909	2386855	2.12
	11/05/2018	Sale	10000	2376855	2.11
	06/07/2018	Sale	25000	2351855	2.09
	17/08/2018	Sale	25000	2326855	2.07
	07/09/2018	Sale	15000	2311855	2.06
	26/10/2018	Sale	64732	2247123	2.00
	02/11/2018	Sale	30000	2217123	1.97
	09/11/2018	Sale	6392	2210731	1.97
	16/11/2018	Sale	24000	2186731	1.95
	30/11/2018	Sale	15000	2171731	1.93
	07/12/2018	Sale	12526	2159205	1.92
	08/02/2019	Sale	15136	2144069	1.91
	At the end of the year (or on the date of separation, if separated during the year)			2144069	1.91

2 Ponguleti Harsha Reddy		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		0	0.00	-	-
Date	Reason				
06/07/2018	Purchase	390482	0.35	390482	0.35
13/07/2018	Purchase	585422	0.52	975904	0.87
20/07/2018	Purchase	548939	0.49	1524843	1.36
27/07/2018	Purchase	249221	0.22	1774064	1.58
10/08/2018	Purchase	6000	0.01	1780064	1.58
17/08/2018	Sale	100	0.00	1779964	1.58
07/09/2018	Purchase	150	0.00	1780114	1.58
21/09/2018	Purchase	58721	0.05	1838835	1.64
28/09/2018	Purchase	71962	0.06	1910797	1.70
05/10/2018	Purchase	18061	0.02	1928858	1.72
12/10/2018	Purchase	1000	0.00	1929858	1.72
25/01/2019	Purchase	3000	0.00	1932858	1.72
22/02/2019	Purchase	4400	0.00	1937258	1.72
15/03/2019	Purchase	2350	0.00	1939608	1.73
At the end of the year (or on the date of separation, if separated during the year)				1939608	1.73

3 Ponguleti Madhuri		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		0	0.00	-	-
Date	Reason				
29/06/2018	Purchase	100136	0.09	100136	0.09
06/07/2018	Purchase	305420	0.27	405556	0.36
13/07/2018	Purchase	585178	0.52	990734	0.88
20/07/2018	Purchase	539167	0.48	1529901	1.36
27/07/2018	Purchase	239586	0.21	1769487	1.57
03/08/2018	Purchase	17000	0.02	1786487	1.59
10/08/2018	Purchase	6000	0.01	1792487	1.59
07/09/2018	Purchase	250	0.00	1792737	1.59
21/09/2018	Purchase	28326	0.03	1821063	1.62
28/09/2018	Purchase	105829	0.09	1926892	1.71
05/10/2018	Purchase	8000	0.01	1934892	1.72
25/01/2019	Purchase	4000	0.00	1938892	1.72
At the end of the year (or on the date of separation, if separated during the year)				1938892	1.72

4 Mareddy Pera Reddy		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		1519427	1.35	-	-
Date	Reason				
27/04/2018	Purchase	31000	0.03	1550427	1.38
04/05/2018	Purchase	50000	0.04	1600427	1.42
01/06/2018	Purchase	66072	0.06	1666499	1.48
01/06/2018	Sale	166072	0.15	1500427	1.33
08/06/2018	Purchase	200000	0.18	1700427	1.51
31/08/2018	Purchase	70000	0.06	1770427	1.57
07/09/2018	Purchase	130000	0.12	1900427	1.69
28/09/2018	Purchase	23825	0.02	1924252	1.71
05/10/2018	Purchase	14175	0.01	1938427	1.72
12/10/2018	Purchase	98000	0.09	2036427	1.81

4	Mareddy Pera Reddy		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	07/12/2018	Purchase	50000	0.04	2086427	1.86
	14/12/2018	Purchase	1336000	1.19	3422427	3.04
	14/12/2018	Sale	1336000	1.19	2086427	1.86
	22/02/2019	Purchase	600	0.00	2087027	1.86
	22/02/2019	Sale	100000	0.09	1987027	1.77
	15/03/2019	Sale	200000	0.18	1787027	1.59
	At the end of the year (or on the date of separation, if separated during the year)				1787027	1.59

5	Madhavi Mareddy	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	1600000	1.42	-	
	Date	Reason			
	08/06/2018	Sale	200000	0.18	1400000 1.25
	06/07/2018	Purchase	25000	0.02	1425000 1.27
	13/07/2018	Purchase	25000	0.02	1450000 1.29
	31/08/2018	Purchase	50000	0.04	1500000 1.33
	12/10/2018	Purchase	40664	0.04	1540664 1.37
	14/12/2018	Purchase	1540664	1.37	3081328 2.74
	14/12/2018	Sale	1540664	1.37	1540664 1.37
	22/02/2019	Purchase	4336	0.00	1545000 1.37
	15/03/2019	Purchase	200000	0.18	1745000 1.55
	At the end of the year (or on the date of separation, if separated during the year)			1745000	1.55

6	Jatindra Nath Kohli	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
	At the beginning of the year	668812	0.59	-	-	
	Date	Reason				
	06/04/2018	Purchase	68709	0.06	737521	0.66
	13/04/2018	Sale	75000	0.07	662521	0.59
	27/04/2018	Purchase	140000	0.12	802521	0.71
	04/05/2018	Purchase	552131	0.49	1354652	1.20
	11/05/2018	Purchase	15000	0.01	1369652	1.22
	11/05/2018	Sale	108680	0.10	1260972	1.12
	18/05/2018	Sale	9664	0.01	1251308	1.11
	25/05/2018	Purchase	157521	0.14	1408829	1.25
	25/05/2018	Sale	171068	0.15	1237761	1.10
	01/06/2018	Sale	6009	0.01	1231752	1.10
	08/06/2018	Sale	10170	0.01	1221582	1.09
	15/06/2018	Purchase	8323	0.01	1229905	1.09
	22/06/2018	Sale	9653	0.01	1220252	1.09
	29/06/2018	Sale	3963	0.00	1216289	1.08
	06/07/2018	Purchase	28743	0.03	1245032	1.11
	13/07/2018	Purchase	70000	0.06	1315032	1.17
	13/07/2018	Sale	2357	0.00	1312675	1.17
	20/07/2018	Purchase	38808	0.03	1351483	1.20
	27/07/2018	Sale	621	0.00	1350862	1.20
	03/08/2018	Purchase	80182	0.07	1431044	1.27
	10/08/2018	Purchase	98200	0.09	1529244	1.36
	10/08/2018	Sale	5242	0.00	1524002	1.36
	17/08/2018	Sale	1007	0.00	1522995	1.35

6	Jatindra Nath Kohli	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
	24/08/2018	Purchase	39183	0.03	1562178	1.39
	31/08/2018	Sale	28869	0.03	1533309	1.36
	07/09/2018	Sale	12544	0.01	1520765	1.35
	14/09/2018	Purchase	9484	0.01	1530249	1.36
	21/09/2018	Sale	12713	0.01	1517536	1.35
	28/09/2018	Sale	29268	0.03	1488268	1.32
	05/10/2018	Purchase	3441	0.00	1491709	1.33
	12/10/2018	Purchase	14829	0.01	1506538	1.34
	12/10/2018	Sale	65000	0.06	1441538	1.28
	19/10/2018	Purchase	22238	0.02	1463776	1.30
	26/10/2018	Purchase	43819	0.04	1507595	1.34
	02/11/2018	Purchase	45173	0.04	1552768	1.38
	09/11/2018	Purchase	1166327	1.04	2719095	2.42
	09/11/2018	Sale	1156200	1.03	1562895	1.39
	16/11/2018	Purchase	582	0.00	1563477	1.39
	23/11/2018	Purchase	2906	0.00	1566383	1.39
	30/11/2018	Purchase	3920	0.00	1570303	1.40
	07/12/2018	Purchase	15789	0.01	1586092	1.41
	14/12/2018	Purchase	22335	0.02	1608427	1.43
	21/12/2018	Purchase	5105	0.00	1613532	1.44
	28/12/2018	Purchase	103976	0.09	1717508	1.53
	01/02/2019	Purchase	5000	0.00	1722508	1.53
	At the end of the year (or on the date of separation, if separated during the year)				1722508	1.53

7	Pongileti Prasad Reddy	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
	At the beginning of the year	0	0.00	-	-	
	Date	Reason				
	27/07/2018	Purchase	92733	0.08	92733	0.08
	03/08/2018	Purchase	126453	0.11	219186	0.19
	10/08/2018	Purchase	63055	0.06	282241	0.25
	24/08/2018	Purchase	516650	0.46	798891	0.71
	12/10/2018	Purchase	4500	0.00	803391	0.71
	At the end of the year (or on the date of separation, if separated during the year)			803391	0.71	

8	Edelweiss Custodial Services Limited		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year		390100	0.35	-	-
	Date	Reason				
	06/04/2018	Purchase	12244	0.01	402344	0.36
	13/04/2018	Sale	15477	0.01	386867	0.34
	20/04/2018	Purchase	15639	0.01	402506	0.36
	20/04/2018	Sale	15639	0.01	386867	0.34
	04/05/2018	Sale	47790	0.04	339077	0.30
	18/05/2018	Purchase	500	0.00	339577	0.30
	25/05/2018	Sale	67581	0.06	271996	0.24
	08/06/2018	Sale	7700	0.01	264296	0.24
	22/06/2018	Purchase	200	0.00	264496	0.24
	22/06/2018	Sale	200	0.00	264296	0.24
	29/06/2018	Sale	200	0.00	264096	0.23
	06/07/2018	Purchase	7750	0.01	271846	0.24
	13/07/2018	Purchase	25	0.00	271871	0.24
	20/07/2018	Sale	1700	0.00	270171	0.24
	24/08/2018	Sale	300	0.00	269871	0.24

8 Edelweiss Custodial Services Limited		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
28/09/2018	Purchase	673	0.00	270544	0.24
29/09/2018	Sale	3250	0.00	267294	0.24
05/10/2018	Purchase	3250	0.00	270544	0.24
19/10/2018	Purchase	354243	0.32	624787	0.56
26/10/2018	Purchase	170261	0.15	795048	0.71
26/10/2018	Sale	160978	0.14	634070	0.56
02/11/2018	Purchase	31000	0.03	665070	0.59
23/11/2018	Sale	9755	0.01	655315	0.58
30/11/2018	Sale	734	0.00	654581	0.58
07/12/2018	Sale	53940	0.05	600641	0.53
14/12/2018	Sale	1200	0.00	599441	0.53
04/01/2019	Purchase	980	0.00	600421	0.53
11/01/2019	Sale	550	0.00	599871	0.53
18/01/2019	Purchase	10603	0.01	610474	0.54
25/01/2019	Purchase	12810	0.01	623284	0.55
01/02/2019	Sale	3220	0.00	620064	0.55
08/02/2019	Sale	8189	0.01	611875	0.54
15/02/2019	Purchase	10650	0.01	622525	0.55
22/02/2019	Purchase	897	0.00	623422	0.55
01/03/2019	Sale	1000	0.00	622422	0.55
08/03/2019	Purchase	7515	0.01	629937	0.56
15/03/2019	Purchase	27009	0.02	656946	0.58
22/03/2019	Purchase	5012	0.00	661958	0.59
29/03/2019	Purchase	34830	0.03	696788	0.62
30/03/2019	Sale	2000	0.00	694788	0.62
At the end of the year (or on the date of separation, if separated during the year)				694788	0.62
9 Pushpa Govinda		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		710520	0.63	-	-
Date	Reason				
13/07/2018	Sale	25000	0.02	685520	0.61
At the end of the year (or on the date of separation, if separated during the year)				685520	0.61
10 Mohit Goswami		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		0	0.00	-	-
Date	Reason				
27/04/2018	Purchase	68580	0.06	202663	0.18
25/05/2018	Purchase	69063	0.06	271726	0.24
13/07/2018	Sale	100	0.00	271626	0.24
24/08/2018	Purchase	28000	0.02	299626	0.27
18/01/2019	Purchase	45000	0.04	344626	0.31
25/01/2019	Purchase	58617	0.05	403243	0.36
08/02/2019	Purchase	256584	0.23	659827	0.59
At the end of the year (or on the date of separation, if separated during the year)				659827	0.59

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	D. Uday Kumar Reddy Chairman & Managing Director	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	1,94,96,493	17.34	-	-
	26/10/2018 (Purchase)	7	0.00	1,94,96,500	17.34
	28/01/2019 (Purchase)	1,90,000	0.57	1,96,86,500	17.46
	29/01/2019 (Purchase)	4,46,947	0.40	2,01,33,447	17.86
	29/03/2019 (Preferential Allot.)	8,32,500	0.72	2,09,65,947	18.65
	At the end of the year (or on the date of separation, if separated during the year)			2,09,65,947	18.65
Sr. No.	Ram Narain Agarwal Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	At the beginning of the year	5,100	0.005	-	-
	At the end of the year (or on the date of separation, if separated during the year)			5,100	0.005
Sr. No.	A. G. Ravindranath Reddy Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	At the beginning of the year	3,000	0.003	-	-
	At the end of the year (or on the date of separation, if separated during the year)			3,000	0.002
Sr. No.	N. Kalpana Reddy Director - Independent	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	At the beginning of the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-
Sr. No.	Seshanuradha Chava Company Secretary	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	At the beginning of the year	85,370	0.08	-	-
	15/03/2019 (ESPS Allotment)	82,492	0.07	1,67,862	0.14
	At the end of the year (or on the date of separation, if separated during the year)			1,67,862	0.14
Sr. No.	Srinivas G. K. Chief Financial Officer	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	At the beginning of the year	-	-	-	-
	07/03/2019 (ESOP Allotment)	63,750	0.06	63,750	0.06
	15/03/2019 (ESPS Allotment)	80,448	0.07	1,44,198	0.12
	At the end of the year (or on the date of separation, if separated during the year)			1,44,198	0.12

V. INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars of Remuneration	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
• Addition	59,88,20,248	0	0	59,88,20,248
• Reduction	0	0	0	0
Net Change	59,88,20,248	0	0	59,88,20,248
Indebtedness at the end of the financial year				
i) Principal Amount	59,88,20,248	0	0	59,88,20,248
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	59,88,20,248	0	0	59,88,20,248

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -**A. Remuneration to Managing Director, Whole-time Directors and/or Manager -**

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
D. Uday Kumar Reddy			
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,20,00,000	2,20,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify..	-	-
5	Others, please specify (Contribution to Provident Fund & Others)	23,36,284	23,36,284
	Total (A)	2,43,36,284	2,43,36,284
	Ceiling as per the Act: *		

* The current remuneration is paid as per Section II of Part II of Schedule V of the Companies Act, 2013 (read with Sections 196 and 197 of the Companies Act, 2013)

B. Remuneration to other Directors -

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Ram Narain Agarwal	Dr. A. G. Ravindranath Reddy	Ms. Kalpana Reddy	
1	Fee for attending board & committee meetings	50,000	2,45,000	2,45,000	5,40,000
	Commission	-	-	-	-
	Others - Reimbursement of Expenses	-	-	-	-
	Total (1)	50,000	2,45,000	2,45,000	5,40,000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	50,000	2,45,000	2,45,000	5,40,000
	Overall Ceiling as per the Act	Sitting fees not exceeding ₹ 1 Lakh per meeting			

C. Remuneration to key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
		Mr. Srinivas Gunupudi Kamoji	Ms. Seshanuradha Chava	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	36,08,688	26,21,184	62,29,872
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	46,88,036	34,84,171	81,72,207
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify..	-	-	-
5	Others, please specify PF	2,72,474	2,05,770	4,78,244
	Total	85,69,198	63,11,125	1,48,80,323

- Salary figures are including benefits
- PF including Employers contribution

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of The Board of Directors
For Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 30, 2019

Form No. AOC-2

Annexure-6

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arms' length basis.
2. Contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are at arms' length basis:
 1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sr. No.	Particulars	Details
1.	(a) Name (s) of the related party & nature of relationship	NOT APPLICABLE
	(b) Nature of contracts/ arrangements/ transaction	
	(c) Duration of the contracts/ arrangements/ transaction	
	(d) Salient terms of the contracts or arrangements or transaction including the value, if any	
	(e) Justification for entering into such contracts or arrangements or transactions'	
	(f) Date of approval by the Board	
	(g) Amount paid as advances, if any	
	(h) Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis: Refer Notes to the Standalone Financial Statements.

Note:

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of Listing Agreements entered with Stock Exchanges, none of the transactions were material in nature and all the transaction are in accordance with the omnibus approval of the Audit Committee.

On behalf of The Board of Directors
For Tanla Solutions Limited

Hyderabad
 August 30, 2019

Sd/-
D. Uday Kumar Reddy
 Chairman & Managing Director
 (DIN: 00003382)

Form No. MR-3

Annexure-7

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Secretarial Audit Report

For the financial year ended March 31, 2019

To
The Members,
Tanla Solutions Limited

We were appointed by the Board of Directors of Tanla Solutions Limited ("the Company") to conduct the Secretarial Audit for the financial year ended March 31, 2019.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other documents/records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and relied on the information provided by the management and its officers for the financial year ended on March 31, 2019 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- III. The Depositories Act, 1996 and the Regulations and byelaws framed there under;
- IV. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- VI. The Company has identified that no Industry specific laws were applicable to the Company.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice was given to all directors to schedule the Board / Committee meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, resolutions were carried through majority. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

Based on the information, documents provided and the representations made by the Company, its officers during our audit process in our opinion, there are adequate systems and processes exist in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws, labour laws, filing of periodical returns, maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals.

We further report that the following are the major events during the audit period:

- Revision in terms of the Remuneration payable to Mr. D. Uday Kumar Reddy (DIN:00003382), Chairman & Managing Director;
- Re-appointment of the following Directors:
 - Dr. A. G. Ravindranath Reddy (DIN: 01729114) as an Independent Director;
 - Ms. N. Kalpana Reddy (DIN : 07328517) as an Independent Director;
- Re-appointment of Statutory Auditor M. N. Rao & Associates, Chartered Accountants for the FY 2018-19;
- Increase in Authorized Share Capital from 12,00,00,000 Equity Shares to 20,00,00,000 Equity Shares and alteration of Capital Clause of the Memorandum of Association and Alteration of Articles of Association of the Company;
- Allotments of:
 - 3,00,000 Equity Shares to Mr. Sriram Vinjamuri, Chief Operating Officer of Tanla Solutions Limited under "Tanla Employee Stock Purchase 2018" ("ESPS 2018"/"Scheme");
 - 27,60,000 Equity Shares under Tanla Employee Stock Purchase Scheme 2018; 11,76,125 Equity Shares under ESPS 2018;
 - 16,65,000 Equity Shares upon conversion of warrants;
 - 63,750 Equity Shares on ESOP;

For BS & Company Company Secretaries LLP

K.V.S. Subramanyam

Designated Partner

Hyderabad
August 30, 2019

FCS No.: 5400
C P No.: 4815

NOTE: This report is to be read with our letter of even date which is annexed as 'Annexure' and forms an integral part of this report.

'Annexure'

To
The Members,
Tanla Solutions Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of applicable laws, rules and regulations etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/ Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial auditors and other designated professionals.

For BS & Company Company Secretaries LLP

K.V.S. Subramanyam

Designated Partner

FCS No.: 5400

C P No.: 4815

Hyderabad
August 30, 2019

Annexure-8

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014:

(A) Conservation of Energy

While continuing to believe in philosophy of Energy saved is Energy produced, adequate measures commensurate with the business operations have been taken to reduce and conserve the energy consumption by utilising energy efficient equipment wherever required.

(B) Technology absorption

We continue to focus and invest in Research & Development of New Products and Methodologies for enhancing the quality of products and services.

(C) Foreign Exchange Earnings and Outgo:**a) Imports (valued on the cost, insurance and freight basis)**

Particulars	For the Year 2018-19	For the Year 2017-18
Import of capital goods	-	-

Foreign Exchange earned and outgo:**a) Imports (Cost, insurance and freight basis):**

(In ₹)		
Particulars	2018-19	2017-18
Import of capital goods	-	-
b) Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	26,57,17,331	35,13,93,802
Cash outflow	24,87,75,560	26,69,60,148
Net earnings in foreign exchange	1,69,41,772	8,44,33,655

On behalf of The Board of Directors
for Tanla Solutions Limited

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director
(DIN: 00003382)

Hyderabad
August 30, 2019

Annexure-9

Disclosure pursuant to Section 62 of the Companies Act, 2013 read with rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 regarding stock options.

Sr. No.	Description	TANLA ESOP 2015-16
1	Date of Shareholders Approval	September 16, 2015
2	Total number of options granted as per scheme	50,00,000
3	Vesting Requirements	- 30% of the Granted Options on completion of 1 year from the date of Grant. - 15% of the Granted Options on completion of 2 years from the date of Grant. - 15% of the Granted Options on completion of 3 years from the date of Grant. - 15% of the Granted Options on completion of 4 years from the date of Grant. - 20% of the Granted Options on completion of 5 years from the date of Grant.
4	The pricing formula/Exercise Price	Fair Value and the options have been granted at ₹ 26.51/- per option (Grant Price) during FY 2015-16.
5	Maximum Term of Options Granted	5 years
6	Options Vested up to March 31, 2019	18,64,710
7	Options exercised up to March 31, 2019 (63,750 shares were exercised during FY2019)	10,06,110
8	Options lapsed up to March 31, 2019 (These are no. of options lapsed due to the employees leaving the organisation and options deducted from vested on performance basis)	8,72,740
9	Total number of shares arising as a result of exercise of option	10,06,110 out of which 63,750 shares were exercised during the FY 2018-19.
10	Variations of terms of options	Nil
11	Details of options granted to Key Managerial Personnel (grant was in FY1516)	- Mr. Srinivas Gunupudi Kamoji: 155,000 - Smt. Seshanuradha Chava - 161,000
12	Total number of options in force as at March 31, 2019	Total number of options available : 50,00,000 Total number of options granted: 30,87,000 Total number of options allotted: 10,06,110 Total number of options added back to the pool: 7,03,540 Total number of options available: 26,16,540 Total funds received from the Employees on their exercise: ₹ 2,66,71,976
13	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
14	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
15	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	63,750 shares were exercised during the FY 2018-19 as a result of which the EPS got diluted to the extent of ₹ 0.0014
16	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the Fair Value.
17	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	N/A

Annexure-10

Disclosure pursuant to Section 62 of the Companies Act, 2013 read with rules made there under and SEBI (Share Based Employee Benefits) Regulations, 2014.

Sl. No.	Description	Tanla Employee Stock Purchase Scheme 2018 ("ESPS 2018")
1	Date of Shareholders Approval	September 17, 2018
2	Total number of shares issued as per scheme	80,00,000
3	Details of the Scheme	The Company Tanla Employee Stock Purchase Scheme 2018" ("ESPS 2018"/"Scheme") after getting approval of shareholders on September 17, 2019, on the recommendation of Nomination and Remuneration Committee of the Board. Offer Price: ₹ 1/- the face value of a Share of the Company Lock-in: 1 year from the date of allotment Eligibility Criteria: Only Employees within the meaning of this Scheme are eligible for being allotted Shares under ESPS 2018. The specific Employees to whom the Shares would be allotted, and their Eligibility Criteria would be determined by the Nomination and Remuneration Committee.
4	Total number of shares allotted during the year	14,76,125 shares were issued during the FY 2018-19
5	Vesting Requirements	Not Applicable
6	The pricing formula/Exercise Price	₹ 1/-
7	Maximum Term of Options Granted	Not Applicable
8	Options Vested up to March 31, 2019	Not Applicable
9	Options exercised up to March 31, 2019	Not Applicable
10	Options lapsed up to March 31, 2019	Not Applicable
11	Total number of shares arising as a result of exercise of option	Not Applicable
12	Variations of terms of options	Not Applicable
13	Details of shares allotted to Key Managerial Personnel	Mr. Srinivas Gunupudi Kamoji, CFO: 80,448 Mrs. Seshanuradha Chava, CS - 82,492
14	Total number of options in force as at March 31, 2019	Not Applicable
15	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Not Applicable
16	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Not Applicable
17	Diluted Earnings Per Share (EPS) pursuant to issue of shares on issuance of shares during the year calculated in accordance with Accounting Standard (AS-20)	14,76,125 shares were issued during the FY 2018-19 as a result of which the EPS got diluted to the extent of ₹ 0.033.
18	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the Market Price of the share as on the date of allotment.
19	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	N/A

Corporate Governance Report

This report on Corporate Governance reflects the Company's commitment on following ethical business principles in all aspects. It lays down the best practices and the procedures adopted by the Company in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing and Disclosure Obligations), Regulations, 2015 as amended (Listing Regulations), compliance with requirements of Corporate Governance is set out below:

1. Company's Philosophy on Code of Governance

Corporate governance refers to the set of systems, principles and processes by which a Company is governed. Corporate governance is based on principles such as conducting the business with integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures, complying with applicable laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Thus, key elements of Corporate governance are (i) Transparency (ii) Accountability and (iii) Independence.

In its endeavour to adapt to robust governance practices across the board, the Company has adopted:

1. Paperless Board & Committee Meetings
2. Adherence to Secretarial Standards
3. Internal audit by independent professionals
4. Compliance with all relevant laws in letter and spirit.
5. Timely disclosure of relevant financial and operational information to enable the Board to play an effective role in guiding strategies according to Schedule II of SEBI (LODR) regulations, 2015.
6. Independence of Directors in reviewing and approving corporate strategy, major business plans and activities.

The Company complies with the corporate governance provisions as specified in Chapter IV of SEBI (Listing and Disclosure Obligations), 2015.

2. Board of Directors:

(a) Composition and size of the Board

The Board of Directors as at the ended year on March 31, 2019, comprised of four Directors of which the Managing Director is an Executive Director and three are Non-Executive Independent Directors, including one Woman Non-Executive & Independent Director.

Company has proposed appointment of new Directors to the Board, during the current FY 2019-20, to adhere to regulation 17 of listing regulations. The Company's Board members are from diverse backgrounds with skills and experience in critical areas like technology, global finance, telecommunication, entrepreneurship, consulting and general management. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory, as well as business requirements.

The Independent Directors provided declarations to the Company about their independence to enable the Board to determine its composition and adherence to Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013 read with applicable Rules.

The Directors are provided with information that is required to be available to the Directors under Part A of Schedule II of the Listing Regulations. The Independent Directors provide independent views and conduct deliberations on matters discussed in the Board Meetings.

Upon appointment, the Independent Director is provided with a formal letter confirming his/her appointment apart from detailing the compliances required under the Companies Act, 2013, SEBI (LODR) Regulations, 2015, Insider Trading Regulations and other relevant regulations on regular basis.

A periodical familiarisation programme is conducted for the Directors on the following matters:

- (a) nature of the industry in which the listed entity operates;
- (b) business model of the listed entity;
- (c) any other relevant information.

Details of familiarisation programmes imparted to independent directors is disclosed on Company website 'www.tanla.com'.

None of the Directors on the Board is a member in more than 10 committees or acts as a Chairman of more than 5 committees across all companies in which she/he is a Director. The Directors of the Company are not related inter-se.

(b) Board Meetings and Attendance

Seven Board Meetings were held during the financial year 2018-19, The maximum time gap between two board meetings was less than 120 days. Minutes of the meetings of the Board and Committees were circulated to all the Directors.

The details of Board attendance during 2017-18 is as follows:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors Present
1.	May 4, 2018	4	3
2.	May 18, 2018	4	3
3.	August 14, 2018	4	3
4.	August 24, 2018	4	3
5.	November 1, 2018	4	4
6.	January 23, 2019	4	3
7.	March 7, 2019	4	3

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Directorships, Memberships and Chairmanships in Committees of other Companies are given below:

Name and Designation of the Director	Category of Directorship	Attendance Particulars		No. of other Directorships and Committee Memberships**		
		Board Meetings	Last AGM	Directorships in other public companies #as on 31.03.2019	Committee	
					Member	Chairman
Mr. D. Uday Kumar Reddy Chairman & Managing Director DIN: 00003382	Executive & Non-Independent	4	Yes	-	-	-
Mr. Ram Narain Agarwal Independent Director DIN: 00003498	Independent, Non-Executive	1	Yes	-	-	-
Dr. A. G. Ravindranath Reddy Independent Director DIN: 01729114	Independent, Non-Executive	4	Yes	2	3	-
Ms. N. Kalpana Reddy Independent Director DIN: 07328517	Independent, Non-Executive	4	Yes	2	3	-

Excludes Directorships in private & subsidiary companies.

** Represents Memberships in Audit, Stakeholder Relationship, Nomination and Remuneration Committee and CSR Committees.

Details of Directorships held in other public/listed entities as on 31 March, 2019:

Name of the Director	Name of the listed/public entity	Category
Dr. A. G. Ravindranath Reddy	1. Ramky Infrastructure Limited (Listed)	Independent and Non-Executive Director
	2. Rockwell Industries Limited	
Ms. N. Kalpana Reddy	1. Kellontech Solutions Limited	Independent and Non-Executive Director
	2. Virinchi Limited	

Number of shares held by Non-Executive Directors

Name of the Director	Category of Directorship	No. of shares as on March 31, 2019
Mr. Ram Narain Agarwal	Independent, Non-Executive	5,100
Dr. A. G. Ravindranath Reddy	Independent, Non-Executive	3,000
Ms. N. Kalpana Reddy	Independent, Non-Executive	-

(c) Separate meeting of Independent Directors

- i. In compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Companies Act, 2013, the Independent Directors met separately on January 23, 2019, during the financial year 2018-19 and discussed the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company.

(d) None of the directors of the Company are related to any other director of the Company.**(e) Board confirms that in its opinion, the independent directors fulfill the conditions specified in listing regulations and are independent of the management.****(f) Code of Conduct**

- i. In compliance with Regulation 17 of the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted Code of Conduct for all Directors and Senior Management personnel and this Code is posted on the Website of the Company "www.tanla.com".
- ii. The Code is circulated to all Board members and Senior Management Personnel and its compliance is affirmed by them annually.
- iii. In respect of financial year 2018-19, all Board members and Senior Management personnel of the Company have affirmed compliance with code of conduct as applicable to them and a declaration to this effect signed by the Managing Director is published in this Annual Report.

(g) Board Evaluation

- i. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board evaluated its annual performance along with the constituent committees and the directors individually for which structured evaluation forms were prepared, as recommended by the Nomination and Remuneration Committee, after taking into consideration inputs received from the

Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board on parameters such as participation in the meetings, independence of judgements etc., The performance evaluation of the Chairman was carried out by the Independent Directors.

3. Audit Committee**(a) Brief description of terms of reference**

Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (LODR), 2015, enumerate the terms of reference of the Audit Committee which *inter alia* includes the following:

- i. Review scope, recommend appointment and remuneration, evaluate performance and effectiveness of the auditors and audit process;
- ii. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- iii. Examine internal audit report to focus on significant findings, discuss on follow up actions, suggest internal investigations if required, comment on internal controls and recommend improvisation wherever required;
- iv. Summarise the findings of audit reports, understand gaps and discuss the proposed mitigation plans.

Financial Review:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Review with the management and statutory auditors, of the annual and quarterly financial statements before submission to the Board for approval;

- iii. Approval or any subsequent modification of transactions with related parties;
- iv. Scrutiny of inter-corporate loans and investments;
- v. Review of valuation of undertakings or assets of the Company wherever it is necessary;
- vi. Review the functioning of the whistle-blower mechanism;
- vii. Review and monitor the end use of funds raised through public offers and related matters.

Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate

Internal audit reports relating to adequacy of internal control over financial reporting and the Company-level control systems.

Carrying out any other function as may be referred to the Committee by the Board.

Authority to review/investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

(b) Composition, Meetings & Attendance

The Audit Committee comprises of four Directors, three of whom are independent. The Chairman of the Committee is Dr. A. G. Ravindranath Reddy, an Independent Director. All members of the Audit Committee, including the Chairman, have accounting and financial management expertise. The composition of Committee meets the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations. The Company Secretary is the Secretary to the Committee.

(c) Meetings and attendance of the audit committee

During FY 2018-19, the Committee met four times and attendance of each Member of the Committee at the Meetings is as follows:

Sr. No.	Name of the Director	Designation	May 18, 2018	August 14, 2018	November 1, 2018	January 23, 2019
1.	A. G. Ravindranath Reddy	Chairman	Yes	Yes	Yes	Yes
2.	R. N. Agarwal	Member	No	No	Yes	No
3.	Uday Kumar Reddy	Member	Yes	Yes	Yes	Yes
4.	Kalpana	Member	Yes	Yes	Yes	Yes

All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and they also possess sound knowledge of finance and accounting practices and have related management expertise by virtue of their experience and background.

Statutory Auditors, Internal Auditors, Chief Financial Officer and executives are invited to the Audit Committee meetings. The invitees participate in the meeting to brief the Committee and to answer and clarify queries raised at such meetings. During the year under review all recommendations made by the Audit Committee were accepted by the Board of Directors.

The Audit Committee Meetings were attended by the Managing Director, Chief Financial Officer, Internal Auditor and the Statutory Auditor. The Company Secretary is the Secretary of the Audit Committee.

The Chairman of the Committee was present at the last AGM.

4. Nomination and Remuneration Committee

(a) Brief description of terms of reference

The role of Nomination and Remuneration Committee shall *inter alia* include:

1. Formulation of the criteria for determining qualifications, attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Recommend suitable candidate for the role of Independent Director;
3. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;

4. Conduct an annual evaluation of the overall effectiveness of the Board, the Committees of the Board and the performance of each Director
5. Devising a policy on diversity of Board of Directors;
6. Identify and recommend to the Board, persons who are qualified to become Directors and who may be appointed in Senior Management, including Key Managerial Personnel, in accordance with the criteria laid down and their removal thereof, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

7. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

(b) Composition, name of members and Chairperson

The Nomination and Remuneration Committee comprises three Non-Executive Directors, and all three members including the Chairman of the Committee, are Independent Directors. The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Company Secretary acts as the Secretary of the Committee.

During FY 2018-19, the Committee met two times i.e. May 18, 2018 and August 24, 2018. The composition and the attendance of members at the meetings held during FY 2018-19, are given below:-

Sr. No.	Name	Designation	May 18, 2018	August 24, 2018
1	Dr. A. G. Ravindranath Reddy	Chairman	Yes	Yes
2	Mr. Ram Narain Agarwal	Member	No	No
3	Ms. Kalpana Reddy	Member	Yes	Yes

(c) Remuneration Policy

i. Remuneration to Independent Directors:

Independent Directors are entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the Board/Committee Meetings.

ii. Remuneration for the Managing Director:

(a) At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as approved by the Nomination and Remuneration Committee and the Board, subject to the approval of the Shareholders of the Company in the General Meeting, within the overall limits as prescribed under the Companies Act, 2013.

(b) In determining the remuneration payable to the Managing Director, the committee considers the relationship of remuneration and performance benchmarks, the industry benchmarks and current trends and the Company's performance vis-à-vis the annual budget achievement and individual achievement.

iii. Remuneration Policy of the Senior Management Employees including the CFO:

In determining the remuneration of the Senior Management Employees including KMP, the Committee considers the following:

- (a) Clarity on the relationship of remuneration and performance
- (b) The remuneration including annual increment and performance bonus is decided based on the criticality of the role and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market as mutually agreed.

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company.

The remuneration paid to each of the Directors for the financial year ended March 31, 2019 is as under:

- The details of remuneration paid to the Chairman & Managing Director for the financial year ended March 31, 2019 is as follows:

Name	Salary and allowances (in ₹)	Contributions to provident and other funds (in ₹)
D. Uday Kumar Reddy Chairman & Managing Director	2,20,00,000	28,23,014

- The details of sitting fees and commission paid to Non-Executive & Independent Directors for the financial year ended March 31, 2019.

Name	*Sitting Fees paid
Ram Narain Agarwal – Director	50,000
Dr. A. G. Ravindranath Reddy – Director	2,45,000
Ms. N. Kalpana – Director	2,45,000
Total	5,40,000

* ₹ 20,000 paid as sitting fees for attending Board Meeting. ₹ 15,000 paid as sitting fees for attending Committee Meeting.

5. Stakeholders' Relationship Committee

(a) Composition and Meetings

In compliance with Regulation 20 of the Listing Regulations, requirements and provisions of Section 178 of the Companies Act, 2013, the Company has a Stakeholders' Relationship Committee. The Committee comprises of three members including two Independent Directors. Dr. A. G. Ravindranath Reddy, Non-Executive Director is the Chairman of the Committee. The Company Secretary acts as a Secretary to the Committee. The Committee met once during the year FY 2018-19 on November 1, 2018.

Name of the Director	Designation	Nature of Directorship	Attendance at the Meeting
Dr. A. G. Ravindranath Reddy	Chairman	Independent, Non-Executive	Yes
Mr. D. Uday Kumar Reddy	Member	Executive & Non-Independent	Yes
Mr. Ram Narain Agarwal	Member	Independent, Non-Executive	Yes

The Committee is empowered to handle stakeholders' queries and grievances.

The Committee primarily

- Considers and resolves the investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificates, transmission of shares and other miscellaneous complaints.
- Evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company.

In accordance with SEBI (LODR) Regulations, 2015, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers/transmissions and is

empowered to oversee the redressal of investor complaints.

(b) Name, designation of the Compliance Officer:

Ms. Seshanuradha Chava, VP – Legal & Secretarial & Company Secretary, acts as the Compliance Officer of the Company for complying with the requirements of the Listing Regulations and requirements of securities laws, including SEBI (Prohibition of Insider Trading) Regulations, 2015.

(c) Shareholders Complaints and Redressal

During the year 2018-19, 14 queries/ requests/ complaints were received from the shareholders under the following heads and the same were duly resolved as per the summary given below:

Sr. No.	Type of Complaint	Received	Resolved	Pending
1	Non-Receipt of Annual Report	10	10	0
2	Non-Receipt of Dividend Warrants	4	4	0
	Grand Total	14	14	0

- In order to facilitate faster redressal of investors grievances the Company has created an exclusive e-mail address “investorhelp@tanla.com”. Investors and shareholders may lodge their query/complaints addressed to this e-mail ID.

SCORES: (SEBI Complaints Redressal System)

Securities Exchange Board of India (SEBI) has launched a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The Company received 2 complaints for non-receipt of dividend on SCORES, which have been resolved.

6. Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Committee evaluates and recommends CSR proposals to the Board for

ii. Composition of the CSR Committee:

Sr. No.	Name	Designation	Nature of Directorship
1	Mr. D. Uday Kumar Reddy	Chairman	Executive & Non-Independent
2	Mr. Ram Narain Agarwal	Member	Independent, Non-Executive
3	Dr. A. G. Ravindranath Reddy	Member	Independent, Non-Executive

On the recommendation of the CSR Committee, the Board had approved the Corporate Social Responsibility (CSR) Policy of the Company. The CSR activities undertaken during the year are explained under the MDA section. The Policy is available on the Company's website www.tanla.com

iii. 2% of average net profit of the Company for last three financial years:

2% of average net profit: ₹ 11,02,942/-

iv. Details & manner of CSR amount spent during the financial year:

The Company has spent ₹ 14.46 lakhs towards CSR activity.

- v. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

7. Subsidiary Companies

Tanla Corporation Private Limited, India (Earlier known as Mufithumb Corporation Private Limited), a wholly-owned subsidiary of Tanla Solutions

approval. The Committee comprises three members including two Independent Directors. Mr. D. Uday Kumar Reddy, Executive Director, is the Chairman of the Committee. The Company Secretary acts as a secretary to the Committee.

i. The Company has set up CSR Committee to inter alia:

- Formulate, monitor and recommend to the Board, a Corporate Social Responsibility Policy, which shall detail the activities to be undertaken by the Company during the year.
- Recommend the expenditure to be incurred for the approved activities,
- Monitor the Policy on a regular basis and submit a quarterly update to the Board of Directors on the activities undertaken during the previous quarter.

Limited based at Hyderabad, India is engaged in provision of technology solutions in the telecom domain.

Tanla Mobile Asia Pacific Pte Limited, Singapore (hereinafter referred to as “Tanla Singapore”), a wholly-owned subsidiary of Tanla based out of Singapore, is engaged in provision of technology solutions in the telecom domain..

Capitalsiri Investments Private Limited, a wholly-owned subsidiary of Tanla Solutions Limited based at Hyderabad, India was granted the NBFC Type II licence by the Reserve Bank of India which has been surrendered for cancellation on December 5, 2018. RBI has issued an order confirming the cancellation of the NBFC License, on July 19, 2019.

The Board of Directors has reviewed the financial statements and minutes of the subsidiary companies. According to the applicable regulations under SEBI (LODR), the Company does not have any material unlisted subsidiary company.

8. General Body Meetings

a) Location and time where last three AGMs were held and number of special resolutions passed in the previous 3 AGMs

Financial Year	Location	Date	Time	No. of Special Resolutions approved at the AGM
2017-18	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	September 28, 2018	11.30 a.m.	3
2016-17	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	September 18, 2017	11.30 a.m.	1
2015-16	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.	September 12, 2016	11.30 a.m.	Nil

b) Extraordinary General Meeting:

An Extra Ordinary General Meeting was held at 10.00am on Monday, September 17, 2018, at Kaveri Ball Room, Trident, Near Cyber Towers, Madhapur, Hyderabad – 500 081, Telangana, to pass Special Resolutions for the below mentioned business:

1. To increase the authorised share capital of the Company.
2. To approve issue of 79,50,858 share warrants to the Promoters.
3. To approve issue of 2,19,99,824 equity shares on preferential basis to Banyan Investments Limited, Mauritius. (“GSO Funds”).
4. To approve Tanla Employee Stock Purchase Scheme, 2018.
5. To approve allotment of shares to the Employees of the Subsidiary Companies under the Tanla Employee Stock Purchase Scheme, 2018.
6. To approve alteration of Articles of Association.

Ms. Suman Bijarnia, Practicing Company Secretary was appointed as the scrutiniser for conducting the voting in a fair and transparent manner.

c) Postal Ballot

Special Resolutions were passed pursuant to Postal Ballot Notice dated March 7, 2019, for the below mentioned items:

1. Issue of Equity Shares on a preferential basis to Banyan Investments Limited, Mauritius, the entity owned by GSO Capital Partners (a Blackstone Company).
2. To approve the borrowing limit under Section 180(1)(c) of the Companies Act, 2013.
3. To seek approval under Section 180 (1) (a) of the Companies Act, 2013.
4. Consent of Members for increase in the limits applicable for making investments/ extending loans and giving guarantees or providing securities in connection with loans to Persons/Bodies Corporate.

Ms. Suman Bijarnia, (ACS No. 52056 & C.P. No. 19013), Proprietor – Bijarnia & Associates, Practicing Company Secretary, Hyderabad, was appointed as the scrutiniser for conducting the e-voting in fair and transparent manner. The details of voting pattern are as follows:

Resolution	Mode	Favour			Against			Invalid	
		Ballots Received	Total Votes Received	Ballots	Votes	% of favour valid votes of Total valid votes received	Ballots	Votes	% of against valid votes to Total valid votes Received
1. Special Resolution for Issue of Equity Shares on a preferential basis to Banyan Investments Limited, Mauritius. ("GSO"), the entity owned by GSO Capital Partners (a Blackstone Company).	E-Voting Physical Ballot	79 17	46290976 4987	73 17	46286097 4987	99.9895 100	6 -	4879 -	0.0105 -
2. Special Resolution to approve the borrowing limit under Section 180(1) (c) of the Companies Act, 2013	E-Voting Physical Ballot	79 17	46290976 4987	72 17	46286085 4987	99.9894 100	8 -	4891 -	0.0106 -
3. Special resolution to seek approval under Section 180 (1) (a) of the Companies Act, 2013	E-Voting Physical Ballot	79 17	46290976 4987	74 17	46286175 4987	99.9896 100	6 -	4801 -	0.0104 -
4. Special resolution to increase in the Limits applicable for making investments/extending loans and giving guarantees or providing securities in connection with loans to Persons/ Bodies Corporate.	E-Voting Physical Ballot	79 17	46290976 4987	72 17	46286085 4987	99.9894 100	8 -	4891 -	0.0106 -

Procedure followed for Postal Ballot:

Postal Ballot was conducted in compliance with Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as per the procedure laid down in Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014. The Scrutinizer submitted above

report to the Chairman stating that the resolutions have been duly approved by the members of the Company with requisite majority.

Special Resolutions proposed to be conducted through Postal Ballot: At present no postal ballot is proposed to be held.

d) Special Resolutions passed during the previous three (3) Annual General Meetings

In the Annual General Meeting held on September 28, 2018	- Revision in terms of remuneration payable to Mr. D. Uday Kumar Reddy, (DIN: 00003382), Chairman & Managing Director - Re-appoint Dr. A. G. Ravindranath Reddy (DIN: 01729114) as an Independent Director - Re-appoint Ms. N. Kalpana Reddy (DIN: 07328517) as an Independent Director
In the Annual General Meeting held on September 18, 2017	Remuneration of Chairman & Managing Director.
In the Annual General Meeting held on September 12, 2016	Nil

Details of Director seeking appointment/re-appointment

As per the provisions of Section 152 of Companies Act, 2013, two-thirds of the Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Mr. Uday Kumar Reddy Dasari (DIN: 00003382)

Mr. D. Uday Kumar Reddy (DIN: 00003382), retires by rotation at the ensuing Annual General Meeting of the shareholders and being eligible, offers himself for re-appointment.

Mr. D. Uday Kumar Reddy's term as Managing Director is valid until January 13th 2020, his candidature for being re-appointed as Managing Director for a period of 5 years from September 30, 2019 is being proposed.

Brief resume of Mr. D. Uday Kumar Reddy with the additional information required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), is given below:

Mr. D. Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of Tanla Solutions Limited. He is the chief architect of the Company, besides being responsible for its meteoric rise from a mere

products-based solution provider to one of the largest publicly-traded Mobile VAS Software Companies, specialising in A2P messaging, with the Company now foraying into Cloud Communications. Mr. Reddy has been instrumental in leading the Company to be the first provider of the technical platform developed on block chain technology, in compliance with the new TCCPR Regulations 2018, applicable to consumer commercial communication.

Mr. Uday's sharp focus towards innovation and an urge to set new milestones in business and technology are the key reasons for the leadership success of the Company. Under his leadership, a definitive share purchase agreement was executed with GSO for acquisition of shares of Karix Mobile Pvt. Ltd. on August 20, 2018.

- Other Directorships**

The details of Mr. D. Uday Kumar Reddy's directorships and membership in committees in public limited companies as defined under Section 2(71) of the Companies Act, 2013: NIL.

- Shareholding**

Mr. D. Uday Kumar Reddy holds 2,09,65,947 (18.13%) equity shares in the Company as on March 31, 2019.

Mr. Sanjay Kapoor: (DIN: 1973450)

Mr. Sanjay Kapoor was appointed as Additional Director on August 30, 2019, his candidature for appointment as Non-Executive Director for a period of 3 years from September 30, 2019 is being proposed.

With an illustrious career spanning over 32 years, 17 of which have been in telecommunications, Mr. Sanjay Kapoor was the Chief Executive Officer for India and South Asia of India's largest telecom Company, Airtel. Mr. Sanjay's leadership extended well beyond the confines of Airtel and he elevated himself as an industry spokesperson globally. For more than 13 years he played an active role in various industry forums like CII, COAI and NASSCOM.

Mr. Sanjay Kapoor has been a Board & Executive committee member of GSMA, (the global forum bringing together nearly 800 global mobile operators); Board member of Indus Towers (world's largest telecom tower Company with a portfolio of more than 1 lakh towers). Presently, Mr. Sanjay Kapoor is an active member on the board of Saudi Telecom Company (GCC's leading Telco), and the board of India's leading companies like Bennett Coleman & Co. Ltd., PVR and VLCC etc. Sanjay is also a Senior Advisor with Boston Consulting Group. He was declared the "Telecom person of the year" by Voice and Data in 2012.

- Other Directorships:**

The details of Mr. Sanjay Kapoors directorships and membership in committees in public limited companies as defined under Section 2(71) of the Companies Act, 2013:

Name of the Company	Name of the Committee	Position held (Chairman/Member)
On Mobile Global Limited	Nomination and Compensation Committee	Member
	Risk Management Committee	Chairman
	Stakeholders Relationship Committee	Member
VLCC Healthcare Ltd	Nomination and Remuneration Committee	Chairman
	Audit Committee	Member
	Corporate Social Responsibility Committee	Member

- Shareholding:**

Mr. Sanjay Kapoor holds NIL equity shares in the Company.

Mr. Rohit Bhasin: (DIN: 02478962)

Mr. Rohit Bhasin was appointed as Additional Director on August 30, 2019, his candidature for appointment as Independent & Non-Executive Director for a period of 3 years from September 30th 2019 is being proposed.

Mr. Rohit Bhasin is a Chartered Accountant with over 35 years' experience in leading organisations such as Standard Chartered Bank, AIG Inc., and PricewaterhouseCoopers (PwC). In addition to general management expertise, he has a strong functional experience in the Finance area including Business Strategy, Investment Advisory, Business Planning & Restructuring and Corporate Finance, across sectors. Mr. Rohit is currently serving as a Board member/Trustee, including some well-known not-for-profit organisations such as Welham Girls School, Azad Foundation, Mobile Creches and the PwC India Foundation.

- Other Directorships:**

The details of Mr. Rohit Bhasin's directorships and membership in committees in public limited companies as defined under Section 2(71) of the Companies Act, 2013: NIL.

- Shareholding:**

Mr. Rohit Bhasin holds NIL equity shares in the Company as on March 31, 2019.

Ms. Amrita Gangotra (DIN: 8333492)

Ms. Amrita Gangotra was appointed as Additional Director on July 31, 2019, her candidature for appointment as Independent & Non-Executive Director for a period of 5 years with effect from September 30, 2019 is being proposed.

Ms. Amrita's career encompassing over 30 years, included key roles in many business-impacting transformation initiatives including revenue-share IT outsourcing deal with IBM, launch of new m-commerce products, creating the IT platform for global Enterprise business at Vodafone, introducing the tools and organisation to support the Digital Telco strategy of Vodafone, CWW M&A integration, 4G network roll out and preparing for 5G introduction. Has extensive knowledge of IT transformation in the Telecom, FMCG and ITES sectors. Held group CIO and opco CTIO

positions in the Telcos. Has been a member of the executive management team at Bharti Airtel and Vodafone Hungary. Commercially focused and award-winning technology leader with experience gained in India, UK and Europe of using technology to drive business performance and deliver value in the telecommunications, IT services and FMCG sectors. Amrita has embarked on a plural career journey from January 2019.

- **Other Directorships:**

The details of Ms. Amrita Gangotra's directorships and membership in committees in public limited companies as defined under Section 2(71) of the Companies Act, 2013: NIL.

- **Shareholding**

Ms. Amrita Gangotra holds NIL equity shares in the Company as on August 30, 2019.

Dr. A. G. Ravindranath Reddy (DIN: 1729114)

Dr. A. G. Ravindranath Reddy's term as an Independent Director comes to an end from the end of the ensuing AGM. Dr. AGR has been re-designated by the Board as a Non-Executive Director w.e.f. September 30, 2019. Dr. AGR's candidature as a Non-Executive Director is being proposed as mentioned herein.

Dr. A. G. Ravindranath Reddy is a Fellow Company Secretary, a Postgraduate in Commerce and a Graduate in Law. Dr. AGR is a Corporate Consultant for the past 28 years, specialising in corporate laws, economic laws, foreign exchange laws, corporate restructuring, etc. Dr. AGR specialises in legal and court proceedings, handling public issues, coordinating amalgamation proceedings, advising on BIFR matters, negotiating and drafting various agreements (joint venture agreements, agreement of sale, sale deed, construction agreement, shareholders agreements, etc.) and implementation and compliance of corporate governance.

- **Other Directorships:**

The details of Dr. A. G. Ravindranath Reddy's directorships and membership in committees in public limited companies as defined under Section 2(71) of the Companies Act, 2013:

Directorship:-

1. Ramky Infrastructure Limited
2. Vijayanagar Sugar Private Limited
3. Rockwell Industries Limited

Membership in committees in public limited companies

Name of the Director	Name of the listed/ public entity	Committees
Dr. A. G. Ravindranath Reddy (Independent and Non-Executive Director)	1. Ramky Infrastructure Limited (Listed) 2. Rockwell Industries Limited	Audit Committee, Nomination & Remuneration Committee and CSR Committee

- **Shareholding**

Dr. A. G. Ravindranath Reddy holds 3,100 equity shares in the Company as on August 30, 2019.

Mr. Sanjay Baweja: (DIN: 0232126)

Mr. Sanjay Baweja was appointed as Additional Director on August 30th, 2019, his candidature for appointment as Independent & Non-Executive Director for a period of 3 years from September 30th, 2019 is being proposed.

Mr. Sanjay is working for the Bhartiya Group, where he is supporting and guiding the transformation of the group. Prior to this he worked with Suzlon Energy Ltd, a leading renewable energy solutions provider in the world. He has been the Chief Financial Officer (CFO) of Flipkart prior to which he was the Global CFO for Tata Communications Ltd. With over three decades of experience across diverse industries, Mr. Baweja would guide Tanla in areas of Financial management, M&A activities and better allocation of capital.

- **Other Directorships:**

The details of Mr. Sanjay Baweja's directorships and membership in committees in companies:

OnMobile Global Limited - Independent Director - Chairman of Audit Committee

Nextgen Telesolutions Pvt Ltd - Independent Director

Savan Retailers Pvt Ltd - Non-Executive Director

- **Shareholding:**

Mr. Sanjay Baweja holds NIL equity shares in the Company.

9. Disclosures

a) CMD & CFO Certification

In terms of requirements of Clause 17(8) of SEBI (LODR) Regulations, 2015, the Managing Director and the Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended March 31, 2019, which is annexed to this report as **Annexure-3**.

b) Related Party Transactions

There were no materially significant related party transactions which had a potential conflict with the interest of the Company at large. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Transactions with Related Parties as required under Indian Accounting Standard (Ind AS) - 24, form part of the notes to the financial statements provided in this Annual Report.

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **Annexure-F** to the Board's Report.

c) None of the Directors had any pecuniary relationship or transactions with the Company, except the payments made to them in the form of remuneration and sitting fee.

d) Details of Non-compliance with regard to Capital Markets during the last three years

There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

e) Compliance with Accounting Standards

In preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and applicable Accounting Standards, issued by the Ministry of Corporate Affairs. The Significant Accounting Policies which are consistently applied have been set out in Notes to the financial statements.

f) An annual declaration is obtained from the Directors and the personnel covered by this code. The declaration of the Managing Director as required under SEBI (LODR) Regulations, 2015, is published in this Annual Report.

g) Code of Conduct for Prevention of Insider Trading

The Board of Directors have laid-down a "Code of Conduct" (Code) for Prevention of Insider Trading with a view to regulate trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. This code is applicable to all the Board Members and the senior-management personnel and such other designated employees who could have access to the unpublished price sensitive information of the Company. This Code is posted on the Website of the Company "www.tanla.com". The employees covered under this code are informed about closure of trading window as required under the Code.

h) Disclosure on Risk Management

This Committee consisting of a team of senior employees from various functions of the Company is empowered to assess the risk and suggest a mitigation process. A detailed note on risk identification and mitigation is included in the Risk Management Report annexed elsewhere in the Annual Report.

i) Whistle-Blower Policy/Vigil Mechanism

In line with requirement of the Companies Act, 2013 and of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vigil Mechanism/Whistle-Blower Policy has been formulated for Directors and employees to enable report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct etc. The said Policy provides for adequate safeguard against victimisation of directors/employees who avail of such mechanism and provides access to the Chairman of Audit Committee. It is affirmed that no person has been denied access to the Audit Committee. The Whistle-Blower Policy has been placed on website of the Company and web link thereto is www.tanla.com.

During the year, there were no Whistle-Blower complaints received.

j) Pecuniary transactions with Non-Executive Directors

There were no pecuniary transactions with any of the Non-Executive Directors except for sitting fees paid to the Directors of the Company.

k) Management Discussion and Analysis

Management Discussion and Analysis is discussed separately and forms part of this Annual Report.

l) The Company is compliant with the provisions of applicable laws and the SEBI (LODR) Regulations, 2015.

Compliance with the Mandatory Requirements of the Listing Regulations, the Board of Directors periodically review the compliance of all applicable laws. The Company has complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations. It has obtained a certificate affirming the compliances from Practicing Company Secretary and the same is attached to this Report as annexure.

m) Details of Compliances with the Non-mandatory Requirements of Regulation 27 of the Listing Regulations:

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements under Regulation 27(1) of the Listing Regulations:

(a) Shareholder rights:

The Company sends out quarterly and periodic investor updates to the shareholders comprising key financial, business and operations update. This is sent in electronic mode and hosted on the Company's website.

(b) Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

10. Means of Communication

Website and News release: The Company's website www.tanla.com contains a separate section for Investors wherein the updated information pertaining to quarterly, half-yearly,

nine-monthly and annual financial results, official press releases, shareholding pattern, corporate governance reports are available in a user-friendly and download-able form. Official media releases are sent to BSE Limited and National Stock Exchange of India Limited. The Company also makes timely disclosures of necessary information to BSE Limited and National Stock Exchange of India Limited in terms of SEBI (LODR) Regulations, 2015 and other rules and regulations issued by SEBI.

Financial Results: The quarterly, half-yearly, nine-monthly and annual financial results of the Company are submitted to the BSE Limited and National Stock Exchange of India Limited immediately after approval of the Board of Directors of the Company. The results of the Company were published in Business Standard or Mint or Economic Times, an English daily newspaper at national level and Andhra Jyothi or Sakshi or Eenadu, one Vernacular i.e. Telugu newspaper at regional level.

Channels of communication with the investors:

All periodical compliance filings like shareholding pattern, corporate governance report, media releases are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE Limited and are also placed on the website of the Company www.tanla.com.

Annual Report: Annual Report containing *inter alia* Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, and Corporate Governance Report is circulated to the members entitled thereto and softcopy of the same is made available on the Company's website www.tanla.com.

E-voting: Pursuant to the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions to be passed at the General Meetings. investorhelp@tanla.com is the e-mail designated exclusively for shareholder/investor correspondence.

11. General Shareholder's Information

Date, Time & Venue of AGM	September 30, 2019 at 11:30 a.m. at Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad - 500081.
Financial Calendar	i) Financial Year - April to March ii) First Quarter Results - July 31, 2019 iii) Half-yearly Results - October 30, 2019* iv) Third Quarter Results - January 31, 2020* v) Results for the year ending March 31, 2020 - Third week of May 2020* * Provisional
Dividend Payment Date	Within 30 days from the date of AGM, subject to approval of the shareholders
Date of Book Closure	September 24, 2019 to September 30, 2019 (both days inclusive)
Listing of Shares	Company's shares are listed at - - The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. - National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Listing fees for the year has been paid to all the above Stock Exchanges
Stock Code:	
BSE Ltd.	532790 / TANLA
National Stock Exchange of India Ltd.	TANLA
ISIN for (shares) of NSDL & CDSL	INE483C01032
Market Price Data:	Please see Annexure-1
High, Low during each month in last Financial year/Performance in comparison to BSE Sensex and S&P CNX Nifty	
Registrar and Transfer Agents	M/s. Karvy Computershare Private Limited (Unit: Tanla Solutions Limited) Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Seri-Lingampally, Hyderabad - 500 032, Telangana State, India. Phone: +91 040 6716 1585/2222 Fax: +91 040 2300 1153
Employee Stock Option Scheme	Tanla Solutions Limited Employee Stock Options Plan 2015-16 ("ESOP 2015") Tanla Employee Stock Purchase Scheme 2018 (ESPS 2018)
Distribution of Shareholding and Shareholding pattern as on March 31, 2019	Please see Annexure-2
Dematerialisation of shares and Liquidity	11,50,02,084 equity shares were held dematerialised as on March 31, 2019.
Registered Office/Address for Correspondence	Tanla Solutions Limited Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad - 500 081. Phone: +91 40-40099999; Fax: +91 40-23122999 Website: www.tanla.com E-mail ID: investorhelp@tanla.com

12. Other Requirements:

(a) Unclaimed shares	Following is the reconciliation of unclaimed shares in "Tanla solutions Limited - Unclaimed Suspense Account", pursuant to Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:	
	Number of shareholders as on April 1, 2018	15
	Outstanding shares in the suspense account lying as on April 01, 2018	870
	Number of shareholders who approached the Company (Issuer) for transfer of shares from suspense account during the year	Nil

Number of shareholders to whom shares were transferred from suspense account during the year	Nil
Aggregate number of shareholders at the end of the year as on March 31, 2019	15
Aggregate number of shares at the end of the year as on March 31, 2019	870
In accordance with Regulation 39 read with Schedule V F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing agreement entered into with the Stock Exchanges, 870 Equity Shares held by 15 shareholders, were held in the "Tanla Solutions Limited - Demat Suspense Account" vide DPID\CLID:IN300484 13842503 in Axis Bank Ltd., Jubilee Hills Branch, Hyderabad as on March 31, 2019. The voting rights on these shares shall remain frozen till the rightful owner claims the same.	

13. Transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF)

The Company did not declare dividends for FY 2011-12, hence no unpaid/unclaimed dividend for FY2011-12 would be transferred to the IEPF.

Details of unpaid/unclaimed dividend up to FY 2010-11 are published on the website: www.tanla.com

Top Ten Shareholders

*As on March 31, 2019, the top ten shareholders of the Company were as follows: -

Sr. No.	Name	Shares	Category	Percentage
1.	D. Udaykumar Reddy	2,09,65,947	PRO	18.13
2.	D. Tanuja Reddy	1,51,51,770	PRO	13.10
3.	Mounika Finance and Leasing Pvt. Ltd.	34,79,000	PRG	3.0
4.	Gautam Sabharwal	21,44,069	PUB	1.91
5.	Ponguleti Harsha Reddy	19,39,608	PUB	1.73
6.	Ponguleti Madhuri	19,38,892	PUB	1.72
7.	Mareddy Pera Reddy	17,87,027	HUF	1.59
8.	Madhavi Mareddy	17,45,000	PUB	1.55
9.	Jatindra Nath Kohli	17,22,508	PUB	1.53
10.	Ponguleti Prasad Reddy	8,03,391	PUB	0.71

On behalf of the Board

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

DIN: 00003382

August 30, 2019
Hyderabad

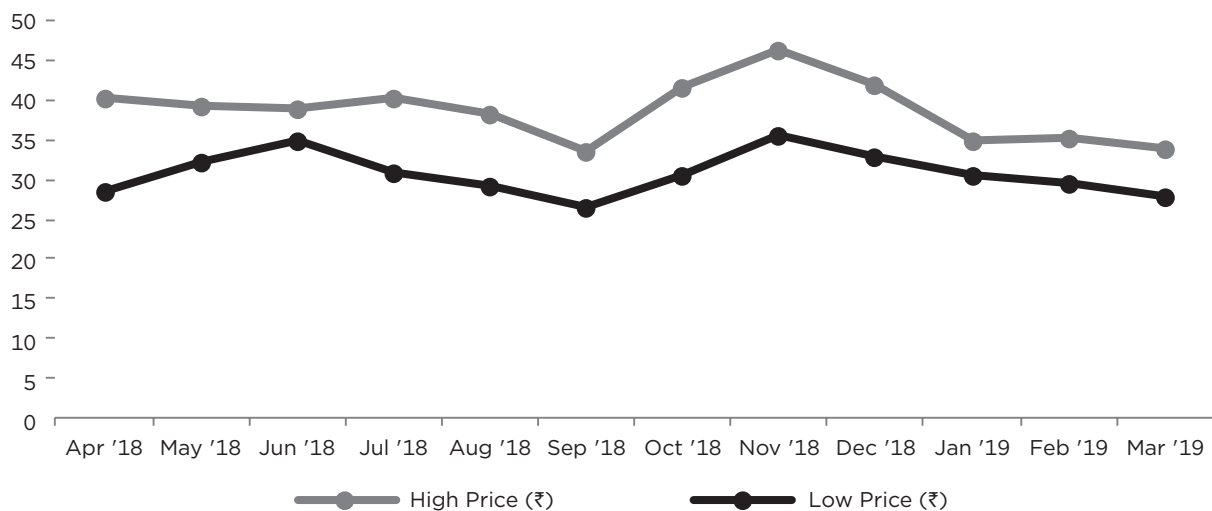
Annexure-1

Market Price Data

High and low during each month from April 1, 2018 to March 31, 2019

BSE Limited (BSE)

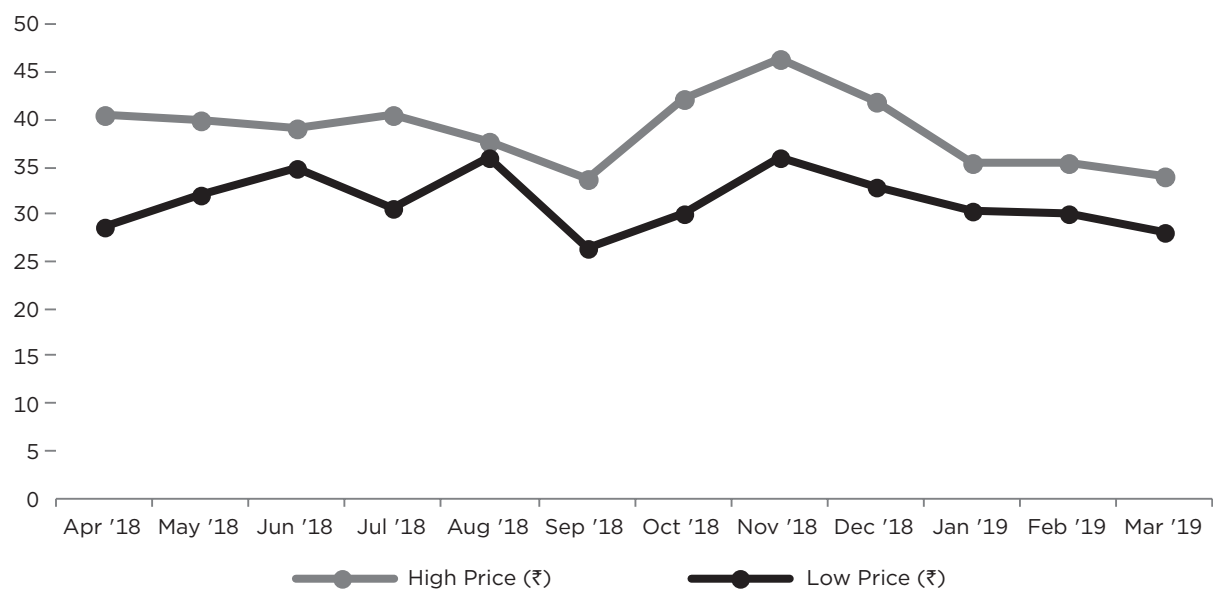
Month	Share Price		S&P BSE SENSEX	
	High Price	Low Price	High	Low
Apr-18	40.3	30.8	35,213.3	32,972.56
May-18	38.5	29.2	35,993.53	34,302.89
Jun-18	33.7	26.4	35,877.41	34,784.68
Jul-18	41.7	30.7	37,644.59	35,106.57
Aug-18	46.5	35.7	38,989.65	37,128.99
Sep-18	42.0	33.0	38,934.35	35,985.63
Oct-18	35.0	30.5	36,616.64	33,291.58
Nov-18	35.4	29.6	36,389.22	34,303.38
Dec-18	33.9	28.0	36,554.99	34,426.29
Jan-19	40.4	28.7	36,701.03	35,375.51
Feb-19	39.4	32.2	37,172.18	35,287.16
Mar-19	38.9	35.0	38,748.54	35,926.94

BSE Monthly Price Trend

National Stock Exchange of India Limited (NSE)

Month	Share Price		NIFTY MIDCAP 150	
	High Price	Low Price	High	Low
Apr-18	40.4	30.7	7,082.38	6,689.04
May-18	37.8	36.0	6,994.93	6,515.26
Jun-18	33.7	26.4	6,706.6	6,313.7
Jul-18	42.2	30.2	6,665.68	6,318.27
Aug-18	46.5	35.9	7,034.77	6,679.08
Sep-18	41.9	33.0	7,012.29	6,118.61
Oct-18	35.4	30.3	6,132.98	5,672.86
Nov-18	35.4	30.0	6,207.98	6,079.95
Dec-18	33.9	28.0	6,358.01	5,938.89
Jan-19	40.5	28.8	6,341.68	5,966.5
Feb-19	39.9	32.1	6,076.05	5,762.95
Mar-19	39.2	34.9	6,503.95	6,068.85

NSE Monthly Price Trend



Annexure-2

***Distribution of Holdings as on March 31, 2019:**

Sr. No.	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	56,504	97.32	2,17,05,431	18.77
2	5001 - 10000	736	1.27	56,19,692	4.86
3	10001 - 20000	386	0.66	56,35,423	4.87
4	20001 - 30000	157	0.27	39,38,075	3.41
5	30001 - 40000	61	0.11	21,29,050	1.84
6	40001 - 50000	38	0.07	17,10,999	1.48
7	50001 - 100000	90	0.16	64,23,676	5.56
8	100001 & Above	86	0.15	6,84,64,481	59.21
Total:		58,058	100.00	11,56,26,827	100.00

Share Holding Pattern as on March 31, 2019:

Sr. No.	Description	Cases	Shares	% Equity
1	Banks	2	71,836	0.06
2	Clearing Members	75	2,18,673	0.19
3	Employees	70	23,38,694	2.02
4	Foreign Nationals	1	85,886	0.07
5	H U F	1,872	35,90,526	3.11
6	I E P F	1	32,998	0.03
7	Indian Financial Institutions	1	1,85,000	0.16
8	Bodies Corporates	467	37,53,436	3.25
9	NBFC	7	1,02,572	0.09
10	Non-Resident Indians	452	21,90,800	1.89
11	NRI Non-Repatriation	203	7,86,584	0.68
12	Promoters Group	2	6,20,000	0.54
13	Promoter Group	2	37,99,000	3.29
14	Company Promoters	6	3,61,17,717	31.24
15	Resident Individuals	54,891	6,17,21,095	53.38
16	Trusts	6	12,010	0.01
Total:		58,058	11,56,26,827	100.00

Control Report as on March 31, 2019:

Description	No of Holders	Shares	% To Equity
PHYSICAL	73	33,26,688	2.88
NSDL	34,643	8,85,48,053	76.58
CDSL	23,342	2,37,52,086	20.54
Total:	58,058	11,56,26,827	100.00

Annexure-3

In terms of requirements of clause 17(8) of SEBI (LODR) Regulations, 2015, the Managing Director and the Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year-ended March 31, 2019. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 2, 2019.

Certificate under Regulation 17(8) of SEBI (LODR), Regulations, 2015

We, D. Uday Kumar Reddy, Managing Director & CEO and Srinivas Gunupudi Kamoji, CFO of Company, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the Company's during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company's pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

for Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
 Chairman & Managing Director

Date: May 2, 2019
 Place: Hyderabad

for Tanla Solutions Limited

Sd/-
Srinivas Gunupudi Kamoji
 Chief Financial Officer

Practicing Company Secretary's Certificate on Corporate Governance

To,
The Members of
Tanla Solutions Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Tanla Solutions Limited (hereinafter called as "the Company") for the year ended March 31, 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) pursuant to listing agreement of the said Company with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company

has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to listing agreement of the said Company with the Stock Exchanges.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For BS & Company
Company Secretaries LLP**

Sd/-
K.V.S. Subramanyam
Designated Partner
FCS No. 5400
C P No.: 4815

Date: August 30, 2019
Place: Hyderabad

Certificate of Non-Disqualification of Directors under Schedule V of SEBI (LODR) Regulations, 2015

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Tanla Solutions Limited,
Tanla Technology Center,
Madhapur,
Hyderabad - 500081

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Tanla Solutions Limited having CIN L72200TG1995PLC021262 and having registered office at Tanla Technology Center, Madhapur, Hyderabad - 500081 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

S. No.	Name of Directors	DIN	Date of Appointment in the Company
1	Udaykumar Reddy Dasari	00003382	27/11/1999
2	Ram Narain Agarwal	00003498	11/11/2005
3	Anantapurguggilla Ravindranath Reddy	01729114	29/01/2014
4	Kunda Kalpana	07328517	30/10/2015

*The above mentioned directors are as on 31st March, 2019.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BS & Company Company Secretaries LLP

Sd/-
D Soumya
 Designated Partner
 M No: 29312

Date: August 30, 2019
 Place: Hyderabad

Declaration by the CMD on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2019 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Tanla Solutions Limited

Sd/-
D. Uday Kumar Reddy
 Chairman & Managing Director
 (DIN: 00003382)

Date: May 2, 2019
 Place: Hyderabad

Independent Auditor’s Report

To The Members of
Tanla Solutions Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Tanla Solutions Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, Total Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the

Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31st March, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the ‘Auditor’s Responsibilities for the Audit of the standalone Ind AS Financial Statements’ section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key Audit Matter	How the Matter was addressed in Audit
1. Revenue Recognition	Principal Audit Procedures
As described in Note 2.3 to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers (‘Ind AS 115’) which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.	Our audit procedures on adoption of Ind AS 115, Revenue from Contracts with Customers (‘Ind AS 115’), which is the new accounting standard, include – • Evaluated the design and implementation of the processes and internal controls relating to implementation of the new accounting standard;

The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.

- Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;
- Evaluated the cumulative effect adjustments as at 1st April 2018 for compliance with the new accounting standard; and
- Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures

Information Other than the standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including

other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether

due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31st, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- For **M N Rao & Associates**
Chartered Accountants
Firm Regn. No. 005386S

In our opinion and to the best of our information and according to the explanations given to

Place : Hyderabad
Date : 02-05-2019

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

Annexure-A to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "Tanla Solutions Limited" for the year ended March 31, 2019)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,
- (b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- iii. According to the information and explanations given to us, the Company has granted unsecured loan to company covered in the register maintained under section 189 of the Act, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) According to the information and explanations given to us and based on the audit procedure conducted by us, the unsecured loans granted to companies and interest thereon are repayable on demand. The borrowers have been regular in payment of principal and interest as demanded.
 - (c) There are no overdue amounts of more than 90 days in respect of the unsecured loans granted to companies by the company.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans and investments.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company and hence not commented upon.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, duty of customs, duty of excise, value added tax & Goods and Service Tax outstanding on which have not been deposited on account of any dispute except in case of service tax liability for the period 01.06.2007 to 31.10.2009 of ₹ 9.00 Crores (Demand of ₹ 9.00 crore was already paid by the company) and the case is pending before the CESTAT.
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans

or borrowings to banks. There are no over dues which are payable to banks.

- ix. According to the information and explanations given to us the company had taken ₹ 6000.00 lakhs from banks out of which the company has utilised for the purpose for which it was raised and the company has not raised moneys by way of initial public offer or further public offer including debt instruments.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has made the preferential allotment and private placement of shares during the year under review and complied with applicable provisions of the companies Act, 2013.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M. V. Ratnam

Partner

Place : Hyderabad

Date : 02-05-2019

Membership No. 008314

Annexure B to the Independent Auditor's Report of even date on The Standalone Financial Statements of Tanla Solutions Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of
Tanla Solutions Limited

We have audited the internal financial controls over financial reporting of Tanla Solutions Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing

as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M N Rao & Associates

Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M. V. Ratnam

Partner

Membership No. 008314

Place : Hyderabad

Date : 02-05-2019

Balance Sheet

as at March 31, 2019

All the amounts in ₹ unless specified			
Particulars	Notes	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	3,374,832,055	4,246,058,906
(b) Capital work-in-progress		57,613,250	-
(c) Financial assets			
(i) Investments	4	558,526,186	538,526,186
(d) Deferred tax assets (net)	5	106,092,318	135,491,407
(e) Other non-current assets	6	722,874,940	94,809,382
Total non-current assets		4,819,938,749	5,014,885,880
(2) Current assets			
(a) Financial assets			
(i) Investments	7	737,617,076	-
(ii) Trade receivables	8	2,362,852,030	1,732,304,892
(iii) Cash and cash equivalents	9	1,351,967,059	1,360,191,469
(iv) Other financial assets	10	854,438,059	610,291,154
(b) Other current assets	11	397,825,570	331,675,932
Total current assets		5,704,699,793	4,034,463,448
TOTAL ASSETS		10,524,638,541	9,049,349,328
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	12	115,626,827	112,421,952
(b) Other equity	13	6,881,527,178	6,527,227,014
Total equity		6,997,154,005	6,639,648,966
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	469,253,174	-
(ii) Other financial liabilities	15	1,903,010	854,929
(b) Provisions	16	-	326,786
(c) Other liabilities	17	885,000	785,000
Total non-current liabilities		472,041,184	1,966,715
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18	2,482,002,121	2,194,556,090
(ii) Other financial liabilities	19	374,865,452	139,769,933
(b) Other current liabilities	20	157,465,519	58,503,393
(c) Liabilities for current tax (net)	21	41,110,260	14,904,231
Total current liabilities		3,055,443,352	2,407,733,648
TOTAL EQUITY AND LIABILITIES		10,524,638,541	9,049,349,329
Notes forming part of the financial statements	1 - 43		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Hyderabad
May 2, 2019

Statement of Profit and Loss

for the year ended March 31, 2019

All the amounts in ₹ unless specified			
Particulars	Notes	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue			
I. Revenue from operations	22	8,094,087,585	6,919,352,268
II. Other income	23	95,604,401	46,722,330
III. Total income (I+II)		8,189,691,986	6,966,074,598
IV. Expenses			
Cost of services	24	6,869,520,092	6,144,429,303
Employee benefits expense	25	218,253,059	130,008,737
Depreciation and amortisation expense	3	680,830,276	489,148,450
Travel expenses	26	21,757,351	25,655,079
Connectivity & related expenses	27	28,952,433	25,709,506
Finance cost	28	29,545,076	6,923,571
Other expenses	29	144,456,264	87,372,615
Total expenses (IV)		7,993,314,553	6,902,323,690
V. Profit/(loss) before Tax (III - IV)		196,377,433	63,750,908
VI. Tax expense:			
Current tax		41,110,260	14,904,231
Deferred tax		25,619,738	(67,170,751)
MAT credit entitlement		(41,110,260)	(14,904,231)
VII. Profit/(loss) for the year		170,757,695	130,921,659
VIII. Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss		(2,108,051)	3,880,923
(ii) Items that will be reclassified to profit or loss		46,190,461	391,237
		44,082,410	4,272,160
B. (i) Income tax relating to items that will not be reclassified to profit or loss		(695,513)	(806,572)
Total other comprehensive income net of taxes		43,386,897	3,465,588
IX. Total comprehensive income for the period		214,144,592	134,387,247
X. Earnings per equity share			
1. Basic		1.48	1.16
2. Diluted		1.48	1.16
Notes forming part of the financial statements	1-43		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Hyderabad
May 2, 2019

for the year ended March 31, 2019

Particulars	In Number	Amount
Balance as on March 31, 2018	112,421,952	112,421,952
Issued during the year – ESOPs	63,750	63,750
Issued during the year – ESPS	1,476,125	1,476,125
Issue of warrants to promoters	1,665,000	1,665,000
Balance as on March 31, 2019	115,626,827	115,626,827

Particulars	All the amounts in ₹ unless specified									
	Capital reserve	General reserve	Investment subsidy	Securities premium reserve	Money received against share warrants	ESOP outstanding account	Retained earnings	Foreign currency translation reserve	Other comprehensive income	Total Equity attributable to equity holders
Balance as at April 1, 2017	69,919,556	254,817,667	400,000	4,475,989,544	41,796,994	28,160,976	1,550,919,134	(124,391,133.00)	548,925.00	6,298,161,664
Profit for the year	-	-	-	-	-	-	130,921,659	-	-	130,921,659
Other comprehensive income	-	-	-	-	-	-	-	391,237	3,074,351	3,465,588
Re-measurement of ESOP provision	-	-	-	-	(41,796,994)	-	-	-	-	(41,796,994)
Share application money	-	-	-	162,251,800	-	-	-	-	-	162,251,800
Issue of Equity shares	-	-	-	-	-	-	(33,380,697)	-	-	(33,380,697)
ESOP Expense	-	-	-	-	-	7,603,995	-	-	-	7,603,995
Balance as at March 31, 2018	69,919,556	254,817,667	400,000	4,638,241,344	-	35,764,971	1,648,460,096	(123,999,896)	3,623,276	6,527,227,014
Balance as at April 1, 2018	69,919,556	254,817,667	400,000	4,638,241,344	-	35,764,971	1,648,460,096	(123,999,896)	3,623,276	6,527,227,014
Profit for the year	-	-	-	-	-	-	170,757,695	-	-	170,757,695
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Money received against share warrants	-	-	-	-	62,950,000	-	-	46,190,461	(2,803,564)	43,386,897
Issue of equity shares	-	-	-	112,680,619	-	-	-	-	-	62,950,000
Dividend and dividend tax	-	-	-	-	-	-	(40,592,711)	-	-	112,680,619
ESOP expense	-	-	-	-	-	5,117,664	-	-	-	(40,592,711)
Balance as at March 31, 2019	69,919,556	254,817,667	400,000	4,750,921,963	62,950,000	40,882,635	1,778,625,080	(77,809,435)	819,712	6,881,527,179

As per our report attached

For M N Rao & Associate
Chartered Accountants
Firm Regn. No. 005386S

M. V. Ratnam
Partner

D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Srinivas Kamoji Gunupudi
Chief Financial Officer

-/ps

Seshanuradha Chava
Company Secretary and VP - Legal & Secretarial

Cash Flow Statement

for the year ended March 31, 2019

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before tax	196,377,433	63,750,908
Adjusted for :		
Depreciation	680,830,276	489,148,450
Interest & other income received	(90,873,953)	(42,751,175)
Other expenses	51,237,020	17,861,898
Provision for diminution in value of investment	-	9,349,000
Provision for doubtful debts	2,023,414	5,624,326
Operating profits before working capital charges	839,594,190	542,983,407
Changes in current assets and liabilities		
(Increase)/Decrease in trade receivables	(630,547,138)	(1,375,912,067)
(Increase)/Decrease in financial and non-financial assets	(938,362,100)	(102,576,316)
Increase/(Decrease) in financial and non-financial liabilities	231,517,894	122,680,554
Increase/(Decrease) in trade payables	287,446,031	970,746,831
Cash generated from operations	(210,351,123)	157,922,409
Income taxes paid	-	-
Net cash generated from operating activities	(210,351,123)	157,922,409
B CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase)/Sale of fixed assets	131,806,803	(68,872,643)
Investment in associate/subsidiary	(20,000,000)	(20,500,000)
Purchase of investments	(737,617,076)	-
Interest & other income received	90,873,953	42,751,175
Net cash used in investing activities	(534,936,319)	(46,621,468)
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of share warrants	62,950,000	125,390,973
Borrowings	598,820,248	-
Movement in share capital	115,885,494	(41,796,994)
Dividends and dividend tax paid during the year	(40,592,711)	(33,380,697)
Net Cash generated from financing activities	737,063,031	50,213,282
D Net increase/(decrease) in cash and cash equivalents	(8,224,411)	161,514,223
E Cash and cash equivalents at the beginning of the year	1,360,191,469	1,198,677,247
F Cash and cash equivalents at the end of the year	1,351,967,058	1,360,191,469
Notes forming part of the financial statements		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

Hyderabad
May 2, 2019

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Notes forming part of the financial statements

1 Corporate information

Tanla Solutions Limited (hereinafter referred to as "Tanla") ('the company') is the largest A2P messaging platform provider globally. The Company was incorporated on July 28th, 1995 in Hyderabad and is listed on BSE and NSE. Tanla has its headquarters and development facilities in Hyderabad, India and serves a global customer base through its subsidiaries and a branch in Dubai. Tanla develops and delivers cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 02, 2019.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements

These standalone financial statements have been prepared in accordance Indian Accounting Standards (Ind AS) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

2.2 Use of Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Revenue recognition

Sale of Services:

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how

much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catchup method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated i.e. the comparative information continues to be reported under Ind AS 18. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognized when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis.

Dividend Income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Notes forming part of the financial statements

2.4 Property, plant and equipment & Capital work-in-progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

2.5 Depreciation and Goodwill

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 in respect of the following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.,

Type of Asset	Useful life
Buildings	60 years
Computers & software	3 to 6 years
Platforms & deployments	5 to 10 years
Office equipment	5 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Assets costing ₹ 5,000/- and below are depreciated over a period of one year.

2.6 Employee Benefits

Defined Contribution Plans

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liability with regard to the Gratuity Plan are determined

by actuarial valuation as of the balance sheet date, based on which, the company contributes the ascertained liabilities to the Tanla Solutions Limited Employees Gratuity Scheme Trust (the "Trust") managed by the Life Insurance Corporation of India.

b. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contribution along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the company make monthly contributions to the Regional Provident Fund Commissioner equal to a specified percentage of the covered employee's salary.

c. Employee State Insurance Fund

Eligible employees (whose gross salary is less than ₹ 21,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred.

2.7 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the

Notes forming part of the financial statements

company operates (i.e. "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.8 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) **Current income tax:** Current income tax is measured at the amount expected to be paid to the taxation authorities in accordance with Income Tax Act, 1961.
- b) **Deferred tax:** Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- c) **Minimum Alternate Tax:** According to section 115JB of the Income Tax Act, 1961, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

2.9 Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares outstanding during the period.

2.10 Investments

Long term unquoted investments are stated at cost & all other investments are carried at lower of cost or fair value.

2.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of the asset or cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2.12 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value

Notes forming part of the financial statements

measured on initial recognition of financial asset or financial liability.

Subsequent Measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding, if any.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collecting contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on

derecognition is also recognised in statement of profit and loss.

Investment in Subsidiaries

Investment in Subsidiaries are valued at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Impairment of financial assets

Intangible assets and Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and

Notes forming part of the financial statements

an impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management. Cash dividend to equity holders
The Company recognises a liability to make cash

payment to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.14 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Notes forming part of the financial statements

3. Property, plant and equipment:

The changes in the carrying value of Property, Plant and Equipment is as follows:

Description	All the amounts in ₹ unless specified							
	Land	Buildings	Furniture	Computers	Platforms & Deployments	Office Equipment	Vehicles	Air conditioners
Gross carrying amount								
Cost as at April 1, 2018	76,570,150	116,232,101	27,908,074	361,601,889	4,250,504,828	10,765,202	7,710,245	23,257,451
Additions	-	29,878,385	2,247,800	38,998,011	40,349,012	9,504,500	3,960,822	160,773
Disposals	-	-	-	(246,486,332)	(126,405,522)	(81,299)	(7,221,030)	-
Cost as at March 31, 2019	76,570,150	146,110,486	30,155,874	154,113,568	4,164,448,319	20,188,403	4,450,037	23,418,224
Accumulated depreciation								
Accumulated depreciation as at April 1, 2018	-	6,608,927	19,129,195	89,180,757	485,333,573	5,592,565	5,682,069	16,963,948
Additions	-	2,194,777	3,155,155	19,682,396	649,780,624	2,585,782	300,038	3,131,504
Disposals	-	-	-	(31,896,302)	(27,182,795)	(77,234)	(5,541,974)	-
Accumulated depreciation as at March 31, 2019	-	8,803,704	22,284,350	76,966,851	1,107,931,402	8,101,113	440,134	20,095,452
Net carrying amount as at March 31, 2019	76,570,150	137,306,782	7,871,524	77,146,717	3,056,516,917	12,087,290	4,009,903	3,322,772
								3,374,832,055

Notes forming part of the financial statements

4. (i) Investments in equity instruments - Unquoted

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Wholly-owned subsidiaries		
Tanla Corporation Pvt. Ltd., India	486,097,268	486,097,268
1,148,648 (1,148,648) fully paid equity shares of ₹ 10 each		
Tanla Mobile Asia Pacific Pte Ltd, Singapore	30,928,918	30,928,918
750,001 (750,001) fully paid equity shares of SGD. 1 each		
Capitalsiri Investments Pvt. Ltd., India	20,500,000	20,500,000
2,050,000 (2,050,000) fully paid equity shares of ₹ 10 each		
(b) Joint Venture		
TZ Mobile Pvt. Ltd., India	10,349,000	10,349,000
103,490 (103,490) fully paid equity shares of ₹ 10 each, fully paid-up		
Less: Provision for diminution in value of investment	(9,349,000)	(9,349,000)
(c) Associate		
Jengatron Gaming Pvt. Ltd., India	20,000,000	-
60,000 (Nil) equity shares of ₹ 10 each, fully paid-up		
Total	558,526,186	538,526,186

5. Deferred tax

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Deferred tax asset	106,092,318	135,491,407
Total	106,092,318	135,491,407

Deferred tax assets/(liabilities):

Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
For the year ended March 31, 2018				
Property, plant & Equipment and Intangible assets	63,933,157	67,170,751	-	131,103,908
Employee benefits	1,244,595	-	3,522,206	4,766,801
Other items giving rise to temporary differences	(572,503)	-	193,201	(379,302)
	64,605,249	67,170,751	3,715,407	135,491,407
For the year ended March 31, 2019				
Property, plant & Equipment and Intangible assets	131,103,908	(26,315,251)	-	104,788,657
Employee benefits	4,766,801	(3,779,351)	-	987,450
Other items giving rise to temporary differences	(379,302)	-	695,513	316,211
Total	135,491,407	(30,094,602)	695,513	106,092,318

Notes forming part of the financial statements

6. Other non-current assets

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Advances recoverable in cash or kind	5,692,792	6,178,147
(b) Inter corporate deposit*	471,379,395	-
(c) Balances with revenue authorities (net of provision for taxes) #	189,788,262	73,727,005
(d) MAT credit entitlement	56,014,491	14,904,231
Total	722,874,940	94,809,382

* Inter corporate deposit represents loan provided to Karix Mobile Pvt. Ltd. towards repayment of its term loan. Refer note 14 for further details.

Refer note no. 32 for details of income tax expense.

7. Investments

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Mutual Funds (Quoted)		
Axis Liquid Fund (G) (97818 Units)	202,003,422	-
HDFC Liquid Fund (G) (27369 Units)	100,178,301	-
ICICI Pru Liquid Fund (G) (36753 Units)	100,184,350	-
Reliance Liquid Fund (G) (73857 Units)	335,251,003	-
Total	737,617,076	-

8. Trade receivables

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good*	2,371,614,303	1,739,043,751
Considered doubtful	-	-
	2,371,614,303	1,739,043,751
Less:		
Allowances for doubtful debts	(8,762,273)	(6,738,859)
Total	2,362,852,030	1,732,304,892

*No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, or director or a member.

Notes forming part of the financial statements

9. Cash and cash equivalents

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balances with Banks		
- Current accounts	592,112,847	339,562,203
- Deposit accounts*	750,000,000	990,000,000
- Cash on hand	502,975	239
	1,342,615,822	1,329,562,442
(b) Other bank balances		
(i) Unclaimed dividends	1,903,010	854,929
(ii) Balances under deposits **	7,448,227	29,774,099
	9,351,236	30,629,028
Total	1,351,967,059	1,360,191,469

*The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

**Deposits with a carrying amount of ₹ 74.48 lakhs (March 2018 – ₹ 297.74 lakhs) are towards margin money given for bank guarantees given to various Telcos.

10. Other financial assets

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(i) Advances to employees	8,961,792	18,736,320
(ii) Unbilled revenue	845,476,267	591,554,834
Total	854,438,059	610,291,154

11. Other current assets

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
Balances with revenue authorities	54,334,758	132,748,634
Advances recoverable in cash or kind	213,923,737	198,927,298
Inter corporate deposit *	129,567,074	-
Total	397,825,570	331,675,932

* - Refer note 14 for further details

12. Equity share capital

All the amounts in ₹ unless specified		
Particulars	As at March 31, 2019	As at March 31, 2018
(i) Authorised 200,000,000 Equity shares of ₹ 1 each	200,000,000	120,000,000
(ii) Issued subscribed and fully paid up: 115,626,827 (112,421,952) Equity Shares of ₹ 1/- each fully paid-up	115,626,827	112,421,952
Total	115,626,827	112,421,952

Notes forming part of the financial statements

Dividend:

The proposed dividend being subject to approval at respective annual general meetings, accordingly no corresponding liability has been recognised in the respective financial years.

Details showing dividend declared and paid during the year ended

Particulars	All the amounts in ₹ unless specified	
	Year ended March 31, 2019	Year ended March 31, 2018
Final dividend	0.30	0.25
Interim dividend	-	-

The Board of Directors recommend a final dividend of ₹ 0.35 per equity share for the financial year ended March 31, 2019. The payment is subject to the approval of shareholders in the ensuing AGM to be held on Sept 30, 2019 and if approved would result in cash outflow of approximately ₹ 606.55 lakhs, including dividend distribution tax.

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	in ₹	No. of Shares	in ₹
Equity Shares:				
Shares outstanding at the beginning of the year	112,421,952	112,421,952	107,485,785	107,485,785
Add: Issued and allotted during the year	3,204,875	3,204,875	4,936,167	4,936,167
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	115,626,827	115,626,827	112,421,952	112,421,952

ii) Terms/Rights and restrictions attached to the equity shares:

The Company has only one class of equity shares having a face value of ₹ 1/-. Each share holder is eligible for one vote per share held.

iii) The details of shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	in %	No. of Shares	in %
D. Uday Kumar Reddy	20,965,947	18.13	19,496,493	17.34
D. Tanuja Reddy	15,151,770	13.10	14,319,270	12.74

iv) Employee stock based compensation

The Company instituted the Employee Stock Purchase Plan 2015 ('ESOP 2015') and Employee Stock Purchase Scheme (ESPS 2018) during the fiscal 2019; and have been approved by the Board of Directors. Refer note 36 for further details.

Notes forming part of the financial statements

13. Other equity

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
(i) Capital reserve	69,919,556	69,919,556
(ii) General reserve		
Opening balance	254,817,667	254,817,667
Transferred from retained earnings	-	-
Total general reserve	254,817,667	254,817,667
(iii) Investment subsidy	400,000	400,000
(iv) Securities premium reserve	4,750,921,963	4,638,241,344
(v) Money received against share warrants	62,950,000	-
(vi) Employee stock options outstanding account	40,882,635	35,764,971
(vii) Retained earnings		
Opening	1,648,460,096	1,550,919,134
Profit for the year/quarter	170,757,695	130,921,659
Less: Dividend	(33,726,586)	(27,734,506)
Dividend tax	(6,866,125)	(5,646,191)
Sub-total	1,778,625,080	1,648,460,096
(viii) Foreign currency translation reserve	(77,809,435)	(123,999,896)
(ix) Items of other comprehensive income	819,712	3,623,276
Total	6,881,527,178	6,527,227,014

14. Borrowings

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Term loan from bank (refer note below)	469,253,174	-
Total	469,253,174	-

As part of purchase consideration to acquire Karix Mobile Private Limited and its subsidiary Unicel Technologies Pvt. Ltd., Tanla was to assume debt of Karix Mobile of ₹ 103 Crore *inter alia* consisting of a term loan amounting to ₹ 6,000.00 lakhs. To replace the high-interest bearing loan, Tanla availed a term loan from HDFC bank repayable in 48 equal instalments starting from May 2019 which carries an interest rate of MCLR + spread aggregating to 9.6% p.a. This loan is secured by hypothecation of book debts as primary security and collateral of commercial office building located at Madhapur, Hyderabad and land located at Vattinagulapalli village.

15. Other financial liabilities

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Unclaimed dividend	1,903,010	854,929
Total	1,903,010	854,929

16. Long-term provisions

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Provision for leave encashment - long-term	-	326,786
Total	-	326,786

Notes forming part of the financial statements

17. Other liabilities

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Other security deposits	885,000	785,000
Total	885,000	785,000

18. Trade and other payables

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Due to micro and small enterprises	-	-
Others	2,482,002,121	2,194,067,836
Outstanding expenses	-	488,255
Total	2,482,002,121	2,194,556,090

19. Other financial liabilities

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Current maturities of borrowings (refer note 14)	129,567,074	-
Payables for capital goods	5,880,799	-
Payable to group company	239,417,578	139,769,933
Total	374,865,452	139,769,933

20. Other current liabilities

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Statutory liabilities	124,022,683	21,159,968
Other liabilities	33,442,836	37,343,425
Total	157,465,519	58,503,393

21. Liabilities for current tax

Particulars	All the amounts in ₹ unless specified	
	March 31, 2019	March 31, 2018
Provision for income tax	41,110,260	14,904,231
Total	41,110,260	14,904,231

22. Revenue from operations

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Overseas	265,717,331	351,393,802
Domestic: India	7,828,370,253	6,567,958,466
Total	8,094,087,585	6,919,352,268

Notes forming part of the financial statements

23. Other income

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	16,903,211	15,288,570
Gain on liquid funds	73,970,742	-
Miscellaneous Income	4,730,448	3,971,155
Net income from sale of land	-	27,462,605
Total	95,604,401	46,722,330

24. Cost of Services

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Cost of services	6,869,520,092	6,144,429,303
Total	6,869,520,092	6,144,429,303

25. Employee benefit expense

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	148,252,170	108,487,481
Employee stock option cost	5,117,664	7,603,995
Employee stock purchase scheme cost	46,119,356	-
Contribution to provident and other funds	9,025,184	6,157,811
Staff welfare expenses	9,738,685	7,759,450
Total	218,253,059	130,008,737

26. Travelling expenses

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling expenses	15,978,397	24,935,172
Conveyance & other expenses	5,778,954	719,907
Total	21,757,351	25,655,079

27. Connectivity & related expenses

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Data centre and hosting charges	15,910,943	11,801,780
Internet and cloud computing charges	13,041,490	13,907,726
Total	28,952,433	25,709,506

Notes forming part of the financial statements

28. Finance cost

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on financial liability	29,545,076	6,923,571
Total	29,545,076	6,923,571

29. Other expenses

Particulars	All the amounts in ₹ unless specified	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Communication expenses	2,053,890	1,999,899
Repairs & maintenance expenses	11,578,647	11,040,184
Advertisement charges	7,616,800	2,612,958
Rent, rates & taxes	8,646,135	10,606,527
Postage & courier	380,950	595,537
Printing & stationery	824,094	2,282,313
Office maintenance expenses	9,689,160	3,978,256
Power & fuel	3,663,946	3,610,115
General expenses	3,932,309	1,869,047
Insurance	1,176,414	1,156,997
Listing fees to stock exchanges	3,222,074	1,485,222
Professional charges	29,146,007	13,698,039
R&D expenses	2,413,993	1,871,894
Exchange fluctuation	19,604,288	3,334,332
Auditors remuneration	1,996,039	1,982,945
Bank charges	532,650	2,900,814
Allowance for doubtful debts	2,023,414	(572,181)
Acquisition related cost	34,509,539	-
Bad debts written-off	-	6,196,507
Provision for diminution in value of investment	-	9,349,000
Corporate social responsibility expenses	1,445,915	450,639
Total	144,456,264	87,372,615

30. Taxes

(a) Income tax expense

Sr. No. Particulars	in ₹	
	2018-19	2017-18
(i) Profit or loss section		
Current tax	41,110,260	14,904,231
Deferred tax	25,619,738	(67,170,751)
MAT credit entitlement	(41,110,260)	(14,904,231)
Total income tax expense recognised in statement of profit & loss	25,619,738	(67,170,751)
(ii) OCI Section		
DTA recognised on employees gratuity	(695,513)	(806,572)
Income tax charged to OCI	(695,513)	(806,572)

Notes forming part of the financial statements

(b) Reconciliation of effective tax rate:

		in ₹	
Sr. No.	Particulars	2018-19	2017-18
(i)	Profit/(loss) before tax	196,377,433	63,750,908
	Tax at company's domestic tax rate	34.944%	34.608%
	Tax at statutory income tax rate	68,622,130	22,062,914
(ii)	Tax effect of:		
	Income tax effect of timing difference in depreciation	(43,002,392)	(7,158,684)
	Others (net)	-	-
	Income tax expense	25,619,738	14,904,231

31. Financial instruments

		in ₹			
Sr. No.	Particulars	Carrying value as at		Fair value as at	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i)	Financial assets:				
	Amortised cost				
	Trade receivables	2,362,852,030	1,732,304,892	2,362,852,030	1,732,304,892
	Cash and bank balances	1,351,967,059	1,360,191,469	1,351,967,059	1,360,191,469
	Other financial assets	854,438,059	610,291,154	854,438,059	610,291,154
	FVTPL				
	Investment in mutual funds	737,617,076	-	737,617,076	-
	Total financial assets	5,306,874,224	3,702,787,516	5,306,874,224	3,702,787,516
(ii)	Financial liabilities:				
	Amortised cost				
	Borrowings	129,567,074	-	129,567,074	-
	Trade payables	2,482,002,121	2,194,556,090	2,482,002,121	2,194,556,090
	Other financial liabilities	374,865,452	139,769,933	374,865,452	139,769,933
	Total financial liabilities	2,986,434,647	2,334,326,024	2,986,434,647	2,334,326,024

Financial risk management

The Company has exposure to the following risks arising from the financial instruments:

Market risk
Liquidity risk
Credit risk

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

Notes forming part of the financial statements

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign currency risk

The Company operates in Dubai through its branch and is exposed to foreign currency rate risk through operating activities.

The foreign currency risks from financial instruments is as follows:

	in ₹		
As at March 31, 2019	AED	USD	EURO
Financial assets			
Trade receivables	1,514,628	118,484,328	10,443,666
Cash and cash equivalents	22,037,023	85,076,541	-
Total	23,551,651	203,560,869	10,443,666
Financial liabilities			
Trade payables	331,669	115,573,221	-
Total	331,669	115,573,221	-

	in ₹		
As at March 31, 2018	AED	USD	Euro
Financial assets			
Trade receivables	2,051,809	118,227,493	532,310
Cash and cash equivalents	12,085,798	34,555,715	-
Total	14,137,607	152,783,209	532,310
Financial liabilities			
Trade payables	94,862	17,562,755	-
Total	94,862	17,562,755	-

(b) Liquidity risk

The Company's principle source of liquidity are cash and cash equivalents and the cash flow is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

The working capital position of the Company is given below:

	in ₹	
As at March 31, 2019	March 31, 2019	March 31, 2018
Financial liabilities		
Cash and cash equivalents	601,967,059	370,191,469
Investments in mutual funds	737,617,076	-
Investments in term deposits (unquoted)	750,000,000	990,000,000
Total	2,089,584,134	1,360,191,469

Notes forming part of the financial statements

	in ₹		
As at March 31, 2019	Due in 1 year	1 - 2 years	3-5 years
Financial liabilities			
Borrowings	129,567,074	-	-
Trade payables	2,482,002,121	-	-
Other financial liabilities	246,204,626	-	996,761
Total	2,857,773,821	-	996,761
As at March 31, 2018			
Borrowings	-	-	-
Trade payables	2,194,067,836	-	-
Other financial liabilities	140,005,556	-	619,306
Total	2,334,073,392	-	619,306

(c) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with the assessment and outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 23,628.52 lakhs (March 31, 2018 - ₹ 17,323.05 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	in ₹	
Allowance for doubtful debts	2018-19	2017-18
Opening balance	6,738,859	7,311,040
Impairment loss recognised/(reversed)	2,023,414	(572,181)
Closing balance	8,762,273	6,738,859

Notes forming part of the financial statements

32. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximise shareholder value.

Particulars	in ₹	
	2018-19	2017-18
Total Equity attributable to the equity share holders of the Company	6,997,154,005	6,639,648,966
As Percentage of total capital	100%	100%
Current loans and borrowings	129,567,074	-
Non-current loans and borrowings	469,253,174	-
Total Loans and borrowings	598,820,248	-
As Percentage of total capital	8.56%	0.00%
Total capital (borrowings and equity)	7,595,974,253	6,639,648,966

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with investments which is predominantly in liquid and short-term mutual funds and fixed deposits being far in excess of debt.

33. Gratuity

The Company has a defined benefit gratuity plan and governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation of India. The following table summarise net benefit expense recognised in the statement of Profit and Loss, the status of funding and the amount recognised in the balance sheet for the gratuity plan.

Defined benefit plans

Particulars	in ₹	
	2018-19	2017-18
A Net Employee Benefit Expense		
(Recognised in Employee Benefit Expense)		
Current service cost	1,595,681	870,207
Interest cost	(257,178)	207,827
Expected return on plan assets	-	-
Net employee benefit expense	1,338,503	1,078,034
Actual return on plan assets	-	-
B Amount recognised in Balance Sheet		
Defined benefit obligation	10,593,717	6,492,863
Fair value of plan assets	12,591,452	8,494,494
Funded status of the plans	(1,997,735)	(2,001,631)
(Asset)/Liability recognised in Balance sheet	(1,997,735)	(2,001,631)
C Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	6,492,863	10,926,946
current service cost	1,595,681	870,207
Interest cost	(257,178)	207,827
Benefits paid	-	-
Net actuarial (gains)/losses on obligation for the year recognised under OCI	2,762,351	(5,512,117)
Closing defined benefit obligation	10,593,717	6,492,863

Notes forming part of the financial statements

Particulars	in ₹	
	2018-19	2017-18
D Changes in the fair of plan assets		
Opening fair value of plan assets	8,494,494	8,296,946
Interest income	776,607	638,078
Benefits paid	-	(191,051)
Fund charges	(122,307)	(313,802)
Premium expenses	3,442,658	64,323
Closing fair value of plan assets	12,591,452	8,494,494

34. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

(a) Gross amount required to be spent by the Company during the year is ₹ 1,102,942/-

Sr. No.	Particulars	in ₹		
		2018-19		
		In Cash through bank remittance	Yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	1,445,915	-	1,445,915

Sr. No.	Particulars	in ₹		
		2017-18		
		In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	450,639	-	450,639

35. Dividends

On short-term, the Board of Directors of the Company has proposed a final dividend of ₹ 0.35 per equity share in respect of the year ending March 31, 2019 subject to the approval of the Shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 606.55 lakhs inclusive of dividend distribution tax of ₹ 103.42 lakhs.

36. (a) Employee Stock Option Plan (ESOP):

The Company instituted the Tanla ESOP Plan 2015, in which 5,000,000 stock options were approved by the Shareholders at 19th AGM i.e. September 16, 2015.

Notes forming part of the financial statements

Tanla ESOP Plan:

Options under this programme has been granted to eligible employees at an grant price of ₹ 26.51/-.

Details of the grant/issue as at March 31, 2019 are given below:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of share options	Weighted average exercise price in ₹	No. of share options	Weighted average exercise price in ₹
Options outstanding at the beginning of the year	1,444,850	26.51	1,444,850	26.51
Granted during the year	-	26.51	-	26.51
Vested during the year	-	26.51	-	26.51
Exercised during the year	63,750	26.51	-	26.51
Lapsed during the year	-	-	-	-
Forfeited during the year	-	26.51	-	26.51
Options outstanding at the end of the year	1,381,100	26.51	1,444,850	26.51
Options vested and exercisable at the end of the year	-	26.51	-	26.51

(b) Employee Stock Purchase Scheme (ESPS):

The Company instituted the Tanla ESPS Plan 2018, in which 8,000,000 shares were approved by the Shareholders at EGM i.e. September 17, 2018.

Tanla ESPS Scheme 2018:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of share options	Weighted average exercise price in ₹	No. of share options	Weighted average exercise price in ₹
Options outstanding at the beginning of the year	-	1.00	-	-
Granted during the year	8,000,000	1.00	-	-
Vested during the year	-	1.00	-	-
Exercised during the year	1,476,125	1.00	-	-
Lapsed during the year	-	1.00	-	-
Forfeited during the year	-	1.00	-	-
Options outstanding at the end of the year	6,523,875	1.00	-	-
Options vested and exercisable at the end of the year	-	1.00	-	-

Please refer Board Report for full details on ESOP and ESPS.

37. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019 and March 31, 2018. The disclosure pursuant to the said act is as under:

Sr. No. Particulars	in ₹	
	2018-19	2017-18
(i) Principal amount due to suppliers under MSMED Act	-	-
(ii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
(iii) Total interest paid on all delayed payments during the year under MSMED Act	-	-

The information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

Notes forming part of the financial statements

38. Contingent Liabilities

- i) Total Guarantees outstanding as of March 31, 2019 amounting to ₹ 27.00 Lakhs (March 31, 2018 – ₹ 25.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to mobile operators against their receivable from the Company. The balance contingent liabilities are in respect of sub judice matters and represent the probable liability on account of service tax matters under appeal.

ii) **Claims against the Company not acknowledged as debt:**

Sr. No. Particulars	in ₹	
	2018-19	2017-18
1 Outstanding guarantees given by the company	2,700,000	2,500,000
2 Claims against company, not acknowledged as debts	164,622,062	164,622,062
3 Claims made by company, not acknowledged as debts	-	-
4 Corporate guarantee given to subsidiary companies	-	-

The Company had received service tax orders from the Department of Customs, Central excise and Service tax for the financial years 2007-08 to 2009-10 demanding ₹ 900.3 lakhs on account of taxable service on import of information technology and software services and interest and penalty amounting to ₹ 745.9 lakhs. Against this demand the Company deposited an amount of ₹ 193.7 lakhs during FY 2009-10 and FY 2010-11. Aggrieved by the demand order, the Company filed appeal before the CESTAT based on advice by its legal counsel. The appeal is pending hearing by CESTAT. During the FY2018, the Company has deposited the balance amount of Service tax demand of ₹ 706.6 lakhs with the department and has utilised input credit against the same under the GST regime. Based on the strength of its case, Management believes that the outcome of a liability is not probable.

39. Segment Information

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

40. Related Party Disclosures:

A) List of Related Parties:

Name of the Related Party	Country	Relationship with the Entity
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corporation Private Limited	India	Wholly-owned subsidiary
Capitalsiri Investments Pvt Ltd	India	Wholly-owned subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain
Jengatron Gaming Private Limited	India	Associate

Notes forming part of the financial statements

B) Related party Transactions for the year ended March 31, 2019:

in ₹

Nature of Transactions/ Name of the Subsidiary Particulars	Transactions		Balance Outstanding	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Tanla Mobile Asia Pacific Pte Ltd, Singapore				
Sale of services	218,801,928	172,024,500	117,466,930	142,588,949
Cost of services	3,073,586	-	(3,054,283)	-
Sale of Property, plant and equipment	102,877,632	-	(102,877,632)	-
Reimbursement of expenses	20,244,643	4,667,256	(22,455,882)	(4,667,256)
Capitalsiri Investments Pvt Ltd, India				
Reimbursement of expenses	4,876,103	401,495	5,277,598	401,495
Tanla Corporation Pvt. Ltd, India				
Loans and advances	73,336,683	85,673,143	(239,417,578)	(139,769,933)
Interest expense	26,310,962	6,923,571	-	-

C) List of Transactions with key management personnel

in ₹

Particulars	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D Uday Kumar Reddy - Chairman & Managing Director	22,000,000	2,336,284	-	24,336,284
Srinivas Gunupudi Kamoji - Chief Financial Officer	3,608,688	272,474	4,688,036	8,569,198
Seshanuradha Chava - VP Legal & Secretarial	2,621,184	205,770	3,484,171	6,311,125
Total	28,229,872	2,814,528	8,172,207	39,216,607

Remuneration to non-executive directors

in ₹

Particulars	Sitting Fees	Committee Fees	Total
Ram Narain Agarwal - Director	20,000	30,000	50,000
Dr. A G Ravindranath Reddy - Director	140,000	105,000	245,000
Mrs. N Kalpana	140,000	105,000	245,000
Total	300,000	240,000	540,000

41. Foreign Exchange earned and outgo :

a. Imports (Cost, insurance and freight basis):

in ₹

Particulars	2018-19	2017-18
Import of capital goods	-	-
b. Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Gross earnings	265,717,331	351,393,802
Cash outflow	248,775,560	266,960,148
Net earnings in foreign exchange	16,941,772	84,433,655

Notes forming part of the financial statements

42. Earnings Per Share:

Particulars	in ₹	
	2018-19	2017-18
Net profit after tax	170,757,695	130,921,659
Weighted average number of equity shares of ₹ 1 each	115,626,827	112,421,952
Nominal value of share	₹ 1	₹ 1
Earnings per share (basic/diluted) ₹	1.48	1.16

43. Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosures.

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

Hyderabad
May 2, 2019

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP – Legal & Secretarial

Independent Auditor's Report

To The Members of

Tanla Solutions Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Tanla Solutions Limited ("the Holding Company"), its subsidiaries ('the Holding Company and its Subsidiaries together referred to as the "group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, Total Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the

Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS financial statements.

Key Audit Matter	How the Matter was addressed in Audit
1. Revenue Recognition As described in Note 2.3 to the Consolidated financial statements, the group has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. The group adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.	Principal Audit Procedures Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new accounting standard, include – • Evaluated the design and implementation of the processes and internal controls relating to implementation of the new accounting standard; • Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams; • Evaluated the cumulative effect adjustments as at April 1, 2018 for compliance with the new accounting standard; and • Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Consolidated financial statements and our auditor's report thereon.
- Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our

knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other Consolidated comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Company

in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act is not applicable to the Consolidated Financial Statements.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating

effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the act.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our

opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

M V Ratnam

Partner

Membership No.008314

Place: Hyderabad

Date: May 02, 2019

Annexure A To The Independent Auditor's Report Of Even Date On The Consolidated Financial Statements Of Tanla Solutions Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of
Tanla Solutions Limited

We have audited the internal financial controls over financial reporting of Tanla Solutions Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M N Rao and Associates

Chartered Accountants

Firm Registration Number: 005386S

Sd/-

M V Ratnam

Partner

Membership No.008314

Place: Hyderabad

Date: May 02, 2019

Consolidated Balance Sheet

As at March 31, 2019

All the amounts in ₹ unless specified			
Particulars	Notes	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	3,497,125,866	4,519,897,399
(b) Capital work-in-progress		57,613,250	-
(c) Investments accounted for using equity method	4	16,903,801	-
(e) Deferred tax assets (net)	5	112,313,821	145,209,429
(f) Other non-current assets	6	731,000,025	110,397,432
Total non-current assets		4,414,956,763	4,775,504,260
(2) Current assets			
(a) Financial assets			
(i) Investments	7	737,617,076	-
(ii) Trade receivables	8	3,078,295,465	2,055,107,823
(iii) Cash and cash equivalents	9	1,550,248,791	1,654,438,006
(iv) Other financial assets	10	897,692,425	631,604,704
(b) Other current assets	11	389,954,008	223,168,886
Total current assets		6,653,807,765	4,564,319,420
TOTAL ASSETS		11,068,764,528	9,339,823,680
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	12	115,626,827	112,421,952
(b) Other equity	13	7,139,801,490	6,764,053,226
Total equity		7,255,428,317	6,876,475,178
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	469,253,174	-
(ii) Other financial liabilities	15	1,903,010	854,929
(b) Provisions	16	-	326,786
(c) Other non-current liabilities	17	885,000	785,000
Total non-current Liabilities		472,041,184	1,966,715
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18	2,994,655,159	2,374,968,691
(ii) Other financial liabilities	19	135,447,873	-
(b) Other current liabilities	20	162,191,882	62,764,012
(c) Liabilities for current tax (net)	21	49,000,114	23,649,084
Total current liabilities		3,341,295,028	2,461,381,787
TOTAL EQUITY AND LIABILITIES		11,068,764,528	9,339,823,680
Notes forming part of the financial statements	1 - 41		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Hyderabad
May 2, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

All the amounts in ₹ unless specified			
Particulars	Notes	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue			
I. Revenue from operations	22	10,039,647,404	7,916,132,515
II. Other income	23	106,109,795	47,599,572
III. Total income (I+II)		10,145,757,199	7,963,732,086
IV. Expenses			
Cost of services	24	8,606,623,625	6,954,703,563
Employee benefits expense	25	229,476,298	141,823,044
Depreciation and amortisation expense	3	732,275,914	573,304,225
Travel expenses	26	25,996,448	25,700,111
Connectivity & related expenses	27	26,964,840	38,132,423
Finance cost	28	3,234,114	-
Other expenses	29	183,348,610	103,885,706
Total expenses (IV)		9,807,919,849	7,837,549,071
V. Profit before non-controlling interest/ share in net profit/ (loss) of associate (III - IV)		337,837,350	126,183,015
VI. Share in net profit/(loss) of associate		(3,096,200)	-
VII. Profit before tax (V - VI)		334,741,150	126,183,015
VIII. Tax expense:			
Current tax		49,000,114	23,649,084
Deferred tax		27,908,076	(72,440,561)
MAT credit entitlement		(40,377,534)	(16,104,210)
IX. Profit for the year (VII - VIII)		298,210,494	191,078,701
X. Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss		(2,108,051)	3,880,923
(ii) Items that will be reclassified to profit or loss		14,760,828	19,702,567
		12,652,777	23,583,490
B. Income tax relating to items that will not be reclassified to profit or loss		(695,513)	(806,572)
Total other comprehensive income net of taxes		11,957,264	22,776,918
XI. Total comprehensive income for the period (VII + VIII)		310,167,758	213,855,619
XII. Total comprehensive income for the year attributable to			
Equity holders of the Company		310,167,758	213,855,619
Non-controlling interest		-	-
XIII. Earnings per equity share (₹)			
1. Basic		2.58	1.70
2. Diluted		2.58	1.70
Notes forming part of the financial statements	1 - 41		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S
Sd/-
M. V. Ratnam
Partner
Membership No. 008314

For and on behalf of the Board
Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Hyderabad
May 2, 2019

Statement of changes in equity

for the year ended March 31, 2019

A. Equity share capital

Particulars	Number	in ₹
Balance as on March 31, 2018	112,421,952	112,421,952
Issued during the year - ESOPs	63,750	63,750
Issued during the year - ESPS	1,476,125	1,476,125
Issue of warrants to promoters	1,665,000	1,665,000
Balance as on March 31, 2019	115,626,827	115,626,827

B. Other Equity

Particulars	Capital reserve	General reserve	Investment subsidy	Share premium	Money received against share warrants	ESOP outstanding account	Retained earnings	Foreign currency translation reserve	Other comprehensive income	Total equity attributable to equity holders
Balance as at April 1, 2017	69,919,556	254,817,667	400,000	4,486,377,744	41,796,994	28,160,976	699,310,183	874,187,457	548,925	6,455,519,503
Profit for the year	-	-	-	-	-	-	191,078,701	-	-	191,078,701
Other Comprehensive income	-	-	-	-	-	-	-	-	-	-
Share application money	-	-	-	-	(41,796,994)	-	-	19,702,567	3,074,351	22,776,918
Issue of equity shares	-	-	-	162,251,800	-	-	-	-	-	(41,796,994)
Dividend and dividend tax	-	-	-	-	-	-	(33,380,697)	-	-	162,251,800
ESOP expense	-	-	-	-	-	7,603,995	-	-	-	(33,380,697)
Balance as at March 31, 2018	69,919,556	254,817,667	400,000	4,648,629,544	-	35,764,971	857,008,187	893,890,024	3,623,276	6,764,053,226
Balance as at April 1, 2018	69,919,556	254,817,667	400,000	4,648,629,544	-	35,764,971	857,008,187	893,890,024	3,623,276	6,764,053,226
Profit for the year	-	-	-	-	-	-	298,210,494	-	-	298,210,494
Other comprehensive income	-	-	-	-	-	-	-	(59,814,237)	(2,803,564)	(62,617,801)
Share application money	-	-	-	-	62,950,000	-	-	-	-	62,950,000
Issue of equity shares	-	-	-	112,680,619	-	-	-	-	-	112,680,619
Dividend and dividend tax	-	-	-	-	-	-	(40,592,711)	-	-	(40,592,711)
ESOP expense	-	-	-	-	-	5,117,664	-	-	-	5,117,664
Balance as at March 31, 2019	69,919,556	254,817,667	400,000	4,761,310,163	62,950,000	40,882,635	1,114,625,970	834,075,787	819,712	7,139,801,490

Notes forming part of the

financial Statements

Notes forming part of the financial Statements

As per our report attached

For and on behalf of the Board

For M N Rao & Associates

Chartered Accountants

Firm Regn. No. 005386S

Sd/-

M. V. Rathnam

Partner

Membership No. 008314

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din: 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

Company Secretary and VP – Legal & Secretarial

Hyderabad

May 2, 2019

Consolidated Cash Flow Statement

for the year ended March 31, 2019

All the amounts in ₹ unless specified		
Particulars	March 31, 2019	March 31, 2018
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	334,741,150	126,183,015
Adjusted for:		
Depreciation	732,275,914	573,304,225
Interest & other income received	(99,531,269)	(42,751,175)
Other expenses	51,237,020	14,272,659
Provision for doubtful debts	2,622,526	5,624,326
Operating profits before working capital charges	1,021,345,341	676,633,049
Changes in current assets and liabilities		
(Increase)/Decrease in trade receivables	(1,023,187,642)	(1,528,971,454)
(Increase)/Decrease in financial and non-financial assets	(1,053,475,436)	58,469,565
Increase/(Decrease) in financial and non-financial liabilities	131,480,994	(24,208,105)
Increase/(Decrease) in trade payables & other liabilities	619,686,468	1,141,202,373
Cash generated from operations	(304,150,275)	323,125,429
Income taxes paid	-	-
Net cash generated from operating activities	(304,150,275)	323,125,429
B CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	120,983,836	(94,669,961)
Investment in associate	(20,000,000)	-
Purchase of investments - (Short-term liquid funds)	(737,617,076)	-
Interest & other income received	99,531,269	42,751,175
Net cash used in investing activities	(537,101,971)	(51,918,786)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share warrants	62,950,000	125,390,973
Borrowings	598,820,248	-
Movement in share capital	115,885,494	(41,796,994)
Dividends and dividend tax paid during the year	(40,592,711)	(33,380,697)
Net Cash generated from financing activities	737,063,031	50,213,282
D Net increase/(decrease) in cash and cash equivalents	(104,189,215)	321,419,925
E Cash and cash equivalents at the beginning of the year	1,654,438,006	1,333,018,081
F Cash and cash equivalents at the end of the year	1,550,248,791	1,654,438,006
Notes forming part of the financial statements		

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-
M. V. Ratnam
Partner
Membership No. 008314

For and on behalf of the Board

Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director
Din: 00003382

Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Sd/-
Seshanuradha Chava
Company Secretary and
VP - Legal & Secretarial

Hyderabad
May 2, 2019

Notes forming part of the financial statements

1 Corporate information

Tanla Solutions Limited ("the Company") and its Subsidiaries (hereinafter collectively referred to as "the Group") is the largest A2P messaging platform provider globally. The Company was incorporated on July 28, 1995 in Hyderabad and listed on BSE and NSE. Tanla has its headquarters and development facilities in Hyderabad, India and serves a global customer base through its subsidiaries and a branch in Dubai. Tanla develops and delivers cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.

Acquisition:

On August 20, 2018, Tanla entered in to a definitive agreement with Banyan Investments Limited (GSO Capital Partners, a Blackstone Company) to acquire 100% shareholding in Karix Mobile Pvt Ltd and its wholly-owned subsidiary, Unicel Technologies Private Limited, for a consideration of ₹ 340 crores."

The consolidated financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 02, 2019.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) according to the notification issued by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 27 "Consolidated and Separate Financial Statements". The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Accounting policies are consistently applied except where a newly

issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the consolidated financial statements. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the financial statements of the Company and its subsidiaries. All material inter-Company balances and transactions are eliminated on consolidation. Assets and liabilities of foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and Expenses are translated into Indian Rupees at average of the opening and closing rates.

2.2 Use of Accounting Estimates

The preparation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of consolidated financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Revenue recognition

Sale of Services:

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catchup method. The effect of initially applying this standard is recognised at the date of initial

Notes forming part of the financial statements

application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated i.e. the comparative information continues to be reported under Ind AS 18. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognized when the company satisfies a performance obligation by transferring a promised good or service to its customers.

The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method. Interest Income: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis.

Dividend Income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). "

2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

2.5 Depreciation

- a) Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

Type of Asset	Useful life
Buildings	60 years
Computers & software	3 to 6 years
Platforms & deployments	5 to 10 years
Office equipment	5 years
Furniture & fixtures	10 years
Air conditioners	10 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of property, plant and equipment and Intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

- b) On the fixed assets of Tanla Singapore and Tanla Corporation Pvt Ltd., India, depreciation is provided on Straight Line Method. The applicable rates are based on the local laws and practices of the respective countries.

2.6 Employee Benefits Defined Contribution Plans

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, Tanla provides for gratuity, a defined retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee salary and the tenure of employment. Liability with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes the ascertained liabilities to the Tanla Solutions Limited Employees Gratuity Scheme Trust (the "Trust") managed by the Life Insurance Corporation of India.

Notes forming part of the financial statements

b. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the company make monthly contributions to the Regional Provident Fund Commissioner equal to a specified percentage of the covered employee's salary.

c. Employee State Insurance Fund:

Eligible employees (whose gross salary is less than ₹ 21,000 per month) are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred."

2.7 Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated on straight-line method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule II to the Companies Act, 2013.

2.8 Foreign Currency Transactions

"The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account."

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates (i.e. "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.9 Taxes on Income

"Income tax comprises current income tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) Current income tax: Current income tax is measured at the amount expected to be paid to the taxation authorities in accordance with Income Tax Act, 1961."
- b) Deferred tax: Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- c) Minimum Alternate Tax: According to Section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period."

2.10 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments

Notes forming part of the financial statements

for which separate financial information are available and operating profit/loss therefrom are evaluated regularly by the management for allocation of resources and assessment of performance. Revenue, expenses, assets and liabilities which relate to the company as a whole which are not allocable to segments on direct and/or reasonable basis have been included under “unallocated revenue/expenses/assets/liabilities”.

2.11 Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per is the weighted average shares outstanding during the period.

2.12 Investments

Long term quoted investments are stated at cost & all other investments are carried at lower of cost or fair value.

2.13 Impairment of non-financial assets

“The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss. Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.”

2.14 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or

a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.15 Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent Measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding if any.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collecting contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at amortised

Notes forming part of the financial statements

cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

Investment in Subsidiaries

Investment in Subsidiaries is carried at cost

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses.

For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Impairment of financial assets

Intangible assets and Property, Plant and Equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and are considered an integral part of the Company's cash management.

Cash dividend to equity holders

The Company recognises a liability to make cash payment to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company and the group are segregated.

Notes forming part of the financial statements

3. Property, plant and equipment

Description	Land	Building	Leasehold improvements	Furniture	Computers & Software	Platforms & deployments	Office equipment	Vehicles	Air-conditioners	Licence manager software	Total
in ₹											
Gross carrying amount											
Cost as at April 1, 2018	76,570,150	116,232,101	28,743,098	27,908,074	707,541,500	4,250,504,828	13,134,811	17,428,294	29,146,443	1	5,267,209,300
Additions	-	29,878,385	-	2,247,800	38,998,011	40,349,012	9,504,500	3,960,822	160,773	-	125,099,303
Disposals	-	-	-	-	(346,010,310)	(126,405,522)	(81,299)	(15,916,066)	-	-	(488,413,197)
Cost as at March 31, 2019	76,570,150	146,110,486	28,743,098	30,155,874	400,529,201	4,164,448,319	22,558,012	5,473,050	29,307,216	1	4,903,895,407
Accumulated depreciation											
Accumulated depreciation as at April 1, 2018	-	6,608,927	11,587,570	19,129,195	181,081,156	485,333,573	7,273,858	13,444,681	22,852,940	1	747,311,902
Additions	-	2,194,777	9,581,033	3,155,155	59,614,140	649,780,624	3,138,272	1,680,409	3,131,504	-	732,275,914
Disposals	-	-	-	-	(31,896,302)	(27,182,795)	(77,234)	(13,661,944)	-	-	(72,818,275)
Accumulated depreciation as at March 31, 2019	-	8,803,704	21,168,603	22,284,350	208,798,995	1,107,931,402	10,334,896	1,463,147	25,984,444	1	1,406,769,541
Net carrying amount as at March 31, 2019	76,570,150	137,306,782	7,574,495	7,871,524	191,730,206	3,056,516,917	12,223,116	4,009,903	3,322,772	-	3,497,125,866

Description	Land	Building	Leasehold improvements	Furniture	Computers & software	Platforms & deployments	Office equipment	Vehicles	Air-conditioners	Licence manager software	Total
in ₹											
Gross carrying amount											
Cost as at April 1, 2017	76,570,150	116,232,101	17,381,355	27,313,074	286,337,110	4,250,504,828	12,152,535	17,428,294	29,146,443	1	4,833,065,891
Additions	-	-	11,361,743	595,000	421,204,390	-	982,276	-	-	-	434,143,409
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2018	76,570,150	116,232,101	28,743,098	27,908,074	707,541,500	4,250,504,828	13,134,811	17,428,294	29,146,443	1	5,267,209,300
Accumulated depreciation											
Accumulated depreciation as at April 1, 2017	-	4,614,814	5,793,785	12,504,202	44,303,765	83,194,693	5,181,377	5,365,829	17,723,211	1	178,681,677
Additions	-	1,994,113	5,793,785	6,624,993	136,777,391	402,138,880	2,092,481	8,078,852	5,129,729	-	568,630,225
Disposals	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2018	-	6,608,927	11,587,570	19,129,195	181,081,156	485,333,573	7,273,858	13,444,681	22,852,940	1	747,311,902
Net carrying amount as at March 31, 2018	76,570,150	109,623,174	17,155,528	8,778,879	526,460,344	3,765,171,255	5,860,953	3,983,613	6,293,503	-	4,519,897,398

Notes forming part of the financial statements

4. Investments accounted for using equity method

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
Associate		
(i) Jengatron Gaming Private Ltd.	20,000,000	-
Equity shares of ₹ 10/- each fully paid		
Share of net assets on date of acquisition (30%)	3,300,000	-
Goodwill	16,700,000	-
	20,000,000	-
Add:		
Share of profit/(loss)	(3,096,200)	-
Total	16,903,801	-

5. Deferred tax

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(a) Deferred tax asset	112,313,821	145,209,429
Total	112,313,821	145,209,429

Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
For the year ended March 31, 2018				
Property, plant & Equipment and Intangible assets	68,381,429	72,440,501	-	140,821,930
Employee benefits	1,244,595	-	3,522,206	4,766,801
Other items giving rise to temporary differences	(572,503)	-	193,201	(379,302)
	69,053,521	72,440,501	3,715,407	145,209,429
For the year ended March 31, 2019				
Property, plant & Equipment and Intangible assets	140,821,930	(29,811,769)	-	111,010,160
Employee benefits	4,766,801	(3,779,351)	-	987,450
Other items giving rise to temporary differences	(379,302)	-	695,513	316,211
Total	145,209,429	(33,591,120)	695,513	112,313,821

6. Other advances

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(a) Advances recoverable in cash or kind	5,692,792	6,378,147
(b) Inter-corporate Deposit *	471,379,395	-
(c) Balances with revenue authorities #	195,698,231	83,377,263
(d) Mat Credit entitlement	58,229,607	20,642,023
Total	731,000,025	110,397,432

* Inter corporate deposit represents loan provided to Karix Mobile Pvt Ltd towards repayment of its term loan. Refer note 14 for further details.

Refer note no. 30 for details of income tax expense

Notes forming part of the financial statements

7. Current investments

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
Quoted		
Investments in Mutual Funds		
Axis Liquid Fund (G) (97818 Units)	202,003,422	-
HDFC Liquid Fund (G) (27369 Units)	100,178,301	-
ICICI Liquid Fund (G) (36753 Units)	100,184,350	-
Reliance Liquid Fund (G) (73857 Units)	335,251,003	-
Sub-total	737,617,076	-

8. Trade receivables

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good	3,087,656,850	2,061,846,682
Considered doubtful	-	-
Sub-total	3,087,656,850	2,061,846,682
Less:		
Allowance for doubtful debts	(9,361,385)	(6,738,859)
Total	3,078,295,465	2,055,107,823

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, or director or a member.

9. Cash and cash equivalents

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks		
- Current accounts	746,536,745	541,684,647
- Deposit accounts *	770,513,053	1,060,294,178
- Cash on hand	503,085	283
	1,517,552,883	1,601,979,107
(b) Other bank balances		
(i) Unclaimed dividends	1,903,010	854,929
(ii) Balances under deposits#	30,792,898	51,603,970
	32,695,908	52,458,899
Total	1,550,248,791	1,654,438,006

* The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Deposits with a carrying amount of ₹ 307.92 lakhs (March 2018 - ₹ 516.03 lakhs) are towards margin money given for bank guarantees given to Telcos.

Notes forming part of the financial statements

10. Other financial assets

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(i) Loans to employees	11,149,792	21,462,320
(ii) Unbilled revenue	886,542,633	610,142,384
Total	897,692,425	631,604,704

11. Other current assets

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(i) Advances recoverable in cash or kind	189,549,243	76,376,352
(ii) Inter-corporate Deposit (refer note 14)	129,567,074	-
(iii) GST Input credit	3,321,141	90,451,953
(iv) Balances with revenue authorities	67,516,551	56,340,580
Total	389,954,008	223,168,886

12. Equity share capital

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(i) Authorised 200,000,000 Equity shares of ₹ 1/- each	200,000,000	120,000,000
(ii) Issued, subscribed and fully paid-up: 115,626,827 (112,421,952) Equity Shares of ₹ 1/- each fully paid-up	115,626,827	112,421,952
Total	115,626,827	112,421,952

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	in ₹	No. of Shares	in ₹
Equity Shares:				
Shares outstanding at the beginning of the year	112,421,952	112,421,952	107,485,785	107,485,785
Add: Issued and allotted during the year	3,204,875	3,204,875	4,936,167	4,936,167
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	115,626,827	115,626,827	112,421,952	112,421,952

ii) Terms/Rights and restrictions attached to the equity shares:

The Company has only one class of equity shares having a face value of ₹ 1-. Each share holder is eligible for one vote per share held.

iii) The details of shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	in %	No. of Shares	in %
D. Uday Kumar Reddy	20,965,947	18.13	19,496,493	17.34
D. Tanuja Reddy	15,151,770	13.10	14,319,270	12.74

Notes forming part of the financial statements

iv) Employee stock based compensation

The Company instituted the Employee Stock Purchase Plan 2015 ('ESOP 2015') and Employee Stock Purchase Scheme (ESPS 2018) during the fiscal 2019; and have been approved by the Board of Directors. Refer note 36 of standalone financial statements.

13. Other equity

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
(i) Other reserves		
- Capital reserve	69,919,556	69,919,556
- General reserve	254,817,667	254,817,667
- Investment subsidy	400,000	400,000
- Securities premium reserve	4,761,310,163	4,648,629,544
- Money received against share warrants	62,950,000	-
- Employee stock options outstanding account	40,882,635	35,764,971
(ii) Retained earnings		
Opening	857,008,187	699,310,183
Profit for the year/quarter	298,210,494	191,078,701
Less: Dividend	(33,726,586)	(27,734,506)
Dividend tax	(6,866,125)	(5,646,191)
Sub-total	1,114,625,970	857,008,187
(iii) Foreign currency translation reserve	834,075,786	893,890,024
(iv) Other items of other comprehensive income	819,712	3,623,276
Total	7,139,801,490	6,764,053,226

14. Borrowings

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
Term loan from bank	469,253,174	-
Total	469,253,174	-

As part of purchase consideration to acquire Karix Mobile Private Limited and its subsidiary Unicel Technologies Pvt. Ltd., Tanla was to assume debt of Karix Mobile of ₹ 103 crores *inter alia* consisting of a term loan amounting to ₹ 6,000.00 lakhs. To replace the high-interest bearing loan, Tanla availed a term loan from HDFC bank repayable in 48 equal instalments starting from May 2019 which carries an interest rate of MCLR + spread aggregating to 9.6% p.a. This loan is secured by hypothecation of book debts as primary security and collateral of commercial office building located at Madhapur, Hyderabad and land located at Vattinagulapalli village.

15. Other financial liabilities

Particulars	in ₹	
	As at March 31, 2019	As at March 31, 2018
Unclaimed dividend	1,903,010	854,929
Total	1,903,010	854,929

Notes forming part of the financial statements

16. Provisions

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Provision for leave encashment - long-term	-	326,786
Total	-	326,786

17. Other non-current liabilities

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Other security deposits and advances	885,000	785,000
Total	885,000	785,000

18. Trade and other payables

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Due to micro and small enterprises	-	-
Others	2,994,655,159	2,374,968,691
Total	2,994,655,159	2,374,968,691

19. Other financial liabilities

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of borrowings (refer note 14)	129,567,074	-
Payables for capital goods	5,880,799	-
Total	135,447,873	-

20. Other current liabilities

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Statutory liabilities	124,287,896	21,475,511
Other liabilities	37,903,986	41,288,500
Total	162,191,882	62,764,012

21. Liabilities for current tax

		in ₹
Particulars	As at March 31, 2019	As at March 31, 2018
Provision for income tax	49,000,114	23,649,084
Total	49,000,114	23,649,084

Notes forming part of the financial statements

22. Revenue from operations

	in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Overseas	1,864,177,762	849,226,737
Domestic: India	8,175,469,641	7,066,905,777
Total	10,039,647,404	7,916,132,515

23. Other income

	in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	25,560,527	16,165,812
Gain on liquid funds	73,970,742	-
Miscellaneous income	6,578,526	3,971,155
Net income on sale of land	-	27,462,605
Total	106,109,795	47,599,572

24. Cost of services

	in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cost of services	8,606,623,625	6,954,703,563
Total	8,606,623,625	6,954,703,563

25. Employee benefit expense

	in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	158,767,935	117,176,784
Employee stock option cost	5,117,664	7,603,995
Employee stock purchase scheme cost	46,119,356	-
Contribution to provident and other funds	9,538,555	6,157,811
Staff welfare expenses	9,932,787	10,884,454
Total	229,476,298	141,823,044

26. Travelling expenses

	in ₹	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling expenses	25,582,561	25,286,224
Conveyance & others	413,887	413,887
Total	25,996,448	25,700,111

Notes forming part of the financial statements

27. Connectivity and bandwidth charges

Particulars	in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Data centre and hosting charges	15,910,943	9,301,780
Internet and cloud computing charges	11,053,897	28,830,643
Total	26,964,840	38,132,423

28. Finance cost

Particulars	in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on financial liability	3,234,114	-
Total	3,234,114	-

29. Other expenses

Particulars	in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Marketing and advertisement expense	9,770,630	9,488,212
Communication expenses	2,053,890	1,999,899
Repairs & maintenance expenses	12,605,140	11,329,928
Rent, rates & taxes	26,269,891	27,719,380
Postage & courier	425,041	624,716
Printing & stationery	824,094	2,282,313
Office maintenance	9,689,160	7,726,947
Power & fuel	3,663,946	3,610,115
General expenses	9,691,105	2,598,342
Insurance expenses	1,280,608	1,311,562
Listing fees to stock exchanges	3,222,074	1,485,222
Professional charges	35,999,405	15,780,600
Research & development expenses	2,413,993	1,871,894
Exchange fluctuation	22,020,882	3,334,332
Auditors remuneration	3,143,989	2,960,968
Bank charges	1,696,780	3,686,311
Allowance for doubtful debts	2,622,526	(572,181)
Acquisition related cost	34,509,539	-
Bad debts written-off	-	6,196,507
Corporate social responsibility expense	1,445,915	450,639
Total	183,348,610	103,885,706

Notes forming part of the financial statements

30. Taxes

(a) Income tax expenses

		in ₹	
Sr. No.	Particulars	2018-19	2017-18
(i)	Profit or loss section		
	Current tax	49,000,114	23,649,084
	Deferred tax	27,908,076	(72,440,561)
	MAT credit entitlement	(40,377,534)	(16,104,210)
	Total income tax expense recognised in statement of profit & loss	36,530,656	(64,895,686)
(ii)	OCI Section		
	DTA recognised on employees gratuity	(695,513)	(806,572)
	Income tax charged to OCI	(695,513)	(806,572)

(b) Reconciliation of effective tax rate

		in ₹	
Sr. No.	Particulars	2018-19	2017-18
(i)	Profit/(loss) before tax	334,741,150	126,183,015
	Tax using company's domestic tax rate	34.944%	34.608%
	Expected tax expense	116,971,948	43,669,418
	Tax at statutory income tax rate	116,971,948	43,669,418
(ii)	Tax effect of:		
	Income tax effect of timing difference in depreciation	(80,441,291)	(108,565,104)
	Others (net)	-	-
	Income tax expense	36,530,657	(64,895,686)

31. Financial instruments

		in ₹			
Sr. No.	Particulars	Carrying value as at		Fair Value as at	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i)	Financial assets:				
	Amortised cost				
	Trade receivables	3,078,295,465	2,055,107,823	3,078,295,465	2,055,107,823
	Cash and bank balances	1,550,248,791	1,654,438,006	1,550,248,791	1,654,438,006
	Other financial assets	897,692,425	631,604,704	897,692,425	631,604,704
	FVTPL				
	Investments	737,617,076	-	737,617,076	-
	Total financial assets	6,263,853,757	4,341,150,534	6,263,853,757	4,341,150,534
(ii)	Financial liabilities:				
	Amortised cost				
	Borrowings	129,567,074	-	129,567,074	-
	Trade payables	2,994,655,159	2,374,968,691	2,994,655,159	2,374,968,691
	Other financial liabilities	7,783,809	854,929	7,783,809	854,929
	Total financial liabilities	3,132,006,042	2,375,823,620	3,132,006,042	2,375,823,620

Notes forming part of the financial statements

Financial risk management

The Company has exposure to the following risks arising from the financial instruments:

Market risk

Liquidity risk

Credit risk

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign currency risk

The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling, United Arab Emirate Dirhams, Singapore Dollars and Euros).

	in ₹				
As at March 31, 2019	AED	USD	EURO	SGD	GBP
Financial assets					
Trade receivables	1,514,628	748,119,276	19,747,861	-	-
Cash and cash equivalents	22,037,023	203,618,570	11,564,892	928,693	356,460
	23,551,651	951,737,847	31,312,753	928,693	356,460
Financial liabilities					
Trade payables	3,349,282	640,707,247	4,072,747		222,520
	3,349,282	640,707,247	4,072,747	-	222,520
As at March 31, 2018	AED	USD	EURO	SGD	GBP
Financial assets					
Trade receivables	2,051,809	330,613,376	1,468,984	2,731,754	21,012,069
Cash and cash equivalents	12,085,798	139,722,671	631,265	536,455	119,502
	14,137,607	470,336,047	2,100,249	3,268,210	21,131,570
Financial liabilities					
Trade payables	94,862	146,550,283	2,764,179	-	-
	94,862	146,550,283	2,764,179	-	-

Notes forming part of the financial statements

(b) Liquidity risk

The Company's principle source of liquidity are cash and cash equivalents and the cash flow is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

As at March 31, 2019	Due in 1 year	1 - 2 years	3-5 years
Financial liabilities			
Borrowings	129,567,074	-	-
Trade payables	2,994,655,159	-	-
Other financial liabilities	6,787,048	-	996,761
Total	3,131,009,281	-	996,761
As at March 31, 2018			
Borrowings	-	-	-
Trade payables	2,374,968,691	-	-
Other financial liabilities	235,623	-	619,306
Total	2,375,204,314	-	619,306

(c) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with the assessment and outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 30,782.95 lakhs (March 31, 2018 - ₹ 20,551.07 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	in ₹	
Allowance for doubtful debts	March 31, 2019	March 31, 2018
Opening balance	6,738,859	7,311,040
Impairment loss recognised/(reversed)	2,622,526	(572,181)
Closing balance	9,361,385	6,738,859

Notes forming part of the financial statements

32. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximise shareholder value.

Particulars	in ₹	
	2018-19	2017-18
Total equity attributable to the equity share holders of the Company	7,255,428,317	6,876,475,178
As percentage of total capital	100%	100%
Current loans and borrowings	129,567,074	-
Non-current loans and borrowings	469,253,174	-
Total Loans and borrowings	598,820,248	-
As percentage of total capital	8.25%	0.00%
Total capital (borrowings and equity)	7,854,248,565	6,876,475,178

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with investments which is predominantly in liquid and short-term mutual funds and fixed deposits being far in excess of debt.

33. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

- (a) Gross amount required to be spent by the Company during the year is ₹ 11,02,942/-
2018-19

Sr. No.	Particulars	in cash through bank remittance	Yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	1,445,915	-	1,445,915

2017-18

Sr. No.	Particulars	in cash through bank remittance	Yet to be paid in cash	Total
(i)	Construction/acquisition of the asset	-	-	-
(ii)	On purposes other than (i) above	450,639	-	450,639

34. Dividends

On May 2, 2019, the Board of Directors of the Company has proposed a final dividend of ₹ 0.35 per equity share of ₹ 1/- each in respect of the year ending March 31, 2019 subject to the approval of the Shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 606.55 lakhs inclusive of dividend distribution tax of ₹ 103.42 lakhs.

35. Employee stock based compensation

For full details, refer note 36 of Standalone financial statements

Notes forming part of the financial statements

36. Statement of net assets and profit or loss attributable to owners and minority interest

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in Profit or loss for the year ended March 31, 2019		Share in other comprehensive income year ended March 31, 2019		Share in Total comprehensive income for the year ended March 31, 2019	
	As % of Consolidated net assets	Amount ₹ in lakhs	As % of consolidated profit or loss	Amount ₹ in lakhs	As % of consolidated profit or loss	Amount ₹ in lakhs	As % of consolidated profit or loss	Amount ₹ in lakhs
Holding Company								
Tanla Solutions Limited	87.4%	63,410.55	56.2%	1,676.92	105.4%	126.02	58.1%	1,802.95
Foreign Subsidiary								
Tanla Mobile Asia Pacific Pte Ltd., Singapore	4.7%	3,424.98	37.2%	1,109.94	(5.4)%	(6.45)	35.6%	1,103.49
Indian Subsidiaries								
Tanla Corporation Pvt. Ltd.	7.6%	5,537.73	7.8%	232.56	0.0%	-	7.5%	232.56
Capitalsiri Investments Pvt. Ltd.	0.2%	163.59	(1.2)%	(36.90)	0.0%	-	(1.2)%	(36.90)
Joint Venture in India								
TZ Mobile Pvt. Ltd.	0.02%	17.44	0.0%	(0.11)	0.0%	-	0.0%	(0.11)
Associate in India								
Jengatron Gaming Private Limited	0.00%	-	0.0%	(0.31)	0.0%	-	0.0%	(0.31)
	100%	72,554.28	100%	2,982.10	100%	119.57	100%	3,101.68

37. Contingent liabilities

- i) Total Guarantees outstanding as of March 31, 2019 amounting to ₹ 27.00 lakhs (March 31, 2018 – ₹ 25.00 lakhs) have been issued by banks on behalf of the Company. These guarantees have been given by the banks to mobile operators against their receivable from the Company.
- ii) Claims against the Company not acknowledged as debt:

Sr. No.	Particulars	in ₹	
		2018-19	2017-18
1	Outstanding guarantees given by the Company	2,700,000	2,500,000
2	Claims against company, not acknowledged as debts #	164,622,062	164,622,062
3	Claims made by company, not acknowledged as debts	-	-
4	Corporate guarantee given to subsidiary companies	-	-

The Company had received service tax orders from the Department of Customs, Central excise and Service tax for the financial years 2007-08 to 2009-10 demanding ₹ 900.3 lakhs on account of taxable service on import of information technology and software services and interest and penalty amounting to ₹ 745.9 lakhs. Against this demand the Company deposited an amount of ₹ 193.7 lakhs during FY 2009-10 and FY 2010-11. Aggrieved by the demand order, the Company filed appeal before the CESTAT based on advise by its legal counsel. The appeal is pending hearing by CESTAT. During the FY 2018, the Company has deposited the balance amount of Service tax demand of ₹ 706.6 lakhs with the department and has utilised input credit against the same under the GST regime. Based on the strength of its case, Management believes that the outcome of a liability is not probable.

Notes forming part of the financial statements

38. Segment reporting (Consolidated):

Reporting of Segment-wise Revenue, Results and Capital Employed

₹ in lakhs

Sr. No.	Particulars	Consolidated Results for the	
		Year ended March 31, 2019	Year ended March 31, 2018
1	Segment Revenue		
	(a) Mobile VAS & software development	100,396.47	76,301.43
	(b) Property development	-	2,859.90
	Total Sales/Income from operations	100,396.47	79,161.33
	Less: Inter Segment Revenue	-	-
	Net Sales/Income from operations	100,396.47	79,161.33
2	Segment Results - Profit(+)/Loss(-) before other income and tax		
	(a) Mobile VAS & Software development	2,317.28	201.74
	(b) Property development	-	584.09
	Total Segment Results - Profit(+)/Loss(-) before other income and tax	2,317.28	785.83
	Less: Other income	(1,061.10)	(476.00)
	Add: Share in net profit/(loss) in associate	(30.96)	-
	Profit before tax	3,347.41	1,261.83
3	Segment Assets		
	(a) Mobile VAS & Messaging services	109,564.51	89,968.09
	(b) Property development	-	1,978.05
	Total segment assets	109,564.51	91,946.14
	Segment liabilities:		
	(a) Mobile VAS & messaging services	38,133.36	24,578.72
	(b) Property development	-	54.77
	Total Segment Liabilities	38,133.36	24,633.49

39. Related party disclosures

A) List of related parties:

Name of the Related Party	Country	Relationship with the Entity
Tanla Solutions Limited	India	Holding Company
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Corporation Private Limited	India	Wholly-owned subsidiary
Capitalsiri Investments Private Limited	India	Wholly-owned subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain
Jengatron Gaming Private Limited	India	Associate

B) Related party transactions for the year ended March 31, 2019

Refer Note 40 of notes to Standalone Financial Statements

Notes forming part of the financial statements

40. Earnings Per Share

Particulars	in ₹	
	2018-19	2017-18
Net profit after tax	298,210,494	191,078,701
Weighted average number of equity shares of ₹ 1 each	115,626,827	112,421,952
Nominal value of share	₹ 1	₹ 1
Earnings per share (basic/diluted) ₹	2.58	1.70

41. Previous year figures have been recast/reclassified wherever necessary to correspondent with the current year's classification/disclosures.

As per our report attached

For M N Rao & Associates
Chartered Accountants
Firm Regn. No. 005386S

Sd/-

M. V. Ratnam

Partner

Membership No. 008314

For and on behalf of the Board

Sd/-

D. Uday Kumar Reddy

Chairman & Managing Director

Din: 00003382

Sd/-

Srinivas Kamoji Gunupudi

Chief Financial Officer

Sd/-

Seshanuradha Chava

Company Secretary and

VP - Legal & Secretarial

Hyderabad
May 2, 2019

Notice of 23rd Annual General Meeting

Notice is hereby given that the Twenty Third (23rd) Annual General Meeting of the Members of Tanla Solutions Limited will be held on Monday, September 30, 2019 at 11:30 a.m. at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad - 500 081, to transact the following businesses:

Ordinary Business(es):

- To receive, consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and of the Auditors thereon**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019, together with the reports of the Board of Directors and of the Auditors thereon be and are hereby received, considered and adopted."

- To declare final dividend on equity shares for the financial year ended March 31, 2019:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a final dividend for the year ended March 31, 2019 at the rate of ₹ 0.35/- per equity share of ₹ 1/-each fully paid-up be and is hereby declared and paid to the Members whose names appear in the Register of Members as on September 23, 2019."

- To appoint the Statutory Auditors:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force),

M/s. MSKA & Associates, Chartered Accountants, Hyderabad, (Firm Registration No. 105047W), be and is hereby appointed as Statutory Auditor of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company."

- To appoint a Director:**

Mr. D. Uday Kumar Reddy (DIN: 00003382), who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for the re-appointment of Mr. D. Uday Kumar Reddy (DIN: 00003382) as Director, to the extent that he is required to retire by rotation and continue as Managing Director of the Company as per the approval accorded by the Members at the 19th Annual General Meeting of the Company held on September 16, 2015 and as revised/amended from time to time."

Special Business:

- To re-appoint Mr. D. Uday Kumar Reddy (DIN: 00003382) as Chairman & Managing Director of the Company and to fix his remuneration:**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 188, 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time thereto and the Articles of Association of the Company, and subject to such modifications, variations as may be approved and acceptable, approval of the Members of the Company be and is hereby accorded for the reappointment

of Mr. D. Uday Kumar Reddy (DIN: 00003382) as Chairman & Managing Director of the Company, for a period of 5 (Five) years, with effect from October 1, 2019, as approved by the Nomination & Remuneration Committee in its meeting held on August 30, 2019.

RESOLVED FURTHER THAT, approval of the Company be and is hereby accorded to pay a remuneration of ₹ 240.00 Lakh per annum to Mr. D. Uday Kumar Reddy, Chairman & Managing Director of the Company, as recommended by the Nomination & Remuneration Committee in its meeting dated August 30, 2019 for a period of 3 (three) years with effect from October 1, 2019, excluding other benefits, allowances, perquisites.

RESOLVED FURTHER THAT, Mr. D. Uday Kumar Reddy, (DIN: 00003382) Chairman & Managing Director would be eligible for the following perks as recommended by the Nomination & Remuneration Committee in its meeting dated August 30, 2019 in addition to the above mentioned remuneration, as per Section 197 read with Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any Statutory modification(s) or re-enactment thereof;

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave as per the Company's rules at the end of tenure.

RESOLVED FURTHER THAT, Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

6. To appoint Ms. Amrita Gangotra (DIN: 08333492) as an Independent Director of the Company;

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule

IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Amrita Gangotra (DIN: 08333492), who was appointed as Additional Director (Non-Executive & Independent) on July 31, 2019 and who holds office of Independent Director up to the conclusion of ensuing Annual General Meeting, and has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director who shall hold office for a period of 5 years from the date of ensuing Annual General Meeting up to the conclusion of 28th Annual General Meeting of the Company to be held in 2024, who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

7. To appoint Dr. A. G. Ravindranath Reddy (DIN: 01729114) as a Director of the Company;

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 152, 161(1) and any other applicable provisions of the companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, subject to the statutory modification(s) or re-enactment thereof for time being in force and subject to the enabling provisions of the Articles of Association of the Company and SEBI (LODR) Regulations, 2015, approval of the members be and is hereby accorded to change the designation and appoint Dr. Anantapurguggilla Ravindranath Reddy (DIN: 01729114) as Non-Executive Director of the Company with effect from September 30, 2019, who shall be liable to retire by rotation.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

8. To appoint Mr. Rohit Bhasin (DIN: 02478962) as Independent Director of the Company:

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Mr. Rohit Bhasin (DIN: 02478962) who was appointed as Additional Director (Non-Executive & Independent) on August 30, 2019 and who holds office of Independent Director up to the conclusion of ensuing Annual General Meeting, consent of members be and is hereby accorded to appoint Mr. Rohit Bhasin (DIN: 02478962), as a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who shall hold office from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the Company to be held in 2022, who shall not be liable to retire by rotation.”

RESOLVED FURTHER THAT, Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

9. To appoint Mr. Sanjay Baweja (DIN: 00232126) as Independent Director of the Company:

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Mr. Sanjay Baweja (DIN: 00232126) who was appointed as Additional Director (Non-Executive & Independent) on August 30, 2019 and who holds office of Additional Director up to the conclusion of ensuing Annual General Meeting, consent of members be and is hereby accorded to appoint Mr. Sanjay Baweja (DIN: 00232126), as a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who shall hold office from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the Company to be held in 2022, who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT, Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

10. To appoint Mr. Sanjay Kapoor (DIN: 1973450) as a Director of the Company;

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 152, 161(1) and any other applicable provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof), Mr. Sanjay Kapoor (DIN: 1973450), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. August 30, 2019, be and is hereby appointed as Director of the Company for a period of 3 (Three) years, who shall hold office from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the

Company to be held in 2022, who shall be liable to retire by rotation.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

11. To approve the remuneration payable to Mr. Sanjay Kapoor, Non-Executive Director, under Sec 188(f) of the Companies Act, 2013 read with rule 15 (Meeting of Board and its powers) rules, 2014 and Regulation 17 of SEBI (LODR), 2015:

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 188, 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and regulation 17 of SEBI (LODR) regulations, 2015, approval of the members be and is hereby accorded to pay remuneration to Mr. Sanjay Kapoor (DIN: 1973450), as the Non-executive Director of the Company, of amount not exceeding Rupees Eighteen Lakh per month as fixed consultation charges and a variable pay not exceeding ₹ 5 Crore for every period of 12 months as per terms and conditions mentioned in the Contract executed with him and as approved by Nominations & Remuneration Committee.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorised to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

12. **Issue of Equity Shares on a preferential basis to Mr. Kishore Annapureddy and Ms. Nishitha Nagireddy:

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and such others rules and regulations made thereunder (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (the “Act”), the Memorandum and Articles of Association of the Company and any other rules, regulations, guidelines, notifications, circulars and clarifications issued by the Government of India, the Securities and Exchange Board of India (“SEBI”), including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“Listing Regulations”), the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (the “SEBI (ICDR) Regulations”) to the extent applicable and approvals including from the BSE Limited and the National Stock Exchange of India Limited (collectively the “Stock Exchanges”) and all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable and subject to such approvals, permissions, sanctions and consents as may be necessary and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated while granting such approvals, permissions, sanctions and consents as the case maybe) by any other regulatory authorities and which may be accepted by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall be deemed to include any duly constituted/to be constituted Committee of Directors thereof to exercise its powers including powers conferred under this resolution) and in terms of the Definitive Share Purchase Agreement executed by the Company in relation to the acquisition of 100% of the equity shares (“Sale Shares”) of Gamooga Softtech Private Limited (“Gamooga”) from its existing shareholders, collectively known as “Sellers” (hereinafter referred to as “Acquisition Transaction”) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Members of the Company be and is hereby

accorded to the Board to create, offer, issue and allot at an appropriate time, up to 10,59,844 equity shares ("Equity Shares") of face value of ₹ 1/- (Rupee One only) at a premium of ₹ 79 (Rupees Seventy-Nine only) to Mr. Kishore Annapureddy and 10,59,844 equity shares ("Equity Shares") of face value of ₹ 1/- (Rupee One only) at a premium of ₹ 79 (Rupees Seventy Nine only) each, to Ms. Nishitha Nagireddy ("Proposed Allottees") for consideration other than cash being discharge of part of purchase consideration for the Acquisition Transaction, in context of issue and allotment of equity shares of the Company aggregating to ₹ 16,95,75,040 (Rupees Sixteen Crore Ninety Five Lakh Seventy Five Thousand and Forty only) under Non-Promoter Category by way of preferential allotment of equity shares to the Proposed Allottees as the Board may, in its absolute discretion think fit and without requiring any further approval or consent from the members in the manner provided hereunder.

RESOLVED FURTHER THAT the equity shares being offered, issued and allotted to the Proposed Allottees by way of a preferential issue or allotment shall be on such terms and conditions as may be determined by the Board including in accordance with the Companies Act, 2013 and the ICDR Regulations including but not limited to the following:

- (i) The equity shares shall be issued and allotted by the Company in dematerialise form within period of 15 (fifteen) days from the date of passing of this Special Resolution provided that where the issue and allotment of the said equity shares is pending on account of pendency of any approval or permission for such issue and allotment by any regulatory authority or the Central Government, the issue and allotment shall be completed within a period of 15 (fifteen) days from the date of such approval or permission;
- (ii) The equity shares to be offered, issued and allotted shall rank *pari passu* with the existing equity shares of the Company in all respects including the payment of dividend, if any;
- (iii) The "Relevant Date" for the offer, issue and allotment of the equity shares by way of a preferential issue, as per the SEBI (ICDR) Regulations, for determination of minimum price for the issue of said equity shares is

Saturday, August 31, 2019, being 30 days prior to date on which the resolution is deemed to be passed i.e. the date specified for Annual General Meeting;

- (iv) The equity shares to be offered, issued and allotted shall be subject to lock-in for a period of 4 years from the date of allotment of shares as per the terms of the Definitive Share Purchase Agreement entered between the Proposed Allottees and the Company;
- (v) The equity shares so offered, issued and allotted will be listed on Stock Exchanges where the equity shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals as the case may be;
- (vi) The equity shares so offered, issued and allotted are being issued for consideration other than cash, being discharge of part of the purchase consideration for acquisition of the Sale Shares pursuant to the Acquisition Transaction from the Sellers and
- (vii) The equity shares so offered, issued and allotted shall not exceed the number of equity shares as approved here in above."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to vary, modify or alter any of the relevant terms and conditions, including size of the preferential issue and consequent proportionate change (subject to rounding off adjustments) to the number of equity shares to be allotted to Proposed Allottees, finalising the terms of definitive agreements and other related agreements/documents to be executed and amendments thereto, provide any clarifications related to issue and allotment of equity shares, listing of equity shares on Stock Exchanges and is authorised to prepare, execute and enter into arrangement/agreements, offer letter, letter of allotment, all writings, instruments and such other documents (including documents in connection with appointment of agencies, intermediaries and advisors) and further to authorise all such

persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members 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 and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to delegate all or any of its powers to any officer(s) or authorised signatory(ies) to give effect to this resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental or regulatory authorities and to appoint any professional advisors, bankers, consultants, advocates and advisors to give effect to this resolution and further to take all others

steps which may be incidental, consequential, relevant or ancillary in this connection.”

for **Tanla Solutions Limited**

Sd/-

Seshanuradha Chava

Company Secretary & VP –
Legal & Secretarial

Place: Hyderabad
Date: August 30, 2019

Registered Office:

Tanla Solutions Limited
Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081.
CIN: L72200TG1995PLC021262
www.tanla.com

**This particular agenda was approved in the Board meeting held on September 5, 2019, however the same forms part of this Notice as it was approved before the dispatch of Notice of the 23rd Annual General Meeting.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company.

The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. A person can act as a proxy on behalf of members up to and not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Brief profile of Mr. D. Uday Kumar Reddy, Chairman & Managing Director proposed to be re-appointed along with names of companies in which he holds directorships and memberships/

chairmanships of Board Committees, shareholding and his relationship with other directors *inter-se* as stipulated under Regulations of the Listing Agreement with the Stock Exchange(s), are provided in the Report on Corporate Governance forming part of the Annual Report.

4. An Explanatory Statement under Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Meeting is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 24, 2019 to Monday, September 30, 2019. (Both days inclusive)
6. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.
7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Fintech Private Limited (“Karvy”) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes

- are to be advised only to the concerned Depository Participant by the members.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Karvy.
 9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
 10. Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
 11. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
 12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.
 13. In terms of Section 72 of the Companies Act, 2013, a member of the Company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the Company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
 14. Any director himself or any member intending to propose any person as a director other than a retiring director, has to give a notice as to his intention to propose him/her as a candidate for that office not less 14 (fourteen) days before the meeting along with deposit of ₹ 1,00,000 (Rupees One Lakh only).
 15. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following: evoting@karvy.com
 16. The Annual Report for the year ending March 31, 2019 and Notice of the AGM *inter-alia* indicating the manner and process of e-voting along with the Attendance Slip and Proxy Form are being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
 17. Members may also note that the Notice of the 23rd AGM and the Annual Report for 2019 will also be available on the Company's website www.tanla.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during the normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's e-mail id: investorhelp@tanla.com.
 18. **Voting through electronic means:** In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide the members

facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Fintech Private Limited. The procedure for participating in the e-voting is given below:

E-Voting Instructions:

- A. In case a Member receives an e-mail from Karvy [for members whose e-mail IDs are registered with the Company/ Depository Participants(s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (**i.e. User ID and password**). In case of physical folio, User ID will be EVENT number 5048 followed by folio number. In case of De-mat account, User ID will be your DP ID and ClientID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu where in you are required to mandatorily change your password. The new password shall comprise of minimum 8characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e. Tanla Solutions Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together not exceeding your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm; else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail cssumanbijarnia@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above-mentioned documents should be in the naming format "Tanla-23rd AGM".
- B. (1) In case of Members receiving physical copy of Notice [for members whose e-mail IDs are not registered with the Company/Depository Participant(s)]
 - i. E-Voting Event Number - 5048 (EVENT), User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- (2) Voting at AGM: The Members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements (e-voting/ballot) in this regard at the AGM Venue. Members, who cast their votes by e-voting prior to AGM may attend

the AGM, but will not be entitled to cast their votes again.

Other Instructions:

- i. In case of queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy website) or call Karvy on Toll Free No. 1800 3454 001.
- ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iii. The e-voting period commences on **Friday, September 27, 2019 (9:00 a.m. IST)** and **ends on Sunday, September 29, 2019 (5:00 p.m. IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. **September 23, 2019** may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 - a) Any person, who becomes a member of the Company after the dispatch of the notice of the meeting and holding shares as on the cut-off date i.e. September 23, 2019 may write to e-voting@karvy.com or to the company at investorhelp@tanla.com requesting for User ID and password. On receipt of User ID and password the steps from (i) to (xi) mentioned above should be followed for casting their vote, if the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
- iv. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date **September 23, 2019**.
- v. The Board of Directors has appointed Ms. Suman Bijarnia, Practicing Company Secretary (Certificate of Practice Number 19013) as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- vi. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses who are not in the employment of the Company and make, not later

than 48 hours of conclusion of the Meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

- vii. The Results shall be declared either by the Chairman or by an authorised person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- viii. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.tanla.com and on the website of KARVY at <https://evoting.karvy.com>, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

Explanatory Statement

Pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act") read with Section 110 of the Companies Act, 2013

Item No. 5

The members are hereby informed that Mr. D. Uday Kumar Reddy was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from January 14, 2015 at the Annual General Meeting of the Company held on September 16, 2015. Whose term of office of Chairman & Managing Director of the Company is expiring on January 13, 2020.

As per the provisions of Section 196 of the Companies Act, 2013, and on recommendation by Nomination and Remuneration Committee in their meeting held on August 30, 2019 considering the seamless contribution of Mr. D. Uday Kumar Reddy on the Board of Tanla as a Chairman & Managing Director taking the Company to new heights, the Board of Directors of the Company recommends to the member to reappoint Mr. D. Uday Kumar Reddy as Chairman & Managing Director of the Company for next 5 (Five) years with effect from the October 1, 2019 at a remuneration of ₹ 240 Lakh p.a. for next 3 (Three) years with effect from October 1, 2019, excluding other benefits, allowances, perquisites.

Statement as required under Part II of Section II of Schedule V to the Companies Act, 2013:

I. General Information:

(1) Nature of Industry: 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.

(2) Date or expected date of commencement of commercial production: Certificate of commencement of business certificate was issued by ROC in July 1995.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.

(4) Financial performance based on given indicators:

Particulars	FY 2018-19	FY 2017-18
Paid-up Capital	11,56,26,827	11,24,21,952
Reserves & Surplus	6,88,15,27,178	6,52,72,27,014
Income from operations	8,09,40,87,585	6,91,93,52,268
EBIDTA	81,11,48,383	50,61,77,028
Profit before Tax	19,63,77,433	6,37,50,908
Profit after Tax	17,07,57,695	13,09,21,659

(5) Foreign investments or collaborations of Tanla Solutions Ltd. if any:

Particulars	As on March 31, 2019 (No. of Shares)	As on March 31, 2018 (No. of Shares)
Foreign Portfolio Investors	NIL	146,847
Non-Resident Indians	21,90,800	26,48,559
Foreign Nationals	2,56,836	85,886

II. Information about the appointee:

(1) Background details: Mr. D. Uday Kumar Reddy holds an MBA from University of Manchester, UK and is the founder promoter of Tanla Solutions Limited. He is the chief architect of the Company, besides being responsible for its meteoric rise from a mere products-based solution provider to one of the largest publicly traded Cloud Communication service company, specialising in wireless data services for mobile

messaging and billing. The Company is into Cloud Communication Solutions.

(2) Past remuneration: The shareholders in the 22nd AGM approved an annual remuneration of ₹ 240.00 Lakh with effect from June 2018 to December 2019.

(3) Recognition or awards: Not applicable

(4) Job Profile and his suitability: Uday's keen business acumen and a sharp focus on innovation combined with an urge to set new milestones in business and technology have been the key drivers of the Company's success. An active member in the M&A community, he has been leading discussions across the globe regarding potential alliances and M&A opportunities. It is little wonder that within a decade of its inception, he has led Tanla to dizzying heights as one of the most successful young IT companies in India with a global presence. Under his able leadership, Tanla has emerged as a global leader in its domain as one of the largest Cloud Communication providers, handling over 90 Billion business communications annually. In August 2018, Tanla has announced the acquisition of Karix Mobile Private Limited which is also a leading "Business Cloud Communication Provider".

(5) Remuneration Proposed: The Nomination and Remuneration Committee in its meeting held on August 30, 2019 proposed an Annual Remuneration of ₹ 240.00 Lakh for a period of 3 (three) years from October 1, 2019 subject to the approval of members by passing Special Resolution in the ensuing 23rd Annual General Meeting.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The indicative salary range for this role, based on the study conducted by the Company is ₹ 150.00 Lakh to ₹ 450.00 Lakh which includes annual cash and bonus, as applicable. Considering the current financial position of the Company, the Board has deemed it fit to approve an annual remuneration of ₹ 240.00 Lakh, excluding perquisites mentioned in Schedule V of the Companies Act, 2013.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: There is no pecuniary relationship either directly or indirectly with the Company, or relationship with the managerial personnel except

with Mrs. D. Tanuja Reddy, the co-promoter of Tanla Solutions Limited. In addition, Mr. D. Uday Kumar Reddy holds 2,49,40,502 equity shares constituting 17.36% of the paid-up capital of the Company. Mrs. D. Tanuja Reddy holds 1,79,45,193 equity shares constituting 12.78% of the paid-up capital of the Company as on August 30, 2019.

III. Other information:

- (1) **Reasons of loss or inadequate profits:** Higher depreciation on account of re-assessment of useful life of assets has resulted in adequate profits. Nomination and Remuneration Committee has been authorised to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under Section 197 read with Schedule V of Companies Act, 2013. The Nomination and Remuneration Committee thus met on August 30, 2019 and passed a resolution approving the proposed salary payable.
- (2) **Steps taken or proposed to be taken for improvement:** Launch of new products, increase of footprint in domestic markets and migration to cloud for offering better quality services at reduced costs.
- (3) **Expected increase in productivity and profits in measurable terms:** The Company expects to generate increased revenues in the coming years.

The explanatory statement may also be regarded as an abstract of Memorandum under Section 190 of the Companies Act, 2013 and disclosure under the regulations of the Listing Agreement.

Pursuant to Section 198 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, approval of members is required by way of Special Resolution for reappointment and payment of aforesaid remuneration to Mr. D. Uday Kumar Reddy, Chairman & Managing Director of the Company. Your Directors recommend that the said resolution for your approval via Special Resolution.

Brief Details, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Mr. D. Uday Kumar Reddy interested in the resolutions set out in Item No. 5 of the Notice about

his reappointment and fixing of remuneration. The relatives of Mr. D. Uday Kumar Reddy may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Item No. 6:

The Board appointed Ms. Amrita Gangotra (DIN: 08333492), as Additional Directors (Non-Executive & Independent) on the Board of the Company pursuant to the provisions of Sections 161 & 149 of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014, on July 31, 2019 and who holds office up to the conclusion of ensuing Annual General Meeting.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended regularisation of Ms. Amrita Gangotra (DIN: 08333492), and appointment as Independent Director for a term of 5 (Five) years on the Board of the Company i.e. from the date of ensuing Annual General Meeting up to the conclusion of 28th Annual General Meeting of the Company to be held in 2024.

The Board, based on the performance evaluation of Ms. Amrita Gangotra and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background and experience and contributions made by her during her tenure as an Additional Director (Non-Executive & Independent), the continued association of Ms. Amrita Gangotra would be beneficial to the Company and it is desirable to continue to avail her services as Independent Director. Accordingly, it is proposed to regularise Ms. Amrita Gangotra as Independent Director of the Company, who shall not be liable to retire by rotation and to hold office for a term of 5 (Five) years on the Board of the Company.

The Company has also received declarations from Ms. Amrita Gangotra that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Ms. Amrita Gangotra fulfil the conditions for appointment as Independent Directors as specified

in the Act and the Listing Regulations. Ms. Amrita Gangotra is independent of the management.

Ms. Amrita Gangotra is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given her consent to act as Director.

Copy of draft letters of appointment of Ms. Amrita Gangotra setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Ms. Amrita Gangotra is interested in the resolutions set out in Item No. 6 of the Notice about her regularisation. The relatives of Ms. Amrita Gangotra may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Brief Details, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Ordinary Resolutions set out at Item No. 6 of the Notice for approval by the members.

Item No. 7:

Dr. A. G. Ravindranath Reddy (DIN: 01729114) was appointed as an Independent Director of the Company for a second term of 1 (one) year from conclusion of 22nd AGM till the conclusion of this 23rd AGM of the Company. The Nomination and Remuneration Committee has recommended re-designation of Dr. A. G. Ravindranath Reddy as Non-Executive Director, liable to retire by rotation. The resolution seeks the approval of the members for the appointment of Dr. A. G. Ravindranath Reddy as Director (Non-Executive) of the Company, liable to retire by rotation.

With his vast experience as a Corporate Consultant, Dr. A. G. Ravindranath Reddy, has always actively participated in the Board and Committee meetings, sought clarity on issues related to business, accounting principles and emphasised on employee welfare and regulatory and legal compliance.

Brief Details, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial

Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 8:

The Board of Directors of the Company had appointed Mr. Rohit Bhasin as an Additional Director of the Company with effect from August 30, 2019. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Rohit Bhasin shall hold office up to the date of the forthcoming Annual General Meeting and shall be appointed as an Independent Director for a term of three years.

The Nomination and Remuneration Committee has recommended regularisation of Mr. Rohit Bhasin and appointment as Independent Director for a term of 3 (Three) years on the Board of the Company i.e. from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the Company to be held in 2022.

The Board, based on the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, the continued association of Mr. Rohit Bhasin would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

In terms of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed that Mr. Rohit Bhasin be appointed as an Independent Directors for a term of 3 (Three) consecutive years from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the Company to be held in 2022.

The Company has received a declaration of independence from Mr. Rohit Bhasin. In the opinion of the Board, Mr. Rohit Bhasin fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for appointment as Independent Director of the Company.

Mr. Rohit Bhasin is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given her consent to act as Director.

Copy of draft letters of appointment of Mr. Rohit Bhasin setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail his services. Accordingly, the Board recommends the passing of resolution set out in Item No. 8 as an Ordinary Resolution.

Brief Details, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Mr. Rohit Bhasin is interested in the resolutions set out in Item No. 8 of the Notice about his regularisation. The relatives of Mr. Rohit Bhasin may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Ordinary Resolutions set out at Item No. 8 of the Notice for approval by the members.

Item No. 9:

The Board of Directors of the Company had appointed Mr. Sanjay Baweja as an Additional Director of the Company with effect from August 30, 2019. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Sanjay Baweja shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director.

The Nomination and Remuneration Committee has recommended regularisation of Mr. Sanjay Baweja and appointment as Independent Director for a term of 3 (Three) years on the Board of the Company i.e. Company i.e. from the date of ensuing Annual General Meeting up to the conclusion of 26th Annual General Meeting of the Company to be held in 2022.

The Board, based on the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, the continued association of Mr. Sanjay Baweja would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

In terms of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed that Mr. Sanjay Baweja be appointed as an Independent Directors 3 (Three) years.

The Company has received a declaration of independence from Mr. Sanjay Baweja. In the opinion of the Board, Mr. Sanjay Baweja fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for appointment as Independent Director of the Company.

Mr. Sanjay Baweja is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given her consent to act as Director.

Copy of draft letters of appointment of Mr. Sanjay Baweja setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail his services. Accordingly, the Board recommends the passing of resolution set out in Item No. 9 as an Ordinary Resolution.

Brief Details, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Mr. Sanjay Baweja is interested in the resolutions set out in Item No. 9 of the Notice about his regularisation. The relatives of Mr. Sanjay Baweja may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board recommends the Ordinary Resolutions set out at Item No. 9 of the Notice for approval by the members.

Item No. 10:

As per recommendation of the Nomination and Remuneration Committee, Mr. Sanjay Kapoor was appointed as an Additional Director on the Board with

effect from August 30, 2019 under Section 161 of the Companies Act, 2013 and Mr. Sanjay Kapoor holds office up to the date of the forthcoming Annual General Meeting. Mr. Sanjay Kapoor is eligible for appointment as a director of the Company.

In the opinion of the Board, Mr. Sanjay Kapoor is a person of integrity and possesses relevant expertise and experience and fulfils the conditions for appointment as a director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and any modification(s)/amendment(s) thereto. If appointed, Mr. Sanjay Kapoor will act as a non-executive director for a period of three (3) years, who shall be liable to retire by rotation.

A brief resume, as required pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 issued by ICSI, is set out in the "Corporate Governance Report" forming part of the Annual Report.

Keeping in view the experience and expertise, the Resolution at Item No. 10 for his appointment as Director of the Company is recommended by the Board for approval by the Members.

Except Mr. Sanjay Kapoor and his relatives, to the extent of their shareholding, if any, none of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution as set out in Item No. 10 of the Notice.

Details of Directors whose appointment/re-appointment as Directors is proposed at Item Nos. 5, 6, 7, 8, 9 & 10 are provided in the Corporate Governance Report to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Item No. 11:

Company is availing the professional services from Mr. Sanjay Kapoor through his consulting company, at a fixed monthly remuneration of ₹ 18 Lakh and a variable pay not exceeding ₹ 5 Crore for every period of 12 months. In pursuance of Section 188(f) of the Companies Act, 2013 and Regulation 17(6)(ca) of SEBI (LODR), 2015 as amended time to time, the approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty percent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

Based upon the recommendation of Nomination and Remuneration Committee, the Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail his services. Accordingly, the Board recommends the passing of resolution set out in Item No. 11 as a Special Resolution.

Except Mr. Sanjay Kapoor and his relatives, to the extent of their shareholding, if any, none of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution as set out in Item No. 11 of the Notice.

Item No. 12:

The disclosures under Resolution No. 12 of this Notice, as required in accordance with the Act, the SEBI (ICDR) Regulations and other applicable Regulations in relation thereto are as under:

- 1. Objects of the Issue:** The object of the proposed issue and allotment of Equity Shares is to discharge the part of the Purchase Consideration payable to the Proposed Allottees for the purchase of Business Undertaking.
- 2. Maximum number of securities to be issued:** 21,19,688
- 3. Basis on which the price has been arrived at:** The equity shares of Company are listed and frequently traded on Stock Exchanges, viz. BSE Limited and National Stock Exchange of India Limited ("NSE") in accordance with SEBI (ICDR) Regulations and NSE has higher trading volume during the 26 weeks preceding the Relevant Date. Hence, for the purpose of computation of the allotment price per equity share, the relevant price on National Stock Exchange of India Limited has been considered.

In terms of the applicable provisions of SEBI (ICDR) Regulations, the price at which equity shares shall be allotted shall not be less than higher of the following:

- (a) Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the Stock Exchange, during the Twenty-Six (26) weeks preceding the Relevant Date; or
- (b) Average of the weekly high and low of the volume weighted average price of the equity shares of the

Company quoted on the Stock Exchange, during the Two (2) weeks preceding the Relevant Date.

The price per equity share, to be issued, shall be the price calculated as per SEBI (ICDR) Regulations or ₹ 80 (Rupees Eighty only) whichever is higher.

Since the equity shares of the Company have been listed on the recognised Stock Exchanges for a period of more than 26 weeks prior to the Relevant Date, it is not required to re-compute the price per equity share to be issued and therefore, the Company is not required to submit the undertaking

specified under the Regulations 163 (1) (g) and 163 (1) (h) of the SEBI (ICDR) Regulations.

4. Relevant Date:

The "Relevant Date" for the offer, issue and allotment of the equity shares by way of a preferential issue, as per the SEBI (ICDR) Regulations, for determination of minimum price for the issue of said equity shares is Saturday, August 31, 2019, (being 30 days prior to the date of passing of special resolution at the AGM proposed to be held on September 30, 2019, to approve the proposed preferential issue).

5. Shareholding Pattern before and after the Preferential Issue

Name of the Shareholders	Pre-issue shareholding		Preferential Issue		Post-Issue Shareholding	
	No. of Shares held	% of Shares	% of Shares		No. of Shares held	% of Shares
(A) Promoters' Shareholding						
Promoter & Promoter Group						
(1) Indian						
(a) Individuals/HUF	4,28,85,695	29.83	0		4,28,85,695	29.40
(b) Central Govt./State Govt.	0	0.00	0		0	0.00
(c) Bodies Corporate	44,19,000	3.07	0		44,19,000	3.03
(d) Financial Institutions/banks	0	0.00	0		0	0.00
(e) Any Other (Specify)	0	0.00	0		0	0.00
Sub-Total (A) (1)	4,73,04,695	32.90	0		4,73,04,695	32.43
(2) Foreign						
(a) Individuals (Non-Residents Individuals/Foreign Individuals)	0	0.00	0		0	0.00
(b) Bodies Corporate	0	0.00	0		0	0.00
(c) Institutions	0	0.00	0		0	0.00
(d) Any Other (Specify)	0	0.00	0		0	0.00
Sub-Total (A)(2)	0	0.00	0		0	0.00
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	4,73,04,695	32.90	0		4,73,04,695	32.43
(B) Public shareholding						
(1) Institutions						
(a) Mutual Funds/UTI	0	0.00	0		0	0.00
(b) Financial Institutions/Banks	74,422	0.05	0		74,422	0.05
(c) Central Government/State Government(s)	0	0.00	0		0	0.00
(d) Venture Capital Funds	0	0.00	0		0	0.00
(e) Insurance Companies	0	0.00	0		0	0.00
(f) Foreign Institutional Investors	0	0.00	0		0	0.00
(g) Foreign Venture Capital Investors	0	0.00	0		0	0.00
(h) Any Others- Foreign Body Corporate	2,19,99,824	15.30	0		2,19,99,824	15.08
(i) Any Others- Foreign Portfolio- Corp	10,25,602	0.71	0		10,25,602	0.70
Sub-Total (B)(1)	2,30,99,848	16.07	0		2,30,99,848	15.83

Name of the Shareholders	Pre-issue shareholding		Preferential Issue	Post-Issue Shareholding	
	No. of Shares held	% of Shares	% of Shares	No. of Shares held	% of Shares
(2) Non-institutions					
(a) Bodies Corporate	21,64,455	1.51	0	10,25,602	1.48
(b) Individuals					
(i) Individual shareholders holding nominal share capital up to ₹ 2 Lakh	3,59,98,602	24.98	21,19,688	3,80,38,220	26.07
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	2,04,39,114	14.22	0	2,04,39,114	14.01
(c) Employees	85,43,294	5.94	0	85,43,294	5.86
(d) Others	62,94,908	4.38	0	62,94,908	4.31
Sub-Total (B)(2)	7,33,60,303	51.03	21,19,688	7,54,79,991	51.74
Total Public Shareholding (B) = (B) (1)+(B)(2)	9,64,60,151	67.10	21,19,688	9,85,79,839	67.57
Total (A)+(B)	14,37,64,846	100.00	21,19,688	14,58,84,534	100.00

6. Proposal/Intention of Promoters, Directors or Key Managerial Personnel to subscribe the offer:

None of the Promoters, Directors or Key Managerial Personnel, intends to subscribe to any Equity Shares pursuant to this preferential issue.

7. Proposed time within which the preferential issue shall be completed

As required under the SEBI (ICDR) Regulations, the Company shall complete the allotment of the Equity Shares on or before the expiry of 15 (fifteen) days from the date of passing of Special Resolution by the Members granting consent for issue and allotment of the Equity Shares, and in the event the allotment of the Equity Shares requires any approval(s) from any regulatory authority or the Central Government, within 15 (fifteen) days from the date of such approval(s) or permission or within such further period as may be prescribed or allowed by the SEBI, Stock Exchanges or other regulatory authority or the Central Government, as the case may be.

8. Change in control, if any, in the Company that would occur consequent to the preferential offer:

There shall be no change in the management or control of the Company pursuant to the aforesaid issue and allotment of the Equity Shares

9. No. of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

- 16,65,000 equity shares were allotted to the Promoters pursuant to conversion of warrants to equity shares at a price of ₹ 40/ per equity share.

- 2,19,99,824 equity shares of par value ₹ 1/- per share were allotted to Banyan Investments Pvt. Ltd. at a price of ₹ 57.69/ per equity share.

- 60,00,000 equity shares of par value of ₹ 1/- each allotted to eligible employees under Tanla Employee Share Purchase at ₹ 1/- per equity share.

- 1,38,195 shares were allotted to employees who exercised their option under Tanla ESOP 2015 at an exercise price of ₹ 26.51 per equity share.

10. Valuation for consideration other than cash:

As per Regulation, 163 (3) of the SEBI (ICDR) Regulations, the Valuation Certificate has been issued by V GANGADHARA RAO N, REGISTERED VALUER, IBBI/RV/06/2019/107.

11. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.

Acquisition of Gamooga will position the Company as an end-to-end solution provider for global enterprises, to solve every imaginary use case and problem of customer experience.

12. Lock-in Period:

The proposed allotment of equity shares shall be subject to lock-in as per the requirement of SEBI (ICDR) Regulations, further as per the terms of the definitive share purchase agreement entered into between the Company and the Proposed Allottees the equity shares issued pursuant to this preferential allotment shall be subject to a

total lock-in of a period of 4 years from the date of allotment of shares to the Proposed Allottees.

13. Listing:

The Company will make an application to the Stock Exchanges at which the existing shares are listed, for listing of the Equity Shares. Such Equity Shares, once allotted, shall rank *pari passu* with the then existing equity shares of the Company in all respects, including dividend.

14. Auditors' Certificate:

The Certificate being issued by M/s. M. N. Rao & Associates, Chartered Accountants, Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in the SEBI (ICDR) Regulations, will be kept open for inspection at the Registered Office of the Company between 9:00 a.m. and 6:30 p.m. on all working days between Monday to Friday from the date of dispatch of the Notice till date of Annual General meeting.

15. Other Disclosures:

- None of the Promoter or Directors are wilful defaulter.
- The Proposed Allottees have not sold any equity shares during the six months preceding the Relevant Date.

16. Identity of Proposed Allottee (including natural persons who are the ultimate beneficial owners of equity shares proposed to be allotted and/or who ultimately control), the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential Issue:

Sr. No	Name of the proposed allottee	Ultimate beneficial owner	(%) of Post Preferential Issue Capital
1	Mr. Kishore Annapureddy	Mr. Kishore Annapureddy	0.73%
2	Ms. Nishitha Nagireddy	Ms. Nishitha Nagireddy	0.73%

Pursuant to Section 62(1)(c) of the Act, further equity shares may be issued to persons other than the existing Members of the Company as specified in Section 62(1)(a) of the Act, and for consideration other than cash, provided that the Members of the Company approve the issue of such equity shares by means of a special resolution.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities under the Act only after the approval of its shareholders by way of a special resolution has been obtained. Further in terms of Regulations 160 of SEBI (ICDR) Regulations, a special resolution needs to be passed by shareholders of a listed company prior to issue of specified securities on preferential basis.

Consent of the Members in form a special resolution would therefore be necessary pursuant to the provisions of Sections 42 and 62(1)(c) of the Act, the SEBI (ICDR) Regulations and the applicable provisions of Listing Regulations for issuance of securities on preferential basis.

The approval of the Members is being sought to enable the Board to decide on the issue of the Equity Shares on a preferential basis, to the extent and in the manner as set out in the respective resolutions and the explanatory statement. The Board believe that the proposed issue is in the best interest of the Company and its members and accordingly, it recommends passing of the Special resolution as set out at Item No. 12 of this Notice, for the approval of the Members.

Save and except for the shares of the Company held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the resolutions as set out at Item No. 12 of this Notice.

for **Tanla Solutions Limited**

Sd/-

Seshanuradha Chava
Company Secretary & VP –
Legal & Secretarial

Place: Hyderabad
Date: August 30, 2019

Registered Office:

Tanla Solutions Limited
Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081.
CIN: L72200TG1995PLC021262
www.tanla.com

Tanla Solutions Limited

CIN: L72200TG1995PLC021262

Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.

Phone: + 91-40-40099999, Fax: +91-40-23122999

E-mail: investorhelp@tanla.com Website: www.tanla.com

23rd Annual General Meeting - Monday, September 30, 2019 at 11.30 a.m.

Attendance Slip

Folio No./DP ID & Client ID:

No. of shares held:

Name and address of

First/Sole Member:

I certify that I am a member/proxy/authorised representative for the member of the Company.

I, hereby record my presence at the 23rd Annual General Meeting of the Company held on Monday, September 30, 2019 at 11.30 a.m. at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081.

Name of the member/proxy
(in BLOCK letters)

Signature of the member/proxy

Notes:

1. Only member/proxy can attend the meeting. No minors would be allowed at the meeting.
2. Member/proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
3. Member/proxy should bring his/her copy of the annual report for reference at the meeting.

In terms of the requirements of the Secretarial Standards on general meetings (SS-2) issued by the Institute of Company Secretaries of India, route map for the location of the venue of the 23rd Annual General Meeting is as under:



Tanla Solutions Limited

CIN: L72200TG1995PLC021262

Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.

Phone: + 91-40-40099999, Fax: +91-40-23122999

E-mail: investorhelp@tanla.com Website: www.tanla.com

FORM NO. MGT- 11 PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

No. of Shares:

Registered Address:

E-mail ID:

Folio No./Client ID:

DP ID:

I/We being the holder of Shares of Tanla Solutions Limited, hereby appoint:

1. Mr./Ms..... having e-mail ID or failing him
2. Mr./Ms..... having e-mail ID or failing him
3. Mr./Ms..... having e-mail ID and

as my/our proxy to attend and vote (on a poll/e-voting) either for or against each resolution for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Monday, September 30, 2019 at 11.30 a.m. at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500 081, any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Subject Matter of the Resolution	For	Against
1	Adoption of Annual Accounts and Reports thereon for the year ended March 31, 2019		
2	To declare final dividend of 35% on the equity shares for the financial year 2018-19		
3	Re-appointment of Mr. D. Uday Kumar Reddy who retires by rotation		
4	To appoint the Statutory Auditors		
5	To re-appoint Mr. D. Uday Kumar Reddy (DIN: 00003382) as Chairman & Managing Director of the Company and to fix his remuneration		
6	To appoint Ms. Amrita Gangotra (DIN: 08333492) as an Independent Director of the Company		
7	To appoint Dr. A. G. Ravindranath Reddy (DIN: 01729114) as a Director of the Company		
8	To appoint Mr. Rohit Bhasin (DIN: 02478962) as Independent Director of the Company		
9	To appoint Mr. Sanjay Baweja (DIN: 00232126) as Independent Director of the Company		
10	To appoint Mr. Sanjay Kapoor (DIN: 1973450) as a Director of the Company		
11	To approve the remuneration payable to Mr. Sanjay Kapoor, Non-Executive Director, under Section 188(f) of the Companies Act, 2013 read with rule 15 (meeting of Board and its powers) rules, 2014 and Regulation 17 of SEBI (LODR), 2015		
12	**Issue of Equity Shares on a preferential basis to Mr. Kishore Annapureddy and Ms. Nishitha Nagireddy		

**This particular agenda was approved in the Board meeting held on September 5, 2019, however the same forms part of this Notice as it was approved before the dispatch of Notice of the 23rd Annual General Meeting.

Signed thisday of2019.

Signatures of the member(s)

Affix a
₹ 1/-
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

- a) Proxy need not be a member of the Company.
- b) The Proxy Form in order to be effective shall be duly filled in and signed by the member(s) across revenue Stamp and should reach the Company's Registered Office: Tanla Solutions Limited, Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad - 500 081 at least 48 hours before the commencement of the Annual General Meeting (i.e. on Saturday, September 28, 2019 before 11:30 a.m.).
- c) Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
- d) It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.

Corporate Information

Board of Directors and Key Management Personnel (KMP)

Mr. D. Uday Kumar Reddy
Chairman & Managing Director

Mr. Ram Narain Agarwal
Director – Independent

Dr. A. G. Ravindranath Reddy
Director – Independent

Ms. N. Kalpana Reddy
Director – Independent

Mr. Srinivas Gunupudi Kamoji
Chief Financial Officer

Ms. Seshanuradha Chava
Company Secretary & Compliance Officer

Committees of the Board

Audit Committee

Dr. A. G. Ravindranath Reddy
Chairman

Mr. D. Uday Kumar Reddy
Member

Mr. Ram Narain Agarwal
Member

Ms. N. Kalpana Reddy
Member

Stakeholders Relationship Committee

Dr. A. G. Ravindranath Reddy
Chairman

Mr. D. Uday Kumar Reddy
Member

Mr. Ram Narain Agarwal
Member

Nomination and Remuneration Committee

Dr. A. G. Ravindranath Reddy
Chairman

Mr. Ram Narain Agarwal
Member

Ms. N. Kalpana Reddy
Member

Corporate Social Responsibility Committee

Mr. D. Uday Kumar Reddy
Chairman

Mr. Ram Narain Agarwal
Member

Dr. A. G. Ravindranath Reddy
Member

Statutory Auditors

M/s. M. N. Rao & Associates
Chartered Accountants
Flat No. 303, Plot No.135, Prabha Mansion,
Kalyan Nagar Phase I, Hyderabad - 500 038
Telangana, India.

Internal Auditors

KPMG India
Salarpuria Knowledge City, ORWELL, 6th floor,
Unit-3, Sy. No. 83/1, Plot No 2,
Raidurg, Hyderabad – 500 081
Telangana, India.
www.kpmg.com/in

Secretarial Auditors

BS & Company Company Secretaries LLP
Plot No. 250, Opp. Badam Ramulu House,
Near Birla Temple, Adarsh Nagar
Hyderabad - 500 063.
Telangana, India.

Stock Exchanges where the Company's Securities are listed

The National Stock Exchange of India Limited
BSE Limited

Registered Office Address

Tanla Technology Centre,
Hi-Tech City Road, Madhapur,
Hyderabad – 500 081,
Telangana, India.
www.tanla.com
Phone: + 91-40-40099999,
Fax: +91-40-23122999
CIN: L72200TG1995PLC021262



CORPORATE ADDRESS

Tanla Solutions Limited,

CIN: L72200TG1995PLC021262

Tanla Technology Centre

Madhapur, Hyderabad,

India - 500 081

Telephone: +91 40 4009 9999

Website: www.tanla.com

Karix Mobile Private Limited,

CIN: U72900TG2000PTC134316

A Wing, 3rd Floor, Prism Towers,

Mind Space, Malad (W),

Mumbai - 400 064 India

Telephone: +91 22 4055 6161

Website: www.karix.com



EMAIL

For queries on Annual Report
write to us at investorhelp@tanla.com



AGM

23rd Annual General Meeting

Time: 11:30 A.M.

Date: 30th September 2019, Monday

Venue: Novotel Hyderabad Convention Centre,

Novotel & HICC Complex, Near Hi-Tech City,

Madhapur, Hyderabad - 500 081