TANLA SOLUTIONS LIMITED
CIN: L72200AP1995PLC021262
Regd. Office: Tanla Technology Centre, Hi-Tech City Road, Hyderabad – 500 081.
Phone: + 91-40-40099999, Fax: +91-40-23122999
Website: www.tanla.com E-mail: investorhelp@tanla.com

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	Tanla Solutions Limited
2.	Annual Financial Statements for the year ended	31st March, 2015
3.	Type of Audit observation	No qualification
4.	Frequency of observation	Nil
5.	To be signed by: • CEO/Managing Director	(D Uday Kumar Reddy) Chairman & Managing Director
	• CFO	(Srinivas Gunupudi Kamoji) Chief Financial Officer
	• Auditor of the Company	(C V Koteswara Rao) Partner - Membership No.028353 M/s Ramasamy Koteswara Rao & Co., Chartered Accountants
	• Audit Committee Chairman	(Padmabhushan Ram Narain Agarwal) Audit Committee - Chairman

hello.

Reinforce. Reinvent. Redefine.
We are.
tanla

Highlights

₹132.4 crores

Domestic business revenue

27 bn messages

India A2P messaging hub

20% employees

More than 5 years

Chairman's Letter

Dear **Fellow Shareholders**

I am pleased to report a highly satisfactory year for Tanla both at an operational and financial level. We have achieved a significant growth in revenues and margin during FY15, this increase has been achieved primarily due to a concentrated effort to consolidate our position in the domestic Application to Person (A2P) messaging business.

Below are some of the key indicators of our performance during FY15:

- Increase in total annual revenue by 132 %, up from ₹ 104.6 Crores in FY14 to ₹ 242.5 Crores in FY15 .
- EBIDTA increased by 113% up from ₹ 35.7 Crores in FY14 to ₹ 75.9 Crores in FY15.
- Domestic business revenue up by 421% from ₹ 25.4 Crores in FY 14 to ₹ 132.4 Crores in FY15
- International revenue up by 18% from ₹ 78.7 Crores in FY14 to ₹ 92.6 Crores in FY15

In the domestic market our market share grew significantly and we are now firmly the leaders in A2P messaging in India with our Domestic hub processing 27 billion messages in FY15. We achieved this through a concerted effort by consolidating our existing deployments as well as with a major new deployment with Vodafone India. The domestic messaging market is driven primarily by transaction alerts, 2 factor authentications and the delivery of one time Passwords, social networks, over the top messaging providers along with enterprise and Government communications. We expect this market to show significant growth over the next few years driven amongst other things by the Government initiative of digitizing India.

In addition to consolidating our position in the domestic market, we deployed an international messaging gateway hub in Singapore. This hub connects to the International Long Distance Operators (ILDO) of various Indian mobile networks to terminate internationally originated messages into India in accordance with TRAI's 16th amendment regulation for internationally originated messages. The International hub is being tested by leading international players, OTT messaging providers and large resellers, and will start commercial traffic in Q2 FY16. This will also pave the way for us to enter other international markets that are important to our customers.

We are also in the process of transforming ourselves into a Cloud Based communications platform for messaging, voice and video. This new platform is currently under development and will provide cloud based API's to enterprises and application developers for all their communication needs.

Your company's northward journey necessitates strong internal control systems in place to ensure correctness in every step forward. Appointment of KPMG in India, as internal auditors and bringing into place a business control team to monitor revenue assurance and control costs is to ensure a check and balance system in place for arresting revenue leakages and overboard expenditure. The business control initiative has helped your company in reaching positive cash flows and streamlining of debtors. Efficient management of cash flows and realization of debts have also contributed to a Cash balance of INR 299 Mn in FY15 up by 56% YoY from ₹ 191.7 Mn in FY14.

Employees have been your company's indispensable assets in action, 90% of the employees are technically qualified professionals in the technology team and more than 20% of employees have been with the Company for more than five years. Rewarding such deserving employees is our pleasure and hence we have announced a very encouraging employee incentivization plan apart from the monthly incentive program for top performers. In general, employees in Tanla enjoy a congenial work atmosphere with certain common benefits like health care for the immediate family members and re-visiting of the corporate policies vis-à-vis the changing global work culture. Tanla believes in providing an amicable atmosphere for its employees and has established a recreation and wellness centre for employees.

I encourage you to email us your questions on any matter in this Annual Report to ar1415.investorhelp@tanla.com that would be addressed during the AGM.

As always I would like to place on record my appreciation for the unflinching support and wise counsel of my fellow Board members.

The continuing trust of shareholders, active engagement of stakeholders and exceptional resolve by employees has made this growth truly inspiring. I take this opportunity to convey my appreciation to all our shareholders and express our gratitude to government and its agencies, our channel partners, customers, bankers and suppliers.

I look forward to meeting many of you at the forthcoming Annual General Meeting in September to discuss our achievements and share further updates.

Warm regards,
D. Uday Kumar Reddy

Our first step in redefining mobile technology
was to redefine ourselves.

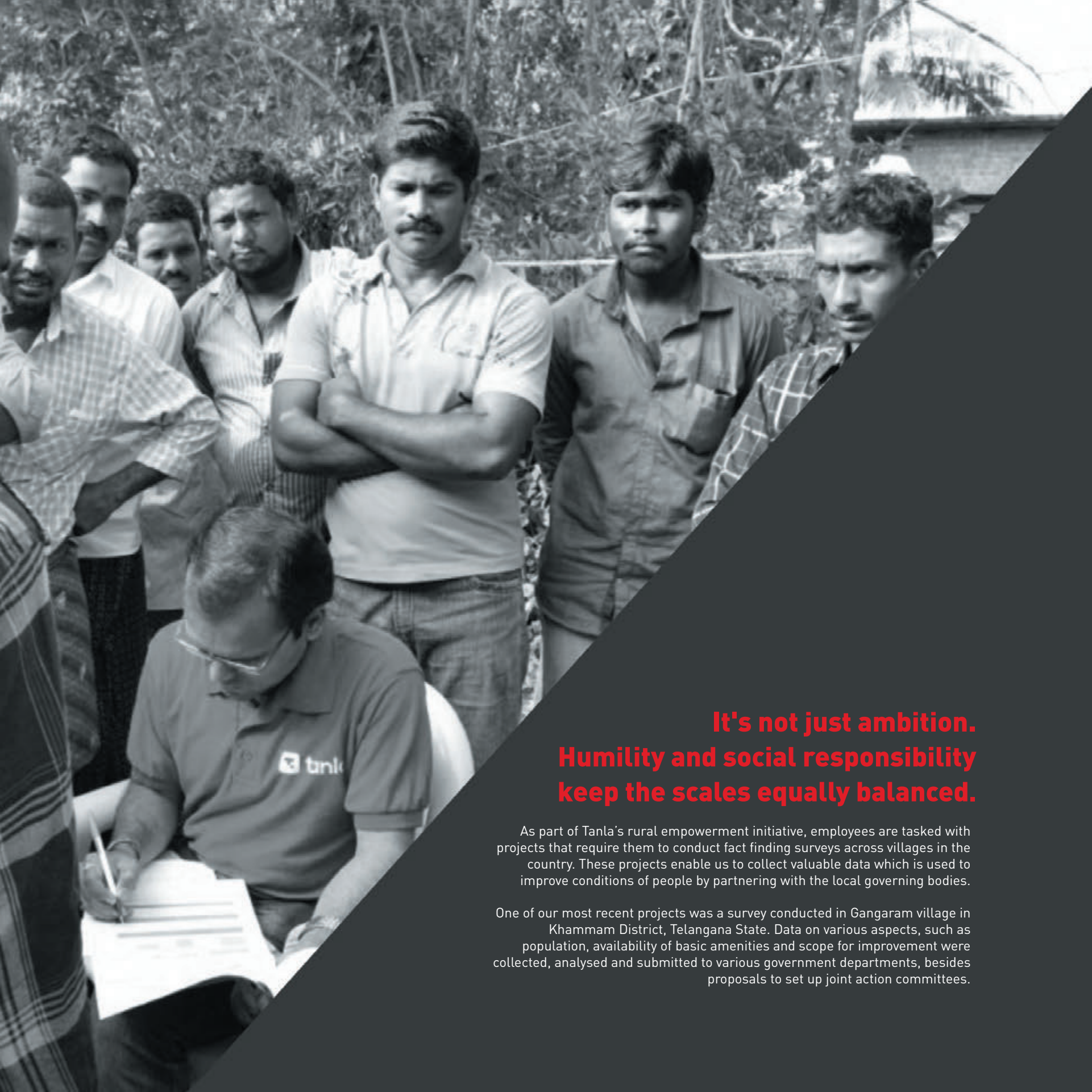
DELL
STAG

WORK IS JUST ONE OF THE MANY ACTIVITIES WE DO

Recreation at work.

Unwinding after work is an important part of employees' lifestyle at Tanla. Housing an array of sporting facilities, the indoor sports arena is the place to be after work hours. From Table tennis to board games, the space has transformed into a social hub where employees from various departments bond with one another and develop interpersonal skills, in addition to a healthy competitive spirit.

Furthermore, the Yoga centre at Tanla has given rise to a thriving health conscious workforce with employees enthusiastically making it an essential part of their daily life. Hence, effectively accomplishing the mission at hand – A healthy body = healthy mind.



It's not just ambition. Humility and social responsibility keep the scales equally balanced.

As part of Tanla's rural empowerment initiative, employees are tasked with projects that require them to conduct fact finding surveys across villages in the country. These projects enable us to collect valuable data which is used to improve conditions of people by partnering with the local governing bodies.

One of our most recent projects was a survey conducted in Gangaram village in Khammam District, Telangana State. Data on various aspects, such as population, availability of basic amenities and scope for improvement were collected, analysed and submitted to various government departments, besides proposals to set up joint action committees.

FY2015 Consolidated Highlights

REVENUE ↑ 132%

₹ 242.5 crores

Substantial growth in Revenues by 132% from ₹ 104.6 crores to ` 242.5 crores YoY

EBITDA ↑ 113%

₹ 75.9 crores

EBITDA significantly up by 113% from ₹ 35.7 crores to ₹ 75.9 crores YoY

PROFIT AFTER TAX

₹ 2.6 crores

Profit after tax (PAT) at ₹ 2.6 crores as against loss of ₹ (19.8) crores YoY

MESSAGES

27 bn

A2P Domestic messaging hub in India processed 27 bn messages during FY2014-15.

NEW DEPLOYMENTS

INDIA

SINGAPORE

2 Major deployments made during FY2014-15 with major Telcos across the globe

FLASHBACK
2014
AGM

SHAREHOLDERS' MEETING 2014

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tanla AGM

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BOARD'S REPORT

During the period under review, the Company has achieved revenue of ₹ 132.6 crores and net profit of ₹ 3.07 crores on a Standalone basis. 02

CORPORATE GOVERNANCE

Key elements of corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications and high standards of safety, health environment, accounting fidelity and product and service quality. 21

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Corporate Information

Board of Directors:

Mr. D. Uday Kumar Reddy	:	Chairman & Managing Director
Mr. Gautam Sabharwal	:	Director – Global Business Development
Mr. Satish Kathirisetti (resigned with effect from September 02, 2014)	:	Director – Chief Technology Officer
Padmabhushan Ram Narain Agarwal	:	Director – Independent & Non-Executive
Dr. A.G.Ravindranath Reddy	:	Director – Independent & Non-Executive

Mr. Srinivas Kamoji Gunupudi	:	Chief Financial Officer
Smt. Seshanuradha Chava	:	AVP – Legal & Secretarial Group

Committees of the Board:

Audit Committee:

Padmabhushan Ram Narain Agarwal	:	Chairman
Mr. Satish Kathirisetti (resigned with effect from September 02, 2014)	:	Member
Mr. Gautam Sabharwal	:	Member
Dr. A.G.Ravindranath Reddy	:	Member

Stakeholders Relationship Committee:

Padmabhushan Ram Narain Agarwal	:	Chairman
Mr. D. Uday Kumar Reddy	:	Member
Dr. A.G.Ravindranath Reddy	:	Member

Nomination and Remuneration Committee:

Dr. A.G.Ravindranath Reddy	:	Chairman
Padmabhushan Ram Narain Agarwal	:	Member
Mr. Gautam Sabharwal	:	Member

Risk Management Committee:

Padmabhushan Ram Narain Agarwal	:	Chairman
Mr. D. Uday Kumar Reddy	:	Member
Dr. A.G.Ravindranath Reddy	:	Member

Statutory Auditors:

M/s Ramasamy Koteswara Rao & Co.,
Chartered Accountants
Plot No.238/A, 1st Floor, M.L.A.Colony, Road No.12,
Banjara Hills, Hyderbad, Telangana – 500034.

Internal Auditors:

M/s M M Reddy & Co.,
Chartered Accountants,
G-8, Amrutha Ville, Opp:Yashodha Hospital, Rajbhavan Road,
Somajiguda, Hyderabad, Telangana – 500082.

Stock Exchanges where Company's securities are listed:

Bombay Stock Exchange Limited
The National Stock Exchange of India Limited

Board's Report

Dear Members,

Your Directors take pleasure in presenting the 19th Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2015.

Summary of Financial Results (Standalone):

₹

Particulars	FY 2014-15	FY 2013-14
Income from Operations	1,326,117,472	257,032,965
Operating Profit (EBITDA)	110,352,965	55,863,987
Less: Depreciation	103,826,714	107,090,414
Operating Profit before Tax	6,526,251	(51,226,428)
Add: Other Income	52,077,522	54,760,885
Profit for the year before Exceptional Items & Tax	58,603,773	3,534,457
Less: Exceptional Items	-	96,809,938
Profit before Tax	58,603,773	(93,275,481)
Less: Provision for Tax incl. deferred tax	27,910,401	3,326,009
Profit after Tax	30,693,372	(96,601,490)
Net Profit transferred to Reserves	30,693,372	(96,601,490)
Earnings Per Share : Basic/ Diluted (Rs. 1 each)	0.30	(0.95)
Share Capital	101,479,593	101,479,593
Reserves & Surplus	6,150,469,044	6,049,856,116
Total Shareholder's Funds	**6,251,948,637**	**6,151,335,709**
Book Value per Share (₹1 each)	**61.61**	**60.62**

State of the Company's Affairs

During the period under review, the Company has achieved revenue of ₹1326. 12 million and net profit of ₹ 30. 70 million on a Standalone basis. During the same period, the Company has achieved revenue of ₹ 2424.91 million and net profit of ₹ 25.88 million on a consolidated basis.

Transfer to Reserves

The Company has not proposed to transfer any amount to the general reserve for the financial year ended March 31, 2015.

Dividend

The Company has not declared dividend for the financial year ended March 31, 2015.

Operations

Tanla Solutions [BSE: 532790 | NSE: TANLA] founded in the year 1999 listed since 2007, a Hyderabad based Indian company is a leading provider of telecom solutions to Mobile Operators., Tanla is the first Indian Company to develop and deploy SMSC with all leading telcos. Tanla serves more than 100 clients in 32 countries.

Tanla is a telecom products & solutions company that specializes in pioneering communication roadmaps and integrating various systems of communication for mobile technology.

Tanla is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

Material Changes:

There are no Material changes affecting the financial position of the Company during financial year 2014-15.

Management Discussion & Analysis

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc., is furnished separately and forms part of this Annual Report.

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

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

Consolidated Financial Results

Consolidated Financial Statements incorporating the operations of the Company, its subsidiaries and Joint Venture Companies is appended. As required under the provisions of the Act, a statement showing the salient features of the financial statements of the subsidiaries and joint ventures is enclosed as an **Annexure B** to this Report.

The financial statements of the subsidiary companies will be made available to the members of the Company and its subsidiary companies on request and will also be kept for inspection in the Registered Office of the Company.

Subsidiary Companies

Tanla Solutions (UK) Limited, formerly Techserv Teleservices (UK) Limited, UK (hereinafter referred to as "Tanla UK"), a wholly owned subsidiary of Tanla based at London, UK, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

Tanla Corporation Private Limited (formerly known as Mufithumb Corporation Private Limited, India), a wholly owned subsidiary of Tanla based at Hyderabad, India is engaged in development of telecom products and services. Tanla Mobile Private Limited (a 100% subsidiary company) was merged with Mufithumb Corporation Private Limited (a 100% subsidiary company) with implementation date April 01, 2014 vide Honourable High Court of Andhra Pradesh and Telangana order no. C. P of 7 & 8 of 2015 dt. April 28, 2015 and subsequently the name was changed to Tanla Corporation Private Limited.

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

Tanla Mobile Ireland Pvt Limited, Ireland (hereinafter referred to as "Tanla Ireland"), a wholly owned subsidiary of Tanla Singapore based at Ireland, provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Middle East FZ LLC, Dubai (hereinafter referred to as "Tanla Dubai"), a wholly owned subsidiary of Tanla Singapore based at Dubai, UAE provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Finland Oy, Finland (hereinafter referred to as "Tanla Finland,"), a wholly owned subsidiary of Tanla Dubai based at Finland.

Tanla Oy, Finland (hereinafter referred to as "Tanla Oy"), a wholly owned subsidiary of Tanla Finland Oy, Finland provides payment solutions to clients in telecommunications and allied areas.

Safety, Health and Environment (SHE)

Company's focus on Safety, Health and Environment continued during the year under review across all locations maintaining high safety standards. Company has put in place robust processes and performance indicators to track its SHE performance. There were nil reportable incidents during the year. The Company maintained high standards of environmental performances with all facilities operating well within norms. The Company continued its efforts to track health indicators of its entire operating staff.

Corporate Social Responsibility

As the Company has not made profits during the preceding three (3) years, the Company has not spent any amount on CSR activity.

Particulars of Loans, Guarantees and 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.

Public 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

(i) The paid up equity share capital of the Company as on March 31, 2015 was ₹1,014.8 Lakhs. During the year the Company has not issued any shares and the details are as follows:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	₹	Number of shares	₹
Share Capital				
(a) Authorised Equity shares of ₹1 each	120,000,000	120,000,000	120,000,000	120,000,000
(b) Issued Subscribed and fully paid up: Equity Shares of ₹1 each fully paid-up	101,479,593	101,479,593	101,479,593	101,479,593
	101,479,593	**101,479,593**	**101,479,593**	**101,479,593**

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	₹	Number of shares	₹
Equity Shares				
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**101,479,593**	**101,479,593**	**101,479,593**	**101,479,593**

(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) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	%	Number of shares	%
Mr. D Uday Kumar Reddy	14,496,493	14.29	14,496,493	14.29
Ms. D Tanuja Reddy	9,319,271	9.18	9,319,271	9.18
Mr. Gautam Sabharwal	7,361,600	7.25	7,361,600	7.25

Particulars of Employees

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure C** to this Report.

A statement containing the name of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 lakh or more, or employed for part of the year and in receipt of ₹ 5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure D** to this Report.

Extract of the Annual Return

In accordance with Section 134(3)(a) of the Act, an extract of the Annual Return **(MGT-9)** in the prescribed format is appended as **Annexure E** to this Report.

Corporate Governance

The Company is committed to maintain high standards of Corporate Governance. As stipulated under the requirements of the Listing Agreement with Stock Exchanges, a report on Corporate Governance is appended to this report from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance.

Directors and Key Managerial Personnel

In accordance with Article 121 of the Company's Articles of Association, read with Section 152 of the Act, Mr. D Uday Kumar Reddy, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Satish Kathirisetti, Director of the company resigned from the Board w.e.f. 02nd September, 2014

All the Independent Directors of the Company have given declarations under sub-section (6) of Section 149 of the Act, and the same have been considered and taken on record by the Board.

Mr. D Uday Kumar Reddy, Mr. Gautam Sabharwal Mr. Satish Kathirisetti (resigned w.e.f Sept 02, 2014), Mr G.K.Srinivas, Chief Financial Officer and Smt. Seshanuradha Chava, Company Secretary, are the Key Managerial Personnel (KMP) of the Company in terms of the provisions of the Act.

Familiarisation Programme for Independent Directors

On their appointment, Independent Directors are familiarised about the Company's operations and businesses. Interaction with the Business Heads and key executives of the Company is also facilitated. Detailed presentations on the business of each of the Division are also made to the Directors. Direct meetings with the Chairman & Managing Director are further facilitated for the new appointee to familiarize him/her about the Company/its businesses and the group practices.

Number of meetings of the Board of Directors

During the year ended March 31, 2015, Five (5) Board Meetings were held. The dates on which the Board meetings were held are - May 30, 2014; July 08, 2014; October 17, 2014; December 27, 2014 and January 14, 2015

Internal Financial Control Systems

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

The Company has its own corporate internal audit function to monitor and assess the adequacy and effectiveness of the Internal Financial Controls and System across all key processes. Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementation are reviewed by the Audit Committee and concerns, if any, are reported to Board.

Vigil Mechanism / Whistle Blower Policy

The Company has a Whistle Blower Policy which provides the employees, customers, vendors and Directors an avenue to raise concerns on ethical and moral standards and legal provisions in conduct of the business operations of the Company. It also provides for necessary safeguards for protection against victimization for whistle blowing in good faith.

Board Evaluation

In accordance with the provisions of the Act and Clause 49 of the Listing Agreement, the Board has carried out evaluation of its own performance, the performance of Committees of the Board, namely, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination & Remuneration Committee and also the Directors individually. The manner in which the evaluation was carried out and the process adopted has been mentioned in the Report on Corporate Governance.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Salient features of the Remuneration Policy are set out in the Report on Corporate Governance.

Risk Management Policy

The Company has constituted a Risk Management Committee. Details of constitution of the Committee and its terms of reference are set out in the Report on Corporate Governance. The Company has formulated a Risk Management Policy, under which various risks associated with the business operations are identified and risk mitigation plans have been put in place, details of which are set out in the Management Discussion and Analysis Report.

Material Subsidiary Policy

The Company has adopted a policy for determining material subsidiary, in line with the requirements of the Listing Agreement. The Policy on Material Subsidiary is available on the website of the Company at www.tanla.com

Related Party Transactions

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

The related party transactions entered into are reviewed by an independent audit firm to confirm that they were in the ordinary course of business and at arm's length basis. The Company has formulated a policy for Related Party Transactions which has been approved by the Board and is placed on the website of the Company.

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.

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 B**". The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

Audit Committee

The Audit Committee comprises of Padmabhushan Ram Narain Agarwal, Chairman, and Dr. A.G.Ravindranath Reddy & Mr. Gautam Sabharwal, Members. All the recommendations made by the Audit Committee were accepted by the Board.

Statutory Auditors

M/s Ramasamy Koteswara Rao & Co., Chartered Accountants, were appointed as Auditors of the Company for a period of three years from the conclusion of the last Annual General Meeting held on September 30, 2014. As required under the provisions of Section 139 of the Act, a resolution for the yearly ratification of their appointment is being placed before the shareholders for their approval. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Act.

Cost Auditors

The provisions of Section 148 of the Companies Act, 2013 does not apply to the Company and hence, no cost auditors are appointed.

Secretarial Auditor

As per the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board had appointed BS & Company, Company Secretaries as Secretarial Auditor to conduct Secretarial audit of the company for the financial year ended on March 31, 2015. Secretarial Audit Report issued by BS & Company, Company Secretaries in form MR-3 is enclosed as a part of Corporate Governance Report.

Secretarial Auditors have observed that, there is no Woman Director on the Board of the Company.

The Company is in the process of identifying a suitable candidate to be appointed as a Woman Director on Board of the Company.

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 Companies (Accounts) Rules, 2014, are enclosed as **Annexure-F** to this Report.

Employees' Stock Options

The Nomination and Remuneration Committee has cancelled the ESOP Scheme 2008 and the underlying ESOP Pool of 5,000,000 Options. The Board in its meeting held on August 13, 2015 has

approved ESOP 2015-16 Policy to its Employees with 50 Lakh fully paid-up Equity Shares, subject to the approval of Shareholders.

Obligation Of Company Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. 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 following is a summary of sexual harassment complaints received and disposed off during the year 2014-15:

No complaints have been received under this Act, during the year.

Your Directors place on record their appreciation for the services rendered by the employees. The relation between the management and the employees has been cordial throughout the year.

Acknowledgement

The Directors acknowledge and would like to place on record the commitment and dedication on the part of the employees of your Company for their continued efforts in achieving good results. The Directors also wish to acknowledge and record their appreciation of the continued support and assistance received by the Company's Banks, financial institutions, mutual funds, as well as from various Government bodies both at the Centre and the State.

On behalf of the Board of Directors
for Tanla Solutions Limited

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

Place: Hyderabad.
Date : August 13, 2015

Annexures To Directors' Report

Annexure - A

Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (3) (c) and 134(5) of the Companies Act 2013, the Board of Directors of Tanla Solutions Limited make the following statements, to the best of their knowledge and belief and according to the information and explanations obtained by them:

a) That in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed and there have been no material departures therefrom;

b) That the accounting policies mentioned in Note 52 to the Financials Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profits of the Company for the year ended on that date;

c) That proper and sufficient care has been taken 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;

d) That the annual financial statements have been prepared on a going concern basis;

e) That proper internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively;

f) That proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are 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)

Place: Hyderabad.
Date : August 13, 2015

Form AOC-1

Annexure - B

Statement showing salient features of the financial statements of subsidiaries and joint ventures as per Companies Act, 2013

₹

Name of the Entity	Tanla Solutions UK Ltd	Tanla Mobile Asia Pacific Pte Ltd	Tanla Mobile Ireland Pvt Ltd	Tanla Mobile Middle East FZ LLC	Tanla Mobile Finland OY	Tanla Oy	Mufithumb Corporation Pvt. Ltd.
	London	Singapore	Ireland	UAE	Finland	Finland	India
Share Capital	246,639,002	6,738,687,061	407,252,295	850,721	169,614	17,708,610	11,486,480
Reserves & Surplus	-60,193,923	-1,437,562,461	-188,175,341	3,816,727,337	-256,466,342	-56,960,167	460,730,019
Total Liabilities	1,690,708,997	25,405,771	37,740,324	561,974,431	473,649,047	68,489,075	28,008,628
Total Assets	1,877,154,076	5,326,530,370	256,817,278	4,379,552,489	217,352,319	29,237,501	500,225,127
Investments (included in Total Assets)	-	-	-	-	-	5,705	-
Total Income (including Other Income)	456,284,170	42,257,765	38,896,963	375,538,180	-	84,943,499	175,275,878
Profit/(Loss) before Tax	82,916,752	-432,023,858	18,248,839	-303,640,138	-1,021,755,204	-264,722,689	-8,938,884
Provision for Tax	-	-	-	-	-	2,656,168	-
Profit/(Loss) after Tax	82,916,752	-432,023,858	18,248,839	-303,640,138	-1,021,755,204	-267,378,857	-7,135,459
% of Share Holding	100%	100%	100%	100%	100%	100%	100%
Reporting Period	31 March, 2015	31 March, 2015	31 March, 2015	31 March, 2015	31 March, 2015	31 March, 2015	31 March, 2015
Reporting Currency	GBP	SGD	EURO	USD	EURO	EURO	INR
Closing Exchange Rate	92.76	45.5	67.85	62.53	67.85	67.85	-

Notes:

1. There are no subsidiaries which are yet to commence operations.
2. There are no subsidiaries which have been liquidated or sold during the year
3. Tanla Mobile Private Limited (a 100% subsidiary company) was merged with Mufithumb Corporation Private Limited (a 100% subsidiary company) with implementation date April 01, 2014 vide Honourable High Court of Andhra Pradesh and Telangana order no. C. P of 7 & 8 of 2015 dt. April 28, 2015.

Part - B - Joint Venture

Name of the Entity:	T Z Mobile Pvt Ltd
Relationship	Joint Venture
Last audited balance sheet	31 March, 2015
Number of shares held by the Company	103490
Amount of Investment (₹)	10,349,000
% of shareholding	50%
Net worth attributable to the Company (₹)	1,879,000
Profit/(Loss) considered in consolidation (₹)	(41913)

Form AOC-2

Annexure - B

(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 arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: **NONE**

(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contract/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) 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 material contracts or arrangements or transactions at arm's length basis: Refer **Note number 26** to the Standalone Financial Statements

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

Annexures To Directors' Report

Annexure - C

The details of remuneration during the year 2014-15 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

SI. 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	32.78
		Mr. Satish Kathirisetti (resigned w.e.f. September 02, 2014)	6.45
		Non-Executive Directors	
		Padmabhushan Ram Narain Agarwal	0.32
		Dr. A G Ravindranath Reddy	0.32
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	91.74%
		Mr. Satish Kathirisetti , Director & Chief Technology Officer (resigned w.e.f. September 02, 2014)	-
		Padmabhushan Ram Narain Agarwal	250%
		Dr. A G Ravindranath Reddy	250%
		Mr. Srinivas Kamoji Gunupudi, Chief Financial Officer	5.00%
		Smt. Seshanuradha Chava, Company Secretary	6.94%

3. Percentage increase/(decrease) in the median remuneration of the employees in the financial year - There was a decrease in median remuneration in the financial year 2014-15 by 15% due to increase in the number of employees.

4. Number of employees on the rolls of the Company as on 31st March, 2015 – 155

5. Explanation on relationship between average increase in remuneration & Company performance:
The average increase in employee remuneration effected during the year 2014-15 was 8.7%. The individual increments are based on individual and the Company's performance during the previous financial year viz., 2013-14. The other factors considered for revision in remuneration is the industry standards, functional expertise standards, etc.

The net revenue from operations of the Company for the year 2013-14 increased/(decreased) by (5.57)%, the profits after tax increased/(decreased) by (344)% and the market capitalization increased/(decreased) by 36.62% when compared to the previous year 2012-13. A direct co-relation of employee remuneration and company performance as envisaged in the Rules is not feasible considering the qualitative factors involved in measuring performance.

6. Comparison of remuneration of Key Managerial Personnel and each Key Managerial Personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2014-15 (₹ in Crore)	1.1
Revenue (₹ Crore)	132.61
Remuneration of KMPs (as % of revenue)	0.83%
Profit before Tax (PBT) (₹ in Crore)	5.86
Remuneration of KMP (as % of PBT)	18.85%

7. Variations in the market capitalization of the company and price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31.03.2014	31.03.2015
Market Capitalization of the Company (in ₹ Crores)	44.14	166.94
Closing Price at the National Stock Exchange Ltd. (in ₹)	4.35	16.45
Price Earnings Ratio as at the closing date	-	63.26

8. 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 23% Increase in the managerial remuneration for the year was 36%.

9. Comparison of each remuneration of the key managerial personnel against the performance of the Company

₹in Crore

Particulars	Mr. G.K.Srinivas, Chief Financial Officer	Smt. Seshanuradha Chava, Company Secretary
Remuneration in FY 2014-15	0.27	0.15
Revenue	132.61	
Remuneration as % of revenue	0.20%	0.11%
Profit before Tax (PBT)	5.86	
Remuneration (as % of PBT)	4.61%	2.56%

10. Ratio of remuneration of the highest paid Director of that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Not Applicable, as no employee is receiving remuneration in excess of the highest paid Director.

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

The Company is in compliance with its remuneration policy.

Annexures To Directors' Report

Annexure - D

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 ₹ 60,00,000 per annum 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, 48, MBA	Chairman & Managing Director	28/07/1995	20 Years	₹ 11,29,418 (per month)	-

b)Employed for part of the Financial Year and in receipt of remuneration aggregating ₹ 5,00,000 per month or more:

There are no such personnel in the Company who fall under this category

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.

Annexures To Directors' Report

Annexure - E

FORM NO. MGT 9
Extract of Annual Return
As on financial year ended on 31st March 2015
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I.Registration & Other Details:

1.	CIN	L72200AP1995PLC021262
2.	Registration Date	28/07/1995
3.	Name of the Company	TANLA SOLUTIONS LIMITED
4.	Category/ Sub-category of the Company	Company Limited by Shares/ Indian Non- Government Company
5	Address of the Registered office & contact details	Tanla Technology Centre, Hitech City Road, Madhapur, Hyderabad, Telangana- 500081 Tel: 040 -40099999
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Karvy Computershare Private Limited,(Unit: Tanla Solutions Limited) Plot No.17-24, Vittal Rao Nagar, Madhapur,Hyderabad – 500081, Telangana. Ph: 040-23420815-28,Fax: 040-23420814

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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Software products	64	100%

III. Particulars of Holding And Subsidiary Companies

Sl.No.	Name and Description of main products/ services	CIN/GLN	Holding, Subsidiary And Associate	% of Shares held	Applicable Section
1	Mufithumb Corporation Private Limited	U70100TG1998PTC054527	Subsidiary	100%	Section 2(87)
2	Tanla Mobile Private Limited *	U64202TG2009PTC064194	Subsidiary	100%	Section 2(87)
3	Tanla Mobile Asia Pacific Pte. Ltd., Singapore	Not Applicable	Subsidiary	100%	Section 2(87)
4	Tanla Solutions (UK) Limited , U.K.	Not Applicable	Subsidiary	100%	Section 2(87)
5	Tanla Mobile Middle East FZ LLC, Dubai	Not Applicable	Subsidiary	100%	Section 2(87)
6	Tanla Mobile Ireland Pvt Ltd., Ireland	Not Applicable	Subsidiary	100%	Section 2(87)
7	Tanla Oy, Finland	Not Applicable	Subsidiary	100%	Section 2(87)
8	Tanla Mobile Finland Oy	Not Applicable	Subsidiary	100%	Section 2(87)

* Tanla Mobile Private Limited (a 100% subsidiary company) was merged with Mufithumb Corporation Private Limited (a 100% subsidiary company) with effect from April 01, 2014 vide Honourable High Court of Andhra Pradesh and Telangana Order no. C. P of 7 & 8 of 2015 dt. April 28, 2015, subsequent to which the name was changed to Tanla Corporation Private Limited.

Iv . Share Holding Pattern (Equity Share Capital Breakup As Percentage Of Total Equity)Category-Wise Share Holding

Category Of Shareholder	No. Of Shares Held At The Beginning Of The Year 31/03/2014				No. Of Shares Held At The End Of The Year 31/03/2015				% Change During The Year
	Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(A) Promoter And Promoter Group									
(1) Indian									
(a) Individual /HUF	33882633	-	33882633	33.39	31177364	-	31177364	30.72	2.67
Total (A)	**33882633**	**-**	**33882633**	**33.39**	**31177364**	**-**	**31177364**	**30.72**	**2.67**
(B) Public Shareholding									
(1) Institutions									
(b) Financial Institutions /Banks	-	-	-	-	610	-	610	-	-
(f) Foreign Institutional Investors	621023	-	621023	0.61	23	-	23	-	0.61
Sub-Total B(1) :	**621023**	**-**	**621023**	**0.61**	**633**	**-**	**633**	**-**	**0.61**
(2) Non-Institutions									
(a) Bodies Corporate	10674631	-	10674631	10.52	9870818	-	9870818	9.73	0.79
(b) Individuals									
(i) Individuals holding share capital upto ₹1 lakh	46212129	60888	46273017	45.60	45684926	62718	45747644	45.08	0.52
(ii) Individuals holding share capital in excess of ₹1 lakh	7385980	-	7385980	7.28	12441103	-	12441103	12.26	-4.98
Clearing Members	126887	-	126887	0.13	237777	-	237777	0.23	-0.11
Foreign Nationals	-	821807	821807	0.81	-	85886	85886	0.08	0.73
Non Resident Indians	1681135	20	1681155	1.66	1905890	20	1905910	1.88	-0.22
Overseas Corporate Bodies	1500	-	1500	-	1500	-	1500	-	-
Trusts	10960	-	10960	0.01	10958	-	10958	0.01	-
Sub-Total B(2) :	**66093222**	**882715**	**66975937**	**66.00**	**70152972**	**148624**	**70301596**	**69.28**	**-3.28**
Total B=B(1)+B(2) :	**66714245**	**882715**	**67596960**	**66.61**	**70153605**	**148624**	**70302229**	**69.28**	**-2.67**
Total (A+B) :	**100596878**	**882715**	**101479593**	**100.00**	**101330969**	**148624**	**101479593**	**100.00**	**-**
Grand Total (A+B) :	**100596878**	**882715**	**101479593**	**100.00**	**101330969**	**148624**	**101479593**	**100.00**	**-**

B) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	Mr. D Uday Kumar Reddy	14,496,493	14.29	-	14,496,493	14.29	-	-
2	Ms. D Tanuja Reddy	9,319,271	9.18	-	9,319,271	9.18	-	-
3	Mr. Gautam Sabharwal	7,361,600	7.25	-	7,361,600	7.25	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change) - No Change

SL.No	Name of the Share Holder	Category	Sold	bought	Cumulative Holding	Date
1	Mr. D Uday Kumar Reddy	PRO	-	-	14,496,493	3/31/2014
		PRO	-	-	14,496,493	3/31/2015
2	Ms. D Tanuja Reddy	PRO	-	-	9,319,271	3/31/2014
		PRO	-	-	9,319,271	3/31/2015
3	Mr. Gautam Sabharwal	PGP	-	-	7,361,600	3/31/2014
		PGP	-	-	7,361,600	3/31/2015

***PRO – Promoter** ***PGP – Promoter Group** ***PUB – Public**

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

1	Mounika Finance And Leasing Pvt Ltd	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	34,79,000	3.43		
	At the end of the year (or on the date of separation, if separated during the year)	-	-	34,79,000	3.43

2	Raghunatha Reddy Meda	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	982,189	0.97	-	-
	6/30/2014	(12185)	(0.01)	970,000	0.96
	7/4/2014	(15000)	(0.01)	955,000	0.94
	7/11/2014	(8160)	(0.01)	946,840	0.93
	8/1/2014	(6840)	(0.01)	940,000	0.93
	9/5/2014	(25000)	(0.02)	915,000	0.9
	9/12/2014	(50000)	(0.05)	865,000	0.85
	9/19/2014	(30000)	(0.03)	8,35,000	0.82
	1/9/2015	(20000)	(0.02)	815,000	0.8
	At the end of the year (or on the date of separation, if separated during the year)	-	-	815,000	0.8

3	Pythian Investments Ltd	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	621,000			
	12/5/2014	(621,000)		-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

4	Thiagarajan Aravamudan	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
	At the beginning of the year	550,000	0.54		
	5/30/2014	5,000	0.005	555,000	0.55
	At the end of the year (or on the date of separation, if separated during the year)	-	-	555,000	0.55

5	MRKR Constructions Private Limited	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	549,557	0.54		
	6/30/2014	(14,557)	(0.01)	535,000	0.53
	7/4/2014	(15,000)	(0.01)	520,000	0.51
	8/1/2014	(10,000)	(0.01)	510,000	0.5
	8/8/2014	(15,000)	(0.01)	495,000	0.49
	9/5/2014	(30,000)	(0.03)	465,000	0.46
	9/12/2014	(50,000)	(0.05)	415,000	0.41
	9/19/2014	(30,000)	(0.03)	385,000	0.38
	9/30/2014	(10,000)	(0.01)	375,000	0.37
	12/12/2014	(10,000)	(0.01)	365,000	0.36
	12/19/2014	(10,000)	(0.01)	355,000	0.35
	1/9/2015	(25,000)	(0.02)	330,000	0.33
	1/16/2015	(5,000)	-	325,000	0.32
	3/13/2015	(25,000)	(0.02)	300,000	0.3
	At the end of the year (or on the date of separation, if separated during the year)	-	-	300,000	0.3

6	Karvy Stock Broking Ltd	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	477882	0.47		
	4/4/2014	(4086)	-	473,796	0.47
	4/11/2014	126	-	473,922	0.47
	4/18/2014	7614	0.01	481,536	0.47
	4/25/2014	(2577)	-	478,959	0.47
	5/2/2014	4200	-	483,159	0.48
	5/9/2014	(3150)	-	480,009	0.47
	5/16/2014	11378	0.01	491,387	0.48
	5/23/2014	367	-	491,754	0.48
	5/30/2014	38833	0.04	530,587	0.52
	6/6/2014	(10398)	(0.01)	520,189	0.51
	6/13/2014	(10581)	(0.01)	509,608	0.5
	6/20/2014	(54694)	(0.05)	454,914	0.45
	6/30/2014	(10188)	(0.01)	444,726	0.44
	7/4/2014	(15868)	(0.02)	428,858	0.42
	7/11/2014	(13463)	(0.01)	415,395	0.41
	7/18/2014	20180	0.02	435,575	0.43
	7/25/2014	(11229)	(0.01)	424,346	0.42
	8/1/2014	11481	0.01	435,827	0.43
	8/8/2014	(6100)	(0.01)	429,727	0.42
	8/15/2014	7539	0.01	437,266	0.43
	8/22/2014	(5480)	(0.01)	431,786	0.43

6	Karvy Stock Broking Ltd	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	8/29/2014	(7724)	(0.01)	424,062	0.42
	9/5/2014	25061	0.02	449,123	0.44
	9/12/2014	(898)	-	448,225	0.44
	9/19/2014	14355	0.01	462,580	0.46
	9/30/2014	(5309)	(0.01)	457,271	0.45
	10/3/2014	4900	-	462,171	0.46
	10/10/2014	3333	-	465,504	0.46
	10/17/2014	9890	0.01	475,394	0.47
	10/24/2014	34619	0.03	510,013	0.50
	10/31/2014	11858	0.01	521,871	0.51
	11/7/2014	(1945)	-	519,926	0.51
	11/14/2014	(1941)	-	517,985	0.51
	11/21/2014	488	-	518,473	0.51
	11/28/2014	(9614)	(0.01)	508,859	0.50
	12/5/2014	(24032)	(0.02)	484,827	0.48
	12/12/2014	113615	0.11	598,442	0.59
	12/19/2014	(73236)	(0.07)	525,206	0.52
	12/31/2014	(2817)	-	522,389	0.51
	1/2/2015	(3235)	-	519,154	0.51
	1/9/2015	(25078)	(0.02)	494,076	0.49
	1/16/2015	11348	0.01	505,424	0.50
	1/23/2015	(21886)	(0.02)	483,538	0.48
	1/30/2015	(36837)	(0.04)	446,701	0.44
	2/6/2015	2215	-	448,916	0.44
	2/13/2015	(4135)	-	444,781	0.44
	2/20/2015	(247)	-	444,534	0.44
	2/27/2015	2961	-	447,495	0.44
	3/6/2015	3900	-	451,395	0.44
	3/13/2015	(3264)	-	448,131	0.44
	3/20/2015	(515)	-	447,616	0.44
	3/27/2015	10267	0.01	457,883	0.45
	At the end of the year (or on the date of separation, if separated during the year)	-	-	462,705	0.46

7	Girdharilal Singhania	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	390,184	0.38		
	5/9/2014	10,000	0.01	400,184	0.39
	7/18/2014	50,000	0.05	450,184	0.44
	8/29/2014	5,000	-	455,184	0.45
	9/12/2014	(167,836)	(0.17)	287,348	0.28
	9/19/2014	(32,000)	(0.03)	255,348	0.25
	10/31/2014	5,000	-	260,348	0.26
	1/23/2015	30,000	0.03	290,348	0.29
	At the end of the year (or on the date of separation, if separated during the year)	-	-	290,348	0.29

8	Gorla Mydhili Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	371,000	0.37		
	8/29/2014	9,000	0.01	380,000	0.37
	9/5/2014	1,900	0	381,900	0.38
	11/14/2014	100	0	382,000	0.38
	At the end of the year (or on the date of separation, if separated during the year)	-	-	382,000	0.38

9	Muppidi Manjula Reddy	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	320,000	0.32	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	320,000	0.32

10	Blue Green Biotech and Pharma Pvt Ltd	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the Year	320,000	0.32	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	320,000	0.32

E) Shareholding of Directors and Key Managerial Personnel:

	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	Directors				
1	Mr. D Uday Kumar Reddy	14,496,493	14.29	14,496,493	14.29
2	Mr. Gautam Sabharwal	7,361,600	7.25	7,361,600	7.25
	Key Managerial Persons				
1	Smt. Seshanuradha Chava	-	-	-	-
2	Mr. G.K Srinivas	-	-	-	-

V) INDEBTEDNESS –

Tanla is a debt-free company since inception

VI. Remuneration Of Directors And Key Managerial Personnel-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager -

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		(₹)Total Amount
		D Uday Kumar Reddy	Satish Kathirisetti (resigned w.e.f. 02 September 2014)	
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,363,544	1,618,000	9,981,544
	(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)	867,564	198,000	1,065,568
	Total (A)*	**9,231,108**	**1,816,000**	**11,047,108**
Ceiling as per the Act (being 10% of the net profits of the company calculated as per section 198 of the Companies Act, 2013)				**5,860,377**

* Remuneration paid as per resolution approved by the Shareholders in the 18th AGM held on September 30, 2014.

B. Remuneration to other Directors -

Sl.No.	Particulars of Remuneration	Name of Directors		
	Independent Directors	**Padmabhushan Ram Narain Agarwal**	**Dr. A.G.Ravindranath Reddy**	**(₹)Total Amount**
1	Sitting Fees	60,000	60,000	120,000
	Fee for attending board committee meetings	30,000	30,000	60,000
	Others, please specify	-	-	-
	Total (1)	90,000	90,000	180,000
	Other Non-Executive Directors			
2	Sitting Fees	-	-	-
	Fee for attending board committee meetings	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	**90,000**	**90,000**	**180,000**
Ceiling as per the Act (being 1% of the net profits of the company calculated as per section 198 of the Companies Act, 2013)				**586,307**

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
		CS Smt.Seshanuradha Chava	CFO Mr. G.K. Srinivas	(₹)Total Amount
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,392,684	2,449,129	3,841,813
	(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 (Provident Fund)	143,328	253,080	396,408
	Total	**1,536,012**	**2,702,209**	**4,238,221**

- 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	AuthorityAppeal made, [RD / NCLT/ COURT]	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

Annexures To Directors' Report

Annexure - F

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 the 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 2014-2015	For the Year 2013-2014
Import of capital goods	-	7,935,979

b. Activity in foreign currency

Particulars	For the Year 2014-2015	For the Year 2013-2014
Earnings in foreign exchange (on accrual basis)		
Income from software products and offshore development services	2,128,616	3,178,097
Dividends received	-	-
Interest received	-	-
Expenditure in foreign exchange (on accrual basis)		
Cost of services	32,825,261	33,897,126
Foreign Travel Expenses	8,733,265	818,825
Professional Charges	77,027	481,659
Net earnings in foreign exchange	**(39,506,937)**	**(39,955,492)**

On behalf of the Board of Directors
For Tanla Solutions Limited

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

Place: Hyderabad.
Date : August 13, 2015

Company's Philosophy

Your Company believes that Corporate Governance is a set of guidelines to help fulfil its responsibilities to all its stakeholders. Key elements of corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications and high standards of safety, health environment, accounting fidelity and product & service quality. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of your company's corporate governance.

1. Board of Directors:

The Board of Directors' primary function is policy direction and strategizing apart from setting corporate goals and monitoring Company performance on an ongoing basis. The total strength of the Board of Directors is four (4), consisting of two (2) Independent Non-Executive Directors and two (2) Executive & Non-Independent Directors as on March 31, 2015.The Chairman of the Board is an Executive Director who is also the Managing Director. 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 he is a Director. The Directors of the company are not related inter se.

Board Meetings and Attendance

Five (5) Board Meetings were held during the year 2014-15 . The dates on which the meetings were held are as follows:

S.No	Date of Meeting Board	Board Strength	No. of Directors Present
1.	May 30, 2014	5	5
2.	July 08, 2014	5	5
3.	October 17, 2014**	4	4*
4.	December 27, 2014	4	3
5.	January 14, 2014.	4	3

* Mr. Gautam Sabharwal, Executive & Non-Independent Director participated in the Board meeting held on October 17, 2014 through audio-visual means, as required under the Companies Act, 2013, the proceedings of the meeting have been recorded and placed under safe custody.

** Mr. Satish Kathirisetti resigned w.e.f. September 02, 2015.

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Directorship, Membership and Chairmanship 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**		
					Committee	
		Board Meetings	Last AGM	Directorships in other public companies # as on March 31, 2015	Member	Chairman
Mr. D. Uday Kumar Reddy Chairman & Managing Director	Executive & Non-Independent	5	Yes	-	-	-
Mr.Gautam Sabharwal Whole-Time Director	Executive & Non-Independent	2	Yes	-	-	-
Mr.SatishKathirisetti * Director – Chief Technology Officer	Executive & Non-Independent	2	No	-	-	-
Padmabhushan Ram Narain Agarwal - Director	Independent & Non-Executive	4	Yes	-	-	-
Dr. A.G.Ravindranath Reddy - Director	Independent & Non-Executive	5	Yes	2	3	-

Excludes Directorships in Subsidiary Companies, Associate, Private, Foreign and Section 8 Companies.

* Resigned w.e.f. 02 September, 2014.

** Represents Memberships of Audit and Stakeholder Relationship Committee of Public Limited Companies.

Independent Directors Meeting

A meeting of the Independent Directors was held on January 14, 2015. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Board. The Board was briefed on the deliberations made at the Independent Directors Meeting.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. Structured questionnaires were prepared 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, who were evaluated on parameters such as level of participation in the meetings and contribution, independence of judgement, safeguarding the interest of the Company and other stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. Further, performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

COMMITTEES OF THE BOARD:

2. Audit Committee

The terms of reference of the Audit Committee encompasses the requirements of Section 177 of Companies Act, 2013 and Clause 49 of Listing Agreement and, inter-alia, includes:

a. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors and overseeing that the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and also discuss any related issues with the internal and statutory auditors and the management of the company;

c. To evaluate internal financial controls and risk management systems;

d. To,inter-alia,review Management Discussion and Analysis of financial condition and results of operations, Statement of Significant Related Party Transactions submitted by the management before submission to the Board;

e. To investigate into any matter in relation to the items referred to it by the Board and for this purpose obtain professional advice from external sources.

f. To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;

g. To approve Related Party Transactions,if any.

h. Reviewing the functioning of the Whistle Blower Mechanism;

i. Recommending the appointment, re-appointment, and if required, the replacement or removal of the statutory auditors and fixation of audit fee and approval for payment for any other services.

Audit Committee Meetings and attendance

The Audit Committee as at the end of the year consisted of 3 (Three) Directors amongst whom two are Independent Directors. Details of attendance of Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Padmabhushan Ram Narain Agarwal	Chairman	Independent & Non-Executive	4
Mr. Satish Kathirisetti*	Member	Executive & Non-Independent	2
Mr. Gautam Sabharwal	Member	Executive & Non-Independent	2
Dr. A.G.Ravindranath Reddy	Member	Independent & Non-Executive	4

* Resigned w.e.f. September 02, 2014.

Four (4) Audit Committee Meetings were held during the year. The dates on which the meetings were held are May 30, 2014; July 08, 2014; October 17, 2014 and January 14, 2015.

The Company Secretary is the Secretary of the Committee.The Managing Director, Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the Audit Committee meetings.

3. Nomination & Remuneration Committee

• The main scope of the Committee is to determine and recommend to the Board the persons to be appointed/ re-appointed as Executive Director/Non-Executive Director and also to include evaluation of director's performance & recommendation of policy to the board relating to remuneration for Director's, KMP & other employees.

• The Committee also determines and recommends to the Board on the financial component to the Executive Directors, if any.

• Details of composition of the Nomination & Remuneration Committee and attendance as on March 31, 2015 is as follows:

Name	Designation	Category of Directorship
Dr. A.G.Ravindranath Reddy	Chairman	Independent & Non-Executive
Padmabhushan Ram Narain Agarwal	Member	Independent & Non-Executive
Mr. Gautam Sabharwal	Member	Executive & Non- Independent

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Managing Director.

a) Executive Directors

• Compensation of the executive directors comprises of fixed component.

• Executive Directors are not paid sitting fees for any Board / Committee meetings attended by them.

b) Non-Executive Directors

• Sitting fees is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the Directors for attending to the affairs and business of the Company and extent of responsibilities cast on Directors under general law and other relevant factors.

Shareholdings

Details of Shareholdings of the Non-Executive Directors in the Company as at March 31, 2015 are as follows:

Name	No. Of Shares
Dr. A.G.Ravindranath Reddy	3,000
Padmabhushan Ram Narain Agarwal	2,698

c) Details of remuneration paid to the Directors for the year:

i. Details of remuneration paid to the Managing Director for the financial year ended March 31, 2015 is as follows:

Name	Salary	Contribution to Funds	Total
Mr. D Uday Kumar Reddy	8,363,544	867,564	9,231,108*

* Net of taxes

ii. Details of sitting fees paid to Non-Executive Directors for the financial year ended March 31, 2015 is as follows:

Non-Executive Directors	Sitting Fee
Padmabhushan Ram Narain Agarwal – Director	₹90,000
Dr. A G Ravindranath Reddy - Director	₹90,000

Stakeholders Relationship Committee

Company has a Stakeholders Relationship Committee (SRC) of Directors to look into the Redressal of investor complaints such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

The Composition of the Stakeholders Relationship Committee (SRC) is as follows:

Name of the Director	Designation	Category of Directorship
Padmabhushan Ram Narain Agarwal	Chairman	Independent & Non-Executive
Mr. D. Uday Kumar Reddy	Member	Executive & Non-Independent
Dr.A.G.Ravindranath Reddy	Member	Independent & Non-Executive

Name, Designation and address of the Compliance Officer:

Smt. Seshanuradha Chava
AVP - Legal & Secretarial Services Group
Tanla Solutions Limited
Tanla Technology Centre,
Hi-tech City Road,
Madhapur, Hyderabad – 500 081
Phone: 040-40099999
Fax: 040-23122999
Email ID: investorhelp@tanla.com

During the year the Company received 12 complaints from the investors and all of them were resolved satisfactorily. There were no transfers pending at the close of the financial year.

Description	Received	Resolved	Pending
Non-Receipt of Dividend Warrants	5	5	-
Non-Receipt of Securities	-	-	-
Non-Receipt of Annual Reports	7	7	-
Non-Receipt of Securities after Transfer/Transmission	-	-	-
Total	12	12	-

In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID "investorhelp@tanla.com". Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended to immediately.

Risk Management Committee

The Risk Management Committee as on March 31, 2015 consisted of 3 Directors.

Two (2) meetings of the Committee were held during the year on 17th October 2014 & 14th January 2015.

Details of composition of Members during the year are as follows:

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

Subsidiary Companies

Tanla Solutions (UK) Limited, formerly Techserv Teleservices (UK) Limited, UK (hereinafter referred to as "Tanla UK"), a wholly owned subsidiary of Tanla Solutions Limited ("Tanla")based at London, UK, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

Tanla Corporation Private Limited (formerly known as Mufithumb Corporation Private Limited, India), a wholly owned subsidiary of Tanla based at Hyderabad, India is engaged in development of telecom products and services. Tanla Mobile Private Limited (a 100% subsidiary company) was merged with Mufithumb Corporation Private Limited (a 100% subsidiary company) with implementation date April 01, 2014 vide Honourable High Court of Andhra Pradesh and Telangana order no. C. P of 7 & 8 of 2015 dt. April 28, 2015 and subsequent to which the name was changed to Tanla Corporation Private Limited.

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

Tanla Mobile Ireland Pvt Limited, **Ireland** (hereinafter referred to as "Tanla Ireland"), a wholly owned subsidiary of Tanla Singapore based at Ireland, provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Middle East FZ LLC, **Dubai** (hereinafter referred to as "Tanla Dubai"), a wholly owned subsidiary of Tanla Singapore based at Dubai, UAE provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Finland Oy, **Finland** (hereinafter referred to as "Tanla Finland,"), a wholly owned subsidiary of Tanla Dubai is based at Finland.

Tanla Oy, **Finland** (hereinafter referred to as "Tanla Oy"), a wholly owned subsidiary of Tanla Finland Oy, Finland provides payment solutions to clients in telecommunications and allied areas.

General Body Meetings

Location and date / time for last three Annual General Meetings were:

Year	Location	Date	Time
2011 - 2012	Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081	28th September, 2012	10.30 A.M
2012 - 2013	Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081	20th September, 2013	10.30 A.M
2013 - 2014	Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081,	30th September, 2014	11.30 A.M

Postal Ballot

At the ensuing Annual General Meeting, there is no item on the Agenda that requires approval through Postal Ballot.

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

a. Financial year 2013-14 Special Resolution passed -

- Appointment of Independent Director.
- Fixing the remuneration of Chairman & Managing Director
- Alteration of article 106 of Articles of Association of the Company
- Alteration of article 119 of Articles of Association of the Company

b. Financial year 2012-13 Special Resolution passed –

- Fixing the remuneration of Chairman & Managing Director
- Fixing the remuneration of the Director - Chief Technology Officer

c. Financial year 2011-12

- There were no special resolutions passed during the Financial Year 2011-12

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. D Uday Kumar Reddy (DIN 00003382), retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Brief resume of Mr. D Uday Kumar Reddy with the additional information required under Clause 49(VIII)(E) of the Listing Agreement 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 Company, specializing in mobile messaging and payments.

Mr. D 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. He has also been significantly active in the M&A community, and has been leading discussions regarding potential alliances and M&A opportunities.

Other Directorships

The details of other Directorships and Committee : Memberships of Mr. D. Uday Kumar Reddy are NIL*

* Includes only public limited companies as defined in Section 2(71) of the Companies Act, 2013.

Mr .D .Uday Kumar Reddy holds 14,496,493 (14.29%) equity shares in the Company as on 31st March 2015.

Disclosures

- **CMD and CFO Certification**

The Chairman and the Chief Financial Officer of the Company have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement attached as **Annexure – C** to this report

- **Related Party Transactions**

There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested and details of which are required to be entered therein are placed before the Board, if required. Transactions with the Related Parties as required under Accounting Standard – 18, are disclosed in Notes to the financial statements forming part of this Annual Report.

The Company has framed a Policy on Related PartyTransactions and the same is available on website of the Company at www.tanlasolutions.com

- **Compliance**

A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and the Company Secretary is placed at periodic intervals for review by the Board. The Board reviews the compliance of all the applicable Laws and gives appropriate directions wherever necessary.

- **Compliance with Accounting Standards**

In preparation of financial statements, the Company has followed the Accounting Standards notified under Companies Act, 2013 read with 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.

- **Code of Conduct**

The Board of Directors have laid-down a "Code of Conduct" (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company "http://www.tanla.com/". Annual declaration is obtained from every person covered by the Code.

- **Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code along with the management of the Company.
All Directors and the designated employees have confirmed compliance with the Code

- **Risk Management**

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.This Committee is empowered to monitor the Risk Management and their mitigation processes. A detailed note on the risk identification and mitigation is included in Management Discussion and Analysis annexed to the Directors' Report.

- **Vigil Mechanism**

The Company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. During the year, no employee was denied access to Chairman of the Audit Committee.

- **Pecuniary transactions with Non-Executive Directors**

There were no pecuniary transactions with any of the Non-Executive Directors except for remuneration paid as Directors of the Company.

- **Strictures/Penalty**

During the last three years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

- **Management Discussion and Analysis**

Management Discussion & Analysis is annexed to the Directors' Report which forms part of this Annual Report.

9. Means of Communication

Quarterly financial results are published in leading newspapers, viz. The Business Standard, Economic Times, Mint and vernacular – Sakshi, Andhra Jyothi, Eenadu. The results are also posted on the Company's Website: www.tanla.com Presentation made to the Analysts is posted on the Company's Website.

10. General Shareholder Information:

Date, Time & Venue of AGM	September 16, 2015 at 10.30 AM at Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitech City, Madhapur, Hyderabad – 500081
Financial Calendar	i) Financial Year – April to March ii) First Quarter Results – August 07, 2015 iii) Half-yearly Results – last week of October 2015* iv) Third Quarter Results - last week of January 2016* v) Results for the year ending March 31, 2016 last week of May 2016* * Provisional
Date of Book Closure	September 10, 2015 to September 16, 2015 (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 have been paid to all the above Stock Exchanges
Stock Code:	
Bombay Stock Exchange Ltd.	Demat Scrip Code No. 532790
National Stock Exchange of India Ltd	TANLA
ISIN for (shares) of NSDL & CDSL	INE483C01032
Market Price Data : High, Low during each month in last Financial year/Performance in comparison to BSE Sensex and S&P CNXNifty	Please see **Annexure 'A'**

Registrar and Transfer Agents	M/s Karvy Computershare Private Limited (Unit: Tanla Solutions Limited)Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081, Telangana State; Ph: 040-23420815-28,Fax: 040-23420814
Employee Stock Option Scheme	The Nomination and Remuneration Committee has cancelled the ESOP Scheme 2008 and the underlying ESOP Pool of 5,000,000 Options. The Board in its meeting held on August 13, 2015 has approved ESOP 2015-16 Policy to its Employees with 50 Lakh fully paid-up Equity Shares, subject to the approval of Shareholders.
Distribution of Shareholding and Share holding pattern as on March 31, 2015	Please see **Annexure 'B'**
Dematerialisation of shares and Liquidity	101,330,969 of the shareholding have been dematerialized as on March 31, 2015.
Registered Office / Address for Correspondence	Tanla Solutions Limited,Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081. Phone: 040-40099999 Fax: 040-23122999 Website : www.tanla.com
11. Non-Mandatory Requirement:	
a. Shareholders/Shareholder's Rights	Quarterly financial results are published in leading newspapers, viz. The Business Standard, Economic Times, Mint and vernacular – Sakshi, Andhra Jyothi, Eenadu. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers. We also send out quarterly investor updates to all the investors who have registered their email ids with us and also update the same on the websites of Tanla and SE's.
b. Other Non-Mandatory Requirement	At present, other non-mandatory requirements have not been adopted by the Company
12. Other Requirements:	
a. Unclaimed shares	

Following is the reconciliation of unclaimed shares in "Tanla solutions Limited – Unclaimed Suspense Account", pursuant to Clause 5A of the Listing Agreement:

No of share-holders as on April 1,2014	15
Outstanding shares in the suspense account lying as on April 1,2014	870
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	-
Number of shareholders to whom shares were transferred from suspense account during the year	-
Aggregate number of shareholders at the end of the year as on March 31, 2015	15
Aggregate number of shares at the end of the year as on March 31, 2015	870

On behalf of the Board of Directors
for Tanla Solutions Limited

Sd/-

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

Place: Hyderabad.
Date : August 13, 2015

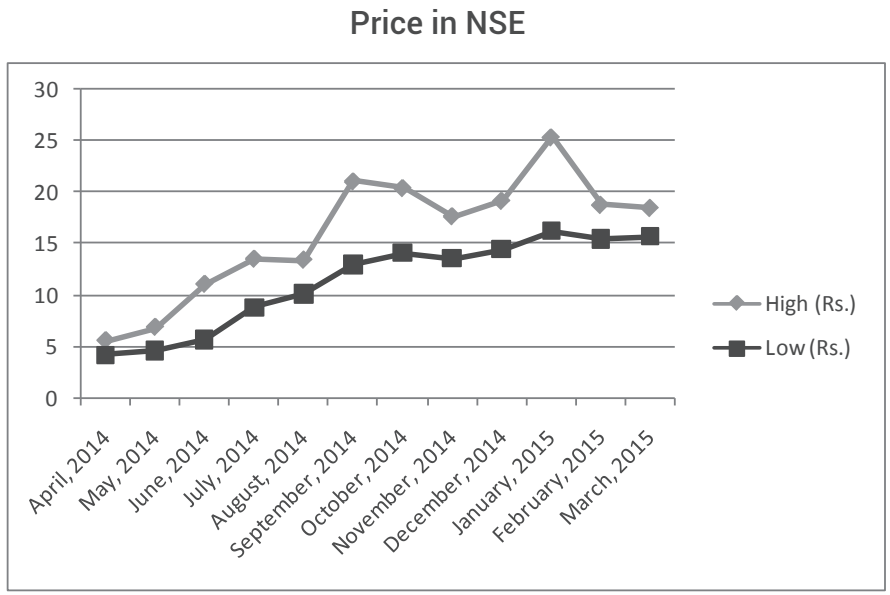
*Annexure-A

BOMBAY STOCK EXCHANGE LTD. (BSE)

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2014	5.62	4.15	1,058,122
May, 2014	6.88	4.6	1,668,301
June, 2014	11.47	5.76	5,331,942
July, 2014	13.29	8.75	2,796,116
August, 2014	13.5	10.36	4,484,284
September, 2014	21.05	13.2	9,282,317
October, 2014	20.6	14.1	5,249,130
November, 2014	17.4	13.75	3,232,510
December, 2014	19.1	14.35	2,820,623
January, 2015	25.35	16.5	6,942,343
February, 2015	18.7	15.25	2,081,824
March, 2015	18.7	15.7	1,684,297

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	High (₹)	Low (₹)	No. of Shares traded
April, 2014	5.6	4.2	1,794,254
May, 2014	6.9	4.6	3,635,570
June, 2014	11.1	5.7	3,736,794
July, 2014	13.55	8.8	5,208,165
August, 2014	13.45	10.15	6,654,150
September, 2014	21.1	13	12,666,989
October, 2014	20.45	14.15	10,666,623
November, 2014	17.7	13.6	4,572,802
December, 2014	19.2	14.45	6,877,177
January, 2015	25.4	16.25	20,845,580
February, 2015	18.8	15.5	5,444,101
March, 2015	18.5	15.8	5,083,165



***Annexure-B**

Distribution Of Holdings As On March 31, 2015

S. No	Category	Cases	% of Cases	Amount	% Amount
1	001 - 5000	74,280	97.91	29,833,823	29.4
2	5001 - 10000	871	1.15	6,361,316	6.27
3	10001 - 20000	379	0.5	5,475,999	5.4
4	20001 - 30000	132	0.17	3,217,973	3.17
5	30001 - 40000	44	0.06	1,505,401	1.48
6	40001 - 50000	28	0.04	1,260,713	1.24
7	50001 - 100000	69	0.09	4,651,347	4.58
8	100001 & Above	59	0.08	49,173,021	48.46
	Total:	**75,862**	**100**	**101,479,593**	**100**

Share Holding Pattern as on March 31, 2015

Sno	Description	Cases	No. Of Shares	Percentage Equity
1	Clearing Members	80	126,887	0.13
2	Employees	8	55,100	0.05
3	Foreign Institutional Investor	2	621,023	0.61
4	Foreign Nationals	8	821,807	0.81
5	H U F	2,245	1,740,022	1.71
6	Bodies Corporate	684	10,674,631	10.52
7	Non Resident Indians	593	1,681,155	1.66
8	Overseas Corporate Bodies	1	1,500	0
9	Promoters Group	5	10,066,869	9.92
10	Company Promoters	3	23,815,764	23.47
11	Resident Individuals	72,224	51,863,875	51.11
12	Trusts	9	10,960	0.01
	Total:	**75,862**	**101,479,593**	**100**

Control Report As On March 31, 2015

S. No	Description	No of Holders	Shares	% To Equity
1	Physical	40	882,715	0.87
2	NSDL	48,844	79,959,866	78.79
3	CDSL	26,978	20,637,012	20.34
	Total:	**75,862**	**101,479,593**	**100**

*Annexure-C

Certificate of the CMD and the CFO to the Board of Directors of M/s. Tanla Solutions Limited

We hereby certify that:

1. We have reviewed the financial statements for the year ended on March 31, 2015.

2. These statements do not contain any material untrue statement or omit any material fact nor do they contain statements that might be misleading.

3. These statements represent a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

4. We are responsible for establishing and maintaining internal controls for financial reporting which have been designed to ensure that all material information is periodically made to all those concerned.

5. We shall disclose to the Auditors as well as the Audit Committee deficiencies in the design or operation of internal controls, if any, and what they have done or propose to do to rectify these deficiencies.

6. We also have disclosed to the Auditors as well as the Audit Committee instances of significant fraud, if any that involves management to employees having a significant role in the company's internal control systems.

7. We have indicated to the Auditors, the Audit Committee whether or not there were significant changes in internal control over financial reporting and/or of accounting policies during the year under review.

8. To the best of our knowledge and belief, there were no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

Place: Hyderabad.
Date : May 27, 2015

for Tanla Solutions Limited
Sd/-
D. Uday Kumar Reddy
Chairman & Managing Director

for Tanla Solutions Limited
Sd/-
Srinivas Kamoji Gunupudi
Chief Financial Officer

Certificate of compliance from Auditors as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India

Certificate

To the Members of Tanla Solutions Limited -

We have examined all the relevant records of Tania Solutions Limited (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial year ended March 31, 2015 (i.e. from April 1, 2014 to March 31, 2015). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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 the Corporate Governance. It is neither an audit nor an expression of 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, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

This Certificate 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.

for BS & Company Company Secretaries LLP
(Formerly BS & Company Company Secretaries)
Sd/-
(Dafthardar Soumya)
Associate Partner
C.P. No. 13199

Place: Hyderabad.
Date : August 05, 2015

Declaration on Code of Conduct

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, 2015 as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

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

Place: Hyderabad.
Date : May 27, 2015

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[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]

To,
The Members,
Tanla Solutions Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tanla Solutions Limited (hereinafter called "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 Tanla Solutions Limited's books, papers, minute books, forms and returns filed and other 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 31st March, 2015 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 Tanla Solutions Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act,1956('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment received by the Company during the financial year 2014-2015;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vi) The Industry specific Acts, Labour and other applicable laws as provided by the Management of the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (Which are not yet enforced as on 31.03.2015) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange & Bombay Stock Exchange;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

UNDER COMPANIES ACT, 2013:

The company is yet to appoint a Woman Director on the Board as required under Section 149 of Companies Act, 2013.

We report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

(i) Revised the sitting fee payable to the Independent Directors

(ii) Transferred the "Unpaid/unclaimed Dividend for the year 2006-07" to the Investor and Education fund established by the Central Government

(iii) Appointed its Independent Director, Dr. A G Ravindranath Reddy, as independent director on the Boards of its subsidiaries, Tanla Mobile Pvt. Ltd. and Mufithumb Corporation Pvt. Ltd.

(iv) Increased the remuneration to its Chairman & Managing Director, Mr. D. Uday Kumar Reddy, from Rs. 48 lakhs to Rs.120 lakhs

(v) Altered Article 106 and 119 of the Articles of Association of the Company

for BS & Company Company Secretaries LLP
(Formerly BS & Company Company Secretaries)
Sd/-
(Dafthardar Soumya)
Associate Partner
C.P. No. 13199

Place: Hyderabad.
Date : August 05, 2015

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

Enclosure-A

To,
The Members,
Tanla Solutions Limited.

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

a. 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.

b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of 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.

c. We have not verified the correctness and appropriateness of financial records and Books ofaccounts ofthe Company.

d. Where ever required, we have obtained Management Representation about the compliance, laws, rules and regulations and happening of events etc.

e. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

f. 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.

Sd/-
(Dafthardar Soumya)
Membership Number: 29312
C.P. No. 13199

Place: Hyderabad.
Date : August 05, 2015

Independent Auditor's Report

To the Members,
Tanla Solutions Limited
Hyderabad

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Tanla Solutions Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow statement for the year ended and summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

The company's board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, ("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 and cash flows of the Company in accordance with Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014, This responsibility also includes the maintenance of adequate records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing Specified under sec 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2015, and its profit and its cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, 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 purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d.In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e.On the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act.

f.With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and protection fund by the company.

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants
Firm Regn. No.010396S
Sd/-
C V Koteswara Rao
Partner
Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

Annexure to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report of even date to the members of the Tanla Solutions Limited (the Company) on the financial statements for the year ended March 31, 2015. We report that:

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies have been noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets.

ii) The Company is a service based company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the order is not applicable.

iii) According to the information and explanations given to us, the company has not granted loans (inter corporate deposit) to a subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

v) According to the explanations given to us, the company has not accepted any deposits from Public.

vi) The Central Government has not prescribed the maintenance of cost record under section 148(1) of the Companies Act 2013, for any of the services rendered by the company.

vii) a)According to the records of the company and explanations given to us and on the basis of our examination of the records of the company, undisputed statutory dues including provident fund, Income - tax, Value Added Tax, and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities. Further, as explained to us, no undisputed statutory dues were in arrears as at 31st March 2015 for a period of more than 6 months from the date they become payable.

b) According to the information and explanationsgiven to us, there are no income tax, wealth tax, sales tax, customs duty and excise duty, 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 ₹ 68,581,618 (out of this ₹ 19,368,932/- paid) pending before the CESTAT. There were no dues on account of cess under 441A of the Companies Act 1956, since the date from which the aforesaid section comes into force has not yet been not filed by the Central Government.

c) According to the information and explanation given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

ix) Based on our audit procedures, we are of the opinion that the company did not have any outstanding dues to financial institutions, bankers or debentures holders during the year.

x) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.

xi) According to the information and explanations given to us, no term loans were raised during the year.

xii) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants
Firm Regn. No.010396S
Sd/-
C V Koteswara Rao
Partner
Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

Balance sheet as at

₹

	Particulars	Note	March 31, 2015	March 31, 2014
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	(a) Share capital	2	101,479,593	101,479,593
	(b) Reserves and surplus	3	6,150,469,044	6,049,856,116
			6,251,948,637	6,151,335,709
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	2,973,457	544,484
	(b) Other long-term liabilities	5	1,019,943	11,199,292
			3,993,400	11,743,776
3	**Current liabilities**			
	(a) Short term Borrowings	6	1,176,967	1,306,620
	(b) Trade payables	7	388,111,293	53,026,226
	(c) Other current liabilities	8	50,399,046	28,915,576
	(d) Short-term provisions	9	11,725,330	408,348
			451,412,636	83,656,770
	Total		**6,707,354,673**	**6,246,736,256**
B	**ASSETS**			
1	**Non-Current Assets**			
	(a) Fixed Assets			
	(i) Tangible assets	10	308,488,113	347,856,388
	(ii) Capital work-in-progress		-	55,287,816
			308,488,113	403,144,204
	(b) Non-current investments	11	5,313,794,806	4,748,371,990
	(c) Deferred tax assets (net)		43,787,814	64,513,220
	(d) Other non-current assets	12	121,833,309	97,686,527
			5,479,415,929	4,910,571,737
2	**Current Assets**			
	(a) Current investments	13	-	52,967,017
	(b) Trade receivables	14	618,705,333	414,923,323
	(c) Cash and cash equivalents	15	249,734,732	179,011,737
	(d) Short-term loans and advances	16	13,210,066	232,103,714
	(e) Other current assets	17	37,800,499	54,014,522
			919,450,630	933,020,314
	Total		**6,707,354,673**	**6,246,736,256**
	See accompanying notes forming part of the financial statements	1 to 31		

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Standalone

Statement of Profit and Loss for the year ended

₹

	Particulars	Note	March 31, 2015	March 31, 2014
1	Gross Revenue from operations (net of taxes)	18	1,326,117,472	257,032,966
2	Other income	19	52,077,522	54,760,885
3	**Total Revenue (1 + 2)**		**1,378,194,994**	**311,793,851**
4	**Expenditure**			
	(a) Cost of services	20	1,082,002,482	109,159,977
	(b) Employee Benefits expense	21	66,404,793	54,777,546
	(c) Depreciation and Amortisation expense	10	103,826,714	107,090,415
	(d) Advertisement expense	22	4,302,221	1,867,248
	(e) Other Expenses	23	63,055,011	35,364,208
	Total Expenses		**1,319,591,221**	**308,259,394**
5	**Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)**		**58,603,773**	**3,534,457**
6	Exceptional items		-	96,809,938
7	**Profit / (Loss) before extraordinary items and tax (5 - 6)**		**58,603,773**	**(93,275,481)**
8	Extraordinary items		-	-
9	**Profit / (Loss) Before Tax (7 - 8)**		**58,603,773**	**(93,275,481)**
10	**Tax expense :**			
	(a) Current Tax		11,725,330	408,348
	(b) Prior period taxes		7,184,995	-
	(c) MAT Credit Entitlement		(11,725,330)	(358,348)
	(d) Deferred Tax		20,725,406	3,276,009
11	**Profit / (Loss) from continuing operations (9 - 10)**		**30,693,372**	**(96,601,490)**
12	**Earnings per share (of ` 1/- each):**			
	(a) Basic		**0.30**	**(0.95)**
	(b) Diluted		**0.30**	**(0.95)**
	See accompanying notes forming part of the financial Statements	1 to 31		

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Standalone

Cash Flow Statement For The Year Ended

₹

	Particulars	March 31, 2015	March 31, 2014
A	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net profit before taxation and extraordinary items	58,603,773	(93,275,481)
	Adjusted for :		
	Depreciation	103,826,714	107,090,415
	Interest & other income received	(52,077,522)	(54,760,885)
	Public issue expenses & goodwill w/o	-	-
	Operating profits before working capital charges	110,352,965	(40,945,951)
	Changes in current assets and liabilities		
	Products under development	-	67,360,631
	Sundry debtors	(203,782,010)	(5,968,915)
	Loans and advances	210,960,889	(216,982,059)
	Other Long term Liabilities	(10,309,002)	-
	Current liabilities and provisions	358,997,509	(144,606,592)
	Cash generated from operations	466,220,351	(341,142,886)
	Income taxes paid	-	(358,348)
	Net cash generated from operating activities	466,220,351	(340,784,538)
B	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets and change in capital work-in-progress	64,880,920	57,504,479
	Investments in subsidiaries	(565,422,815)	-
	Interest & other income received	52,077,522	54,760,885
	Net cash used in investing activities	(448,464,374)	112,265,364
C	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	(Purchase)/Sale of investments	52,967,017	222,782,790
	Dividends and dividend tax paid during the year	-	-
	Net Cash generated from financing activities	52,967,017	222,782,790
D	Net increase / (decrease) in cash and cash equivalents	70,722,995	(5,736,384)
E	Cash and cash equivalents at the beginning of the year	179,011,737	184,748,120
F	**Cash and cash equivalents at the end of the year**	**249,734,732**	**179,011,737**

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Notes forming part of the financial statements

A Corporate information

Tanla Solutions Limited (hereinafter referred to as "Tanla") was incorporated on July 28th, 1995 in Hyderabad, Andhra Pradesh. Tanla has its head quarters and development facilities in Hyderabad, India and serves a global customer base through its subsidiaries. Tanla's range of services include product development and implementation in wireless telephony industry, aggregator services and offshore development services.

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable generally accepted accounting principles in India (Indian GAAP), the Accounting Standards (AS) specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (the 2013 Act)/ the Companies Act, 1956 (the 1956 Act) as applicable. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

1.2 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 liabilites. 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.

1.3 Revenue recognition

Revenue from messaging services is recognized based on the number of messages delivered on a fixed price , fixed-time frame contracts where there is no uncertainity as to measurement of collectability. Revenue from Telecom Value Added Services, net of credit notes, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract.

Profit on sale of investments in mutual funds is recorded on transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest Income is recognised on an accrual basis.

1.4 Fixed Assets, intangible assets and capital work-in-progress

Fixed Assets are stated at cost, less accumulated depreciation. All direct costs are capitalized until fixed assets are ready for use including taxes, duties, freight and other incidental expenses relating to acquisition and installation. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are carried at cost, net of accumulated amortisation and impariment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

1.5 Depreciation

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except 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.,

Asset	Useful Life (in years)
Computers & Software	03-05
Vehicles	05-07
Office Equipment, Furniture & Fixtures	03-05

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

1.6 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 the 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.

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 ₹15,000 per month) are entitled to receive benefits 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. Tanla 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 charged to income in the year it is incurred.

1.7 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.

1.8 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 recorded in the profit and loss account.

1.9 Taxes on Income

Income taxes are computed using the tax effect accounting method, in accordance with the Accounting Standard (AS 22) "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and the relevant timing difference of earlier years. 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.

MAT credit is recognized as an asset only, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Mat credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

1.10 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 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".

1.11 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.

1.12 Investments

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

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of 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

Note		As at March 31, 2015		As at March 31, 2014	
		No. of shares	₹	No. of shares	₹
2	**Share Capital**				
	(a) Authorised Equity shares of ₹ 1 each	120,000,000	120,000,000	120,000,000	120,000,000
	(b) Issued Subscribed and fully paid up: Equity Shares of ₹1 each fully paid-up	101,479,593	101,479,593	101,479,593	101,479,593
		101,479,593	**101,479,593**	**101,479,593**	**101,479,593**

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹	No. of Shares	₹
Equity Shares:				
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**101,479,593**	**101,479,593**	**101,479,593**	**101,479,593**

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, 2015		As at March 31, 2014	
	No. of Shares	%	No. of Shares	%
D Uday Kumar Reddy	14,496,493	14.29	14,496,493	14.29
D Tanuja Reddy	9,319,271	9.18	9,319,271	9.18
Gautam Sabharwal	7,361,600	7.25	7,361,600	7.25

Notes forming part of the financial statements

₹

Note		As at March 31, 2015	As at March 31, 2014
3	**Reserves and Surplus**		
	Share Premium	4,285,501,775	4,285,501,775
	Investment subsidy	400,000	400,000
	Capital Reserve	69,919,556	-
	General reserve	249,804,979	249,804,979
	Sub-total (A)	4,605,626,310	4,535,706,754
	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening balance	1,514,149,361	1,610,750,852
	Add: Profit / (Loss) for the year	30,693,372	(96,601,490)
		1,544,842,733	1,514,149,361
	Less: Proposed dividend for the year	-	-
	Less: Tax on dividend	-	-
	Sub-total (B)	1,544,842,733	1,514,149,361
	Closing Balance (A + B)	**6,150,469,044**	**6,049,856,116**
4	**Long Term Borrowings**		
	Vehicle Loan	2,973,457	544,484
		2,973,457	**544,484**
5	**Other Long Term Liabilities**		
	Other Security Deposits and Advances	60,000	10,206,044
	Unclaimed Dividend	959,943	993,248
		1,019,943	**11,199,292**
6	**Short term borrowings**		
	Vehicle Loan	1,176,967	1,306,620
		1,176,967	**1,306,620**
7	**Trade Payables**		
	Trade payables to Small & Micro Enterprises	-	-
	Trade payables to other than Small & Micro Enterprises	388,111,293	53,026,226
		388,111,293	**53,026,226**
8	**Other Current Liabilities**		
	Other Liabilities	50,399,046	28,915,576
		50,399,046	**28,915,576**
9	**Short-Term Provisions**		
	Provision for taxes	11,725,330	408,348
		11,725,330	**408,348**

Notes forming part of the financial statements

Note 10: Statement of Fixed Assets

₹

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at April 1,2014	Additions	(Deletions)	As at March 31, 2015	Up to April 1,2014	For the year		Up to March 31, 2015	As at March 31, 2015	As at March 31, 2014
						Additions	Deletions			
Tangible Assets										
Land & site development	56,714,105	21,823,290	-	78,537,395	-	-	-	-	78,537,395	56,714,105
Building & Interiors - Owned	157,712,543	4,467,799	-	162,180,342	34,594,389	2,330,201	-	36,924,591	125,255,751	123,118,154
Building interiors & fixtures - Leasehold	1	-	-	1	-	-	-	-	1	-
Furniture & Fittings	59,495,462	1,158,379	-	60,653,841	23,957,364	13,597,286	-	37,554,650	23,099,191	5,006,573
Computers & Software	314,964,370	30,360,714	263,734,255	81,590,829	284,423,136	24,525,342	274,221,222	34,727,256	46,863,573	155,492,978
Office equipment	103,198,448	583,049	2,663,119	101,118,378	44,789,076	53,225,326	-	98,014,402	3,103,976	15,226
Vehicles	15,255,659	19,169,352	14,456,769	19,968,242	7,746,307	3,419,080	735,480	10,429,907	9,538,335	7,509,352
Air conditioning	63,432,831	617,146	7,823,848	56,226,129	27,406,759	6,729,479	-	34,136,238	22,089,891	-
Total	**770,773,419**	**78,179,729**	**288,677,991**	**560,275,157**	**422,917,031**	**103,826,714**	**274,956,702**	**251,787,044**	**308,488,113**	**347,856,389**
Previous Year	964,909,378	28,294,767	222,430,726	770,773,420	508,718,229	107,090,415	192,891,613	422,917,031	347,856,389	456,191,149

Notes forming part of the financial statements

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Note		As at March 31, 2015	As at March 31, 2014
11	**Non Current Investments In Equity / Preference Shares (Un-quoted at cost)**		
	Mufithumb Corporation Pvt Ltd, India (1,148,648 equity shares of ₹ 10 each, fully paid-up)	486,097,268	7,174,000
	Tanla Solutions (UK) Ltd, UK (2,659,000 equity shares of GBP.1 each, fully paid-up)	282,386,758	206,467,116
	Tanla Mobile Asia Pacific Pte Ltd, Singapore		
	(750,001 Equity shares of SGD.1 each, fully paid-up)	30,928,916	30,928,916
	(148,107,895 Preference shares of SGD.1 each, fully paid-up)	4,504,032,864	4,483,452,958
	TZ Mobile Pvt Ltd, India (103,490 Equity shares of ₹ 10 each, fully paid-up)	10,349,000	10,349,000
	Tanla Mobile Pvt Ltd, India *	-	10,000,000
	Total	**5,313,794,806**	**4,748,371,990**
	*Merged with Mufithumb Corporation Pvt Ltd, a 100% subsidiary of Tanla Solutions Limited with implementation date from April 01, 2014 vide Honourable High Court of Andhra Pradesh and Telangana Order no. C. P. 7 & 8 of 2015 dt. April 27, 2015		
12	**Other Non Current Assets**		
	Balances with government authorities Unsecured, considered good - Service tax input credit	19,368,932	19,368,932
	Deposits with others	28,419,567	13,436,906
	Other advances	3,950,942	3,950,942
	Advance TDS & Service Tax	70,093,868	60,929,747
	Total	**121,833,309**	**97,686,527**
13	**Current Investments**		
	Kotak Bond Fund	-	47,369,231
	L & T Triple Ace Fund	-	5,597,787
	Total	**-**	**52,967,017**
14	**Trade Receivables**		
	(Unsecured and considered good)		
	Trade receivables outstanding for a period exceeding six months	164,789,611	221,475,444
	Other Trade receivables	453,915,722	193,447,880
	Total	**618,705,333**	**414,923,323**
15	**Cash And Bank Balances**		
	Cash on hand	112,740	503,625
	Balances with banks:		
	(i) in current accounts **	113,195,619	174,069,281
	(ii) in deposit accounts	136,426,373	4,438,831
	(** includes balances in Unclaimed Dividend accounts ₹ 959,943 (2013-14 ₹ 993,248))		
	Total	**249,734,732**	**179,011,737**
16	**Short Term Loans And Advances**		
	Advances recoverable in cash or kind or for value to be received	13,210,066	3,103,714
	Loans to Subsidiaries	-	229,000,000
	Total	**13,210,066**	**232,103,714**
17	**Other Current Assets**		
	Interest accrued on loans given to Related Parties	-	23,964,821
	Advance TDS & Service Tax	26,075,169	29,691,353
	MAT Credit Entitlement	11,725,330	358,348
	Total	**37,800,499**	**54,014,522**

Notes forming part of the financial statements

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Note		For the year ended March 31, 2015	For the year ended March 31, 2014
18	**Revenue From Operations**		
	Overseas	2,128,616	3,178,097
	Domestic : India	1,323,988,856	253,854,869
		1,326,117,472	**257,032,966**
19	**Other Income**		
	Interest on Deposits with Banks	6,138	1,233,817
	Interest received from subsidiary companies & others	32,537,587	26,479,890
	Exchange Fluctuation (Net)	17,809,500	13,700,829
	Profit on Mutual Funds	175,471	11,802,586
	Miscellaneous Income	1,548,826	1,543,763
		52,077,522	**54,760,885**
20	**Cost Of Services**		
	Cost of Services	1,082,002,482	109,159,977
		1,082,002,482	**109,159,977**
21	**Employee Benefits Expense**		
	Salaries & Wages	57,459,248	44,983,672
	Contribution to Provident and other Funds	3,549,073	2,861,287
	Staff Welfare & training	5,396,472	6,932,587
		66,404,793	**54,777,546**
22	**Advertisement Expenses**		
	Advertisement Expenses	4,302,221	1,867,248
		4,302,221	**1,867,248**
23	**Other Expenses**		
	Travelling expenses	15,730,407	6,377,002
	Communication expenses	7,942,846	3,220,769
	Repairs & maintenance expenses	10,040,535	6,687,744
	Rent, rates & taxes	5,439,604	4,007,626
	Printing & stationery	1,437,115	758,453
	Office maintenance expenses	2,880,768	1,803,397
	Power & fuel	4,143,716	2,969,027
	General expenses	2,057,318	1,329,489
	Insurance expenses	1,091,122	703,094
	Listing Fees to Stock Exchanges	847,096	866,147
	Professional charges	3,508,711	3,165,911
	R&D Expenses	1,169,115	1,245,399
	Advances Written off	-	336,372
	Auditors remuneration	1,500,000	1,000,000
	Finance & bank charges	2,591,461	808,402
	Provision for Bad debts / written off	304,909	85,375
	Loss on sale of vehicles / discarded assets	2,370,289	-
		63,055,011	**35,364,208**

24 Contingent Liabilities

i) Total Guarantees outstanding as of March 31,2015 amounting to ₹ 2150.00 lakhs (March 31,2014 –₹ Nil) have been issued by banks on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for business. The amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

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

S.No.	Particulars	For the Year 2014-2015	For the Year 2013-2014
1	Outstanding guarantees given by the company	215,000,000	-
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	-	-

Unless otherwise stated, the Management believes that, based on legal advice, the outcome of these contingencies will be favourable and that loss is not a probable.

25 Segment Reporting:

Refer note 27 of notes to the Consolidated Financial Statements

26 Related Party Disclosures:

A) List of Related Parties:

Name of the Related Party	Country	Relationship with the Entity
Tanla Solutions (UK) Limited, India	UK	Wholly-owned subsidiary
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Mobile Ireland Private Limited	Ireland	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
Tanla Mobile Middle East FZ LLC	UAE	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
Tanla Mobile Finland Oy	Finland	Wholly-owned subsidiary of Tanla Mobile Middle East FZ LLC
Tanla Oy	Finland	Wholly-owned subsidiary of Tanla Mobile Finland Oy
Mufithumb Corportion Private Limited	India	Wholly-owned subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain

Standalone

B) Related party Transactions for the year ended March 31, 2015: ₹

Nature of Transactions/ Name of the Subsidiary	Transactions		Balance Outstanding	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of Services				
Tanla OY	1,277,249	-	-	-
Amount Receivable under Trade Receivables				
Tanla Solutions UK Ltd	-	-	-	33,901,708
Tanla OY	-	-	-	20,282,287
Tanla Mobile Asia Pacific Pte Ltd,	-	-	-	4,306,831
Tanla Mobile Middle East FZ LLC,	-	-	-	3,334,437
Reimbursement of Expenses				
Mufithumb Corporation Pvt. Ltd	11,765,776	3,283,603	24,043,442	24,902,640
Tanla Solutions UK Ltd, UK	9,082,620	-	9,082,620	-
Tanla Mobile Middle East FZ LLC,	3,700,000	-	3,700,000	-
Advance received/(Paid) to:				
Tanla Mobile Middle East FZ LLC,	-	-	3,950,942	3,950,942
Tanla Mobile Asia Pacific Pte Ltd,	-	-	(3,418,330)	(3,418,330)

C) List of Transactions with key management personel

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D. Uday Kumar Reddy Chairman & Managing Director	8,363,544	867,564	-	9,231,108
K. Satish - Director & CTO *	1,618,000	198,000	-	1,816,000
Total	**9,981,544**	**1,065,564**	**-**	**11,047,108**

* resigned with effect from September 02, 2014

Remuneration to non-executive directors

Name	Sitting Fees	Re-imbursement of expenses	Total
Padmabhushan Ram Narain Agarwal - Director	90,000	-	90,000
Dr. A G Ravindranath Reddy - Director	90,000	-	90,000
Total	**180,000**	**-**	**180,000**

27 Foreign Exchange earned and outgo

a. Imports (valued on the cost, insurance and freight basis) ₹

Particulars	For the Year 2014-2015	For the Year 2013-2014
Import of capital goods	-	7,935,979

b. Activity in foreign currency		
Earnings in foreign exchange (on accrual basis)		
Income from software products and offshore development services	2,128,616	3,178,097
Dividends received	-	-
Interest received	-	-
Expenditure in foreign exchange (on accrual basis)		
Cost of services	32,825,261	33,897,126
Foreign Travel Expenses	8,733,265	818,825
Professional Charges	77,027	481,659
Net earnings in foreign exchange	**(39,506,937)**	**(39,955,492)**

28 Deferred Tax Asset / (Liability)

	Particulars	31-Mar-15	31-Mar-14
i	**Deferred tax liability**		
	On account of depreciation	(32,697,315)	(19,650,222)
ii	**Deferred tax asset**		
	On account of misc. expenses w/o	-	-
	On un-absorbed losses	11,090,499	44,862,998
		11,090,499	44,862,998
	Net deferred tax liability	**(43,787,814)**	**(64,513,220)**

29 Earnings Per Share

Particulars	FY 2014-2015	FY 2013-2014
Net profit after tax	30,693,372	(96,601,490)
Weighted average number of equity shares of ₹ 1 each	101,479,593	101,479,593
Nominal value of share @ of ₹1/-		
Earnings per share (basic/diluted)	**0.30**	**-0.95**

30 Quantitative details

The Company is engaged in the business of development & maintenance of Computer Software, offshore development and other related services. The production and sale of such software services cannot be expressed in any generic unit and hence it is not possible to give such quantitative details of sales and certain information as required under paragraph 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The details of Conversation of Energy, Technology absorption are given in Directors Report. R&D expenditure is not separately accounted for.

31 Previous year figures have been recast/reclassified wherever necessary to correspond with the current year's classification/disclosures.

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members,
Tanla Solutions Limited
Hyderabad

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Tanla Solutions Limited ("the Company"), its subsidiaries('the group") and jointly controlled entities which comprises the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and the consolidated Cash Flow statement for the year ended, and summary of significant accounting policies and other explanatory information.

Management Responsibility for the Consolidated Financial Statements

Management of the company is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ('the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including jointly controlled entities in accordance with Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014, This responsibility also includes the maintenance of adequate records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing Specified under sec 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group including jointly controlled entities as at 31st March, 2015, and its consolidated Profit and its consolidated cash flows for the year ended on the date.

Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 534,996,618 as at 31st March, 2015, total revenues of ₹ 925,648,986 and net loss amounting to ₹ 380,068,153 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Consolidated

2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred to be transferred to the Investor Education and protection fund by the company.

Referred to Paragraph-1 on other legal and regulatory requirements of our Report of even date to the members of Tanla Solutions Limited on the Consolidated financial statements of under stated entities for the year ended March 31, 2015

Our reporting on CARO,2015 includes one subsidiary company incorporated in India to which CARO, 2015 is applicable, in case of consolidated financial statements. In respect of one associate company incorporated in India, which has been included in consolidated financial statements.

1.a) The respective entities are maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b)The respective entities have a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies have been noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets.

i)The respective entities are a service based company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the order is not applicable.

2. According to the information and explanations given to us, the respective entities are not granted loans (inter corporate deposit) to a subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the entity and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of the audit we have not observed any major weaknesses in the internal control system during the course of the audit.

v)According to the explanations given to us, the respective entities have not accepted any deposits from Public.

vi)The Central Government has not prescribed the maintenance of cost record under section 148(1) of the Companies Act 2013, for any of the services rendered by the company.

vii) a) According to the records of the company and explanations given to us and on the basis of our examination of the records of the company, undisputed statutory dues including provident fund, Income - tax, Value Added Tax, and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities. Further, as explained to us, no undisputed statutory dues were in arrears as at 31st March 2015 for a period of more than 6 months from the date they become payable.

b) According to the information and explanations given to us, there are no income tax, wealth tax, sales tax, customs duty and excise duty, 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 ₹68,581,618 (out of this ₹19,368,932/- paid) pending before the CESTAT. There were no dues on account of cess under 441A of the Companies Act 1956, since the date from which the aforesaid section comes into force has not yet been not filed by the Central Government.

c) According to the information and explanation given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

viii) The respective entities do not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

ix) Based on our audit procedures, we are of the opinion that the respective entities did not have any outstanding dues to financial institutions, bankers or debentures holders during the year.

x) According to the information and explanations given to us, the respective entities has not given guarantees for loans taken by others from banks or financial institutions.

xi) According to the information and explanations given to us, the respective entities did not rise any term loans during the year, Thus, paragraph 4 (xi) of the order is not applicable.

xii) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the respective entities have been noticed or reported during the course of our audit.

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S

Sd/-
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

Consolidated

Balance sheet as at

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	Particulars	Note	March 31, 2015	March 31, 2014
A	**Equity & Liabilities**			
1	**Shareholders' Funds**			
	(a) Share Capital	2	101,479,593	101,479,593
	(b) Reserves and Surplus	3	6,109,725,866	5,915,263,066
			6,211,205,459	6,016,742,659
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	2,973,457	544,484
	(b) Long-term provisions	5	1,185,756	1,357,598
			4,159,213	1,902,082
3	**Current liabilities**			
	(a) Short-term borrowings	6	1,176,967	1,306,620
	(b) Trade payables	7	513,863,264	96,804,264
	(c) Other current liabilities	8	86,430,022	107,083,540
	(d) Short-term provisions	9	11,725,330	-
			613,195,583	205,194,424
	Total		**6,828,560,256**	**6,223,839,165**
B	**Assets**			
1	**Non-Current Assets**			
	(a) Fixed Assets			
	(i) Tangible Assets	10	921,215,647	1,537,931,062
	(ii) Intangible Assets	11	29,791,920	29,791,920
	(iii) Capital work-in-progress		2,874,637,314	2,435,407,476
	(iv) Intangible assets under development		771,967,924	1,176,700,234
			4,597,612,805	5,179,830,692
	(b) Deferred tax assets (net)	12	39,844,956	58,349,588
	(c) Other non-current assets	13	47,788,499	33,005,838
			87,633,455	91,355,426
2	**Current Assets**			
	(a)Current Investments in short term mutual funds	14	-	52,967,017
	(b)Inventories	15	266,177,755	233,200,105
	(c)Trade receivables	16	1,445,659,076	352,562,333
	(d)Cash and cash equivalents	17	299,028,741	191,740,160
	(e)Short-term Loans and advances	18	83,410,475	117,919,742
	(f)Other Current assets	19	49,037,948	4,263,690
			2,143,313,995	952,653,047
	Total		**6,828,560,256**	**6,223,839,165**
	See accompanying notes forming part of the financial statements	1 to 32		

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Consolidated

Statement of Profit and Loss for the year ended

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	Particulars	Note	March 31, 2015	March 31, 2014
A	**Continuing Operations**			
1	Revenue from operations (gross)	20	2,424,913,720	1,045,982,070
2	Other income	21	52,296,465	316,586,210
3	**Total Revenue (1 + 2)**		**2,477,210,185**	**1,362,568,280**
4	**Expenditure**			
	(a) Cost of services	22	1,413,878,715	498,045,779
	(b) Employee Benefits expense	23	98,209,291	95,300,473
	(c) Depreciation and Amortisation expense	10	756,797,823	840,454,020
	(d) Advertisement expenses	24	26,797,217	22,713,385
	(e) Bad Debts provision	25	10,578,300	11,219,628
	(f) Other Expenses	26	116,304,030	61,494,961
	Total Expenses		**2,422,565,376**	**1,529,228,246**
5	**Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)**		**54,644,809**	**(166,659,966)**
6	Exceptional items		-	96,809,938
7	**Profit / (Loss) before extraordinary items and tax (5 - 6)**		**54,644,809**	**(263,469,904)**
8	Extraordinary items		-	-
9	**Profit / (Loss) Before Tax (7 - 8)**		**54,644,809**	**(263,469,904)**
10	**Tax expense :**			
	(a) Current Tax		14,381,498	-
	(b) Prior Period Taxes		7,184,995	
	(c) Mat Credit		(11,725,330)	
	(b) Deferred Tax		18,921,981	(65,208,404)
11	**Profit / (Loss) from continuing operations (9 - 10)**		**25,881,665**	**(198,261,500)**
B	**Discontinuing Operations**		-	-
12	Profit / (Loss) from discontinuing operations		-	-
C	**Total Operations (A + B)**			
13	**Profit / (Loss) for the year (11 + 13)**		**25,881,665**	**(198,261,500)**
14	**Earnings per share (of `1 /- each):**			
	(a) Basic			
	(i) Continuing operations		**0.26**	**(1.95)**
	(ii) Total operations		**0.26**	**(1.95)**
	(b) Diluted			
	(i) Continuing operations		**0.26**	**(1.95)**
	(ii) Total operations		**0.26**	**(1.95)**
	See accompanying notes forming part of the financial statements	1 to 32		

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Consolidated

Cash flow statement for the year ended

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	Particulars	March 31, 2015	March 31, 2014
A	**Cash Flows From Operating Activities:**		
	Net profit before taxation, and extraordinary items	54,644,809	(263,469,904)
	Adjusted for :		
	Depreciation	756,797,823	840,454,020
	Interest & other income received	(52,296,465)	(316,586,210)
	Foreign Currency Fluctuation	-	11,556,000
	Diminution in the value of Investments	-	96,809,938
	Loss on sale of / discarded assets (net)	-	-
	Operating profits before working capital charges	**759,146,167**	**368,763,844**
	Changes in current assets and liabilities		-
	Products under development	404,732,310	(822,216,496)
	Sundry debtors	(1,093,096,744)	483,874,382
	Loans and advances & other current assets	27,919,365	263,695,731
	Current liabilities and provisions	410,258,290	93,788,060
	Cash generated from operations	508,959,389	387,905,520
	Income taxes paid	-	-
	Net cash generated from operating activities	**508,959,389**	**387,905,520**
B	**Cash Flows From Investing Activities:**		
	Purchase of fixed assets and change in capital work-in-progress	(420,989,623)	(743,112,413)
	Purchase of inventories	(32,977,650)	(233,200,105)
	Purchase of investments	-	-
	Proceeds from sale of shares (Investments)	-	223,860,065
	Interest received	52,296,465	316,586,210
	Net cash used in investing activities	**(401,670,809)**	**(435,866,243)**
C	**Cash Flows From Financing Activities:**		
	Dividends and dividend tax paid during the year	-	-
	Un-realised exchange gain / (loss) on conversion	-	(4,641,272)
	Net Cash generated from financing activities	**-**	**(4,641,272)**
D	Net increase / (decrease) in cash and cash equivalents	107,288,580	(52,601,995)
E	Cash and cash equivalents at the beginning of the year	191,740,160	244,342,156
F	**Cash and cash equivalents at the end of the year**	**299,028,740**	**191,740,160**

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353

Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Notes forming part of the financial statements

A Corporate information

Tanla Solutions Limited (hereinafter referred to as "Tanla") was incorporated on July 28th, 1995 in Hyderabad, Andhra Pradesh. Tanla has its headquarters and development facilities in India and serves a global customer base through its subsidiaries. Tanla's range of services include product development and implementation in wireless telephony industry, aggregator services and offshore development services.

Tanla Solutions (UK) Limited, formerly Techserv Teleservices (UK) Limited, UK (hereinafter referred to as "Tanla UK"), a wholly owned subsidiary of Tanla based at London, UK, provides aggregator and offshore development services to clients in telecommunications and offshore service sectors.

MufiThumb Corporation Private Limited, India (hereinafter referred to as "MufiThumb"), a wholly owned subsidiary of Tanla based at Hyderabad, India is engaged in development of products and services & sale of open plots.

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

Tanla Mobile Ireland Pvt Limited, Ireland (hereinafter referred to as "Tanla Ireland"), a wholly owned subsidiary of Tanla Singapore based at Ireland, provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Middle East FZ LLC, Dubai (hereinafter referred to as "Tanla Dubai"), a wholly owned subsidiary of Tanla Singapore based at Dubai, UAE provides aggregator services to clients in the telecommunications sector.

Tanla Mobile Finland Oy, Finland (hereinafter referred to as "Tanla Finland,"), a wholly owned subsidiary of Tanla Dubai based at Finland.

Tanla Oy, Finland (hereinafter referred to as "Tanla Oy"), a wholly owned subsidiary of Tanla Finland Oy, Finland provides payment solutions to clients in telecommunications and allied areas.

Tanla Mobile Private Limited, India (hereinafter referred to as "TMPL"), a wholly owned subsidiary of Tanla, is involved in development of products and services for clients in the telecommunications sector. TMPL was merged with Mufithumb Corporation Pvt Ltd with implementation date April 01, 2014 vide Honourable High Court of Andhra Pradesh & Telangana Order no. C.P. 7 & 8 of 2015 dt. April 27, 2015.

Note-1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable generally accepted accounting principles in India (Indian GAAP), the Accounting Standards (AS) specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (the 2013 Act)/the Companies Act, 1956 (the 1956 Act) as applicable. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements of subsidiary companies used in consolidation are drawn up to the same reporting date as at Tanla Solutions Limted. 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 necessiated 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 Tanla Solutions Limited and its subsidiaries. All material inter-Company balances and transactions are eliminated on consolidation.

Assets and liabilities of 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.

1.2 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 liabilites. 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

Examples of such estimates include provisions for doubtful debts, future obligations under retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

1.3 Revenue recognition

Revenue from messaging services is recognized based on the number of messages delivered on a fixed price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability.
Revenue from Telecom Value Added Services, net of credit notes, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators.
Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract.

Profit on sale of investments in mutual funds is recorded on transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest Income is recognized on an accrual basis.

Revenue from sale of plots is recognized upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

1.4 Fixed Assets, intangible assets and capital work-in-progress

Fixed Assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses relating to acquisition and installation. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

1.5 Depreciation and Goodwill

a) Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except on fixed assets of Tanla UK, Tanla Singapore and their subsidiaries. In respect of the following categories of assets, 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.,

Asset	Useful Life (in years)
Computers & Software	03-05
Vehicles	05-07
Office Equipment, Furniture & Fixtures	03-05

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

b) On the fixed assets of Tanla UK, Tanla Singapore and their subsidiaries, depreciation is provided on Straight Line Method. The applicable rates are based on the local laws and practices of the respective countries.

c) Goodwill has been recognized on consolidation of investment in Tanla Solutions (UK) Ltd., and Mufithumb Corporation Pvt. Ltd. with the parent company.

1.6 Inventories

Inventories are valued at lower of cost and net realisable value.

1.7 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 the 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 is 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.

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 ₹ 15,000 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. Tanla 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.

1.8 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.

1.9 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreignexchange 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 recorded in the profit and loss account.

1.9 Taxes on Income

Income taxes are computed using the tax effect accounting method, in accordance with the Accounting Standard (AS 22) "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact if current year timing differences between taxable income and accounting income for the year and the relevant timing difference of earlier years.

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.

MAT credit is recognized as an asset only, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Mat credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

1.10 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 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".

1.11 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 used in outstanding during the period.

1.12 Investments

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

1.13 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

Note		As at March 31, 2015		As at March 31, 2014	
		No. of shares	₹	No. of shares	₹
2	**Share Capital**				
	(a) Authorised Equity shares of ₹ 1 each	120,000,000	120,000,000	120,000,000	120,000,000
	(b) Issued Subscribed and fully paid up: Equity Shares of ₹1 each fully paid-up	101,479,593	101,479,593	101,479,593	101,479,593
		101,479,593	**101,479,593**	**101,479,593**	**101,479,593**

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹	No. of Shares	₹
Equity Shares:				
Shares outstanding at the beginning of the year	101,479,593	101,479,593	101,479,593	101,479,593
Add: Issued and allotted during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**101,479,593**	**101,479,593**	**101,479,593**	**101,479,593**

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

The Company has only one class of equity shares of 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, 2015		As at March 31, 2014	
	No. of Shares	%	No. of Shares	%
D Uday Kumar Reddy	14,496,493	14.29	14,496,493	14.29
D Tanuja Reddy	9,319,271	9.18	9,319,271	9.18
Gautam Sabharwal	7,361,600	7.25	7,361,600	7.25

Notes forming part of the financial statements

Note		As at March 31, 2015	As at March 31, 2014
3	**Reserves And Surplus**		
	Share Premium	4,295,889,975	4,295,889,975
	Investment subsidy	400,000	400,000
	Capital Reserve	-	-
	General reserve	249,804,978	249,804,978
		4,546,094,954	4,546,094,954
	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening balance	215,982,163	414,243,663
	Add: Profit / (Loss) for the year	25,881,665	(198,261,500)
		241,863,828	215,982,163
	Net reserves & surplus from joint ventures	-	957,302
	Currency translation reserve	1,321,767,084	1,152,228,648
	Total Reserves & Surplus	**6,109,725,866**	**5,914,305,765**
4	**Long-Term Borrowings**		
	Vehicle Loan	2,973,457	544,484
		2,973,457	**544,484**
5	**Long-Term Provisions**		
	Taxation	1,185,756	1,357,598
		1,185,756	**1,357,598**
6	**Short-Term Borrowings**		
	Vehicle Loan	1,176,967	1,306,620
		1,176,967	**1,306,620**
7	**Trade Payables**		
	Other than acceptances	513,863,264	96,804,264
		513,863,264	**96,804,264**
8	**Other Current Liabilities**		
	Other Liabilities	86,430,022	107,083,540
		86,430,022	**107,083,540**
9	**Short-Term Provisions**		
	Provision for Taxes	11,725,330	-
		11,725,330	**-**

Notes forming part of the financial statements

Note10 Statement of Fixed Assets ₹

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at April 1,2014	Additions	(Deletions)	As at March 31, 2015	Up to April 1st,2014	For the year		Up to March 31, 2015	As at March 31, 2015	As at March 31, 2014
						Additions	Deletions			
Tangible Assets										
Land & site development	56,714,105	21,823,290	-	78,537,395	-	-	-	-	78,537,395	56,714,105
Building & Interiors - Owned	167,384,224	4,467,799	-	171,852,023	35,179,106	2,330,201	-	37,509,307	134,342,716	132,205,118
Building interiors & fixtures- Leasehold	394,448	-	-	394,448	292,028	-	-	292,028	102,420	102,420
Furniture	29,596,680	1,158,379	-	30,755,059	28,577,531	13,597,286	-	42,174,817	(11,419,758)	1,019,150
Computers & Software	2,329,187,359	98,198,544	263,734,255	2,163,651,649	1,407,682,516	673,459,912	274,221,222	1,806,921,206	356,730,443	921,504,842
Office equipment	726,431,148	583,049	2,663,119	724,351,078	316,164,602	53,801,643	-	369,966,245	354,384,833	410,266,545
Vehicles	15,255,659	26,955,489	14,456,769	27,754,379	7,746,307	4,158,763	735,480	11,169,590	16,584,789	7,509,352
Air conditioning	12,205,204	617,146	7,823,848	4,998,502	3,595,676	9,450,017	-	13,045,693	(8,047,191)	8,609,528
Total	**3,337,168,828**	**153,803,696**	**288,677,991**	**3,202,294,533**	**1,799,237,766**	**756,797,823**	**274,956,702**	**2,281,078,887**	**921,215,647**	**1,537,931,059**
Previous Year	3,497,543,605	62,055,948	222,430,726	3,337,168,827	1,151,675,358	840,454,020	192,891,613	1,799,237,765	1,537,931,062	2,345,868,245

Notes forming part of the financial statements

Note		As at March 31, 2015	As at March 31, 2014
11	**Intangible Assets**		
	Goodwill		
	On acquisition of MufiThumb Corporation Pvt Ltd	4,674,000	4,674,000
	On acquisition of Tanla Solutions (UK) Ltd.	25,117,920	25,117,920
		29,791,920	**29,791,920**
12	**Deferred Tax Liability / (Asset)**		
	Deferred tax liability		
	On account of depreciation	(28,754,457)	(13,486,590)
	Less: Deferred tax asset		
	On account of misc. expenses w/o	-	-
	On un-absorbed losses	11,090,499	44,862,998
	Net deferred tax liability / (asset)	**(39,844,956)**	**(58,349,588)**
13	**Other Non Current Assets**		
	Balances with government authorities Unsecured, considered good		
	Service tax input credit	19,368,932	19,368,932
	Deposits with Others	28,419,567	13,636,906
		47,788,499	**33,005,838**
14	**Current Investments**		
	Kotak Bond Fund	-	47,369,231
	L & T Triple Ace Fund	-	5,597,787
		-	**52,967,017**
15	**Inventories**		
	Closing Stock of Land	266,177,755	233,200,105
		266,177,755	**233,200,105**
16	**Trade Receivables**		
	(Unsecured and considered good)		
	Debts outstanding for a period exceeding six months	385,248,482	185,300,992
	Other Debts	1,060,410,594	167,261,340
		1,445,659,076	**352,562,333**
17	**Cash And Bank Balances**		
	Cash on hand	126,193	593,478
	Balances with banks:		
	(i) in current accounts **	162,476,176	186,707,851
	(ii) in EEFC accounts	-	-
	(iii) in deposit accounts	136,426,373	4,438,831
	** includes balances in Unclaimed Dividend accounts ₹ 959,943 (2013-14 ₹ 993,248)	**299,028,741**	**191,740,160**
18	**Short Term Loans And Advances**		
	Advances recoverable in cash or kind or for value to be received	13,210,066	31,708,957
	Advance income tax & TDS	70,200,410	86,210,785
		83,410,475	**117,919,742**
19	**Other Current Assets**		
	Advances & Other current assets	49,037,948	4,263,691
		49,037,948	**4,263,691**

Notes forming part of the financial statements

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Note		For the year ended March 31, 2015	For the year ended March 31, 2014
20	**Revenue From Operations**		
	Overseas	925,648,986	787,305,386
	Domestic : India	1,499,264,734	258,676,685
		2,424,913,720	**1,045,982,070**
21	**Other Income**		
	Interest on deposits with banks	156,379	1,326,297
	Profit on mutual funds	175,471	11,802,586
	Exchange fluctuation gain	9,252,080	13,782,875
	Interest received from others	7,040,306	2,515,069
	Misc. Income	35,672,228	287,159,383
		52,296,465	**316,586,210**
22	**Cost Of Services**		
	Cost of Services	1,413,878,715	498,045,779
		1,413,878,715	**498,045,779**
23	**Employee Benefits Expense**		
	Salaries & Wages	89,263,746	85,506,599
	Contribution to provident and other funds	3,549,073	2,861,287
	Staff welfare & training	5,396,472	6,932,587
		98,209,291	**95,300,473**
24	**Advertisement & Marketing Expenses**		
	Advertisement & Marketing expenses	26,797,217	22,713,385
		26,797,217	**22,713,385**
25	**Provision For Bad Debts**		
	Provision for Bad debts	10,578,300	11,219,628
		10,578,300	**11,219,628**
26	**Operating And Administrative Expenses**		
	Travelling expenses	18,177,161	8,376,405
	Communication expenses	8,760,384	5,731,436
	Repairs & maintenance expenses	25,382,749	6,733,292
	Rent, rates & taxes	15,379,535	11,831,014
	Printing & Stationery	1,537,885	860,247
	Office maintenance expenses	8,606,479	1,861,897
	Power & Fuel	4,143,716	3,197,027
	General expenses	8,798,488	10,140,621
	Professional charges	13,245,959	7,695,924
	R & D expenses	1,169,115	1,245,399
	Auditors remuneration	4,079,235	1,731,775
	Finance & bank charges	4,653,036	2,089,926
	Loss on sale of vehicles / discarded assets	2,370,289	-
		116,304,030	**61,494,961**

Notes forming part of the financial statements

27 Contingent Liabilities

i) Total Guarantees outstanding as of March 31, 2015 amounting to ₹ 2150.00 lakhs (March 31, 2014 – ₹ Nil) have been issued by banks on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

ii) Claims against the Company not acknowledged as debt:

₹

Sl. no	Particulars	For the Year 2014-2015	For the Year 2013-2014
a	Outstanding guarantees given by the company	215,000,000	-
b	Claims against company, not acknowledged as debts	164,622,062	164,622,062
c	Claims made by company, not acknowledged as debts	-	-
d	Corporate Guarantee given to subsidiary companies	-	-

28 **Segment Reporting (Consolidated Audited) :**

Reporting of Segment wise Revenue, Results and Capital Employed :

S. No.	Particulars	Consolidated Results for the	₹ in Lakhs
		Year ended March 31, 2015	Year ended March 31, 2014
1	**Segment Revenue**		
	(a) Mobile VAS & Software Development	22,605.63	10,459.82
	(b) Property Development	1,643.51	-
	Total Sales/Income from Operations	**24,249.14**	**10,459.82**
	Less: Inter Segment Revenue	-	-
	Net Sales/Income from operations	**24,249.14**	**10,459.82**
2	**Segment Results -**		
	Profit(+)/Loss(-) before other income and tax		
	(a) Mobile VAS & Software Development	(758.70)	(4,832.46)
	(b) Property Development	782.18	-
	Total Segment Results - Profit(+)/Loss(-) before other income and tax	**23.48**	**(4,832.46)**
	Add: Other Income	522.96	3,165.86
	Profit before Tax	**546.45**	**(1,666.59)**
3	**Capital Employed**		
	(a) Mobile VAS & Software Development	57,389.89	57,877.43
	(b) Property Development	4,722.16	2,290.00
	Total Capital Employed	**62,112.05**	**60,167.43**

29 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 Solutions (UK) Limited	UK	Wholly-owned subsidiary
Tanla Mobile Asia Pacific Pte Limited	Singapore	Wholly-owned subsidiary
Tanla Mobile Ireland Private Limited	Ireland	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
Tanla Mobile Middle East FZ LLC	UAE	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
Tanla Oy	Finland	Wholly-owned subsidiary of Tanla Mobile Finland Oy
Tanla Mobile Private Limited	India	Wholly-owned subsidiary
Mufithumb Corportion Private Limited	India	Wholly-owned subsidiary
TZ Mobile Private Limited	India	Joint Venture with ZED Worldwide Holdings S.L. Spain

B) Related party Transactions for the year ended March 31, 2015: Refer Note 25B of notes to Standalone Financial Statements

C) List of Transactions with key management personnel

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
D. Uday Kumar Reddy - Chairman & Managing Director	8,363,544	867,564	-	9,231,108
K. Satish - Director & CTO (resigned w.e.f. Sept 02, 2014)	1,618,000	198,000	-	1,816,000
Total	**9,981,544**	**1,065,564**	**-**	**11,047,108**

Remuneration to non-executive directors

Name	Sitting Fees	Reimbursement of Expenses	Total remuneration
Padmabhushan Ram Narain Agarwal - Director	90,000	-	90,000
Dr. A G Ravindranath Reddy - Director	90,000	-	90,000
Total	**180,000**	**-**	**180,000**

30 Earnings Per Share

Particulars	FY 2014-2015	FY 2013-2014
Net profit after tax	25,881,665	(198,261,500)
Weighted average number of equity shares of Re.1 each	101,479,593	101,479,593
Nominal value of share @ ₹ 1 /-		
Earnings per share (basic/diluted) ₹	0.26	-1.95

31 Quantitative details

The Company is engaged in the business of development & maintenance of Computer Software, offshore development and other related services. The production and sale of such software services cannot be expressed in any generic unit and hence it is not possible to give such quantitative details of sales and certain information as required under paragraph 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The details of Conversation of Energy, Technology absorption are given in Directors Report. R&D expenditure is not separately accounted for.

32 Previous year figures have been recast/reclassified wherever necessary to correspon with the current year's classification/disclosures.

As per our report of even date attached

For Ramasamy Koteswara Rao & Co.,
Chartered Accountants - Firm Regn. No.010396S
C V Koteswara Rao
Partner - Membership No.028353
Place: Hyderabad.
Date : May 27, 2015

For and on behalf of the Board of Directors

D. Uday Kumar Reddy	Chairman & Managing Director	DIN 00003382
Gautam Sabharwal	Director-Global	DIN 00003709
Srinivas Kamoji Gunupudi	Chief Financial Officer	
Seshanuradha Chava	AVP – Legal & Secretarial	

Management Discussion and Analysis of Consolidated Financial Statements:

Result of Operations

Particulars	31-Mar-15	% of Total Revenue	31-Mar-14	% of Total Revenue	% Change
Revenues	2,477,210,185		1,362,568,280		81.80%
India	1,499,264,734	60.52%	258,676,685	18.98%	479.59%
Outside India	925,648,986	37.37%	787,305,386	57.78%	17.57%
Other Income	52,296,465	2.11%	31,658,610	23.23%	-83.48%
Cost of Sales	1,487,379,612	60.0%	531,386,803	39.00%	179.91%
Gross Margin %	39.96%		61.00%		
Selling & Marketing Expenses	79,930,352	3.2%	42,082,521	3.1%	89.94%
General Administration Expenses	98,457,589	4.0%	212,114,839	15.6%	-53.58%
Operating Profit (EBITDA)	811,442,632	32.8%	576,984,116	42.30%	40.64%
EBIDTA (%)	32.76%		42.35%		-9.59%
Depreciation & Amortization	756,797,823	30.60%	840,454,020	61.70%	-9.95%
Earnings before Tax	54,644,809	2.20%	-263,469,904	-19.30%	120.74%
Provision for Tax	28,763,144	1.20%	-65,208,404	-4.80%	144.11%
Earnings after Tax	25,881,665	1.00%	-198,261,500	-14.60%	113.05%
EPS (₹)	0.26		-1.95		113.05%

Revenue

Tanla has secured its position as the market leader in Mobile messaging in India and has registered a growth of 412% in the domestic messaging vertical during FY 2014-15. The uptrend is due to the phenomenal increase in A2P messaging driven by legislative changes initiated by regulatory bodies. Banks, Social networking websites and Government are currently the primary users of A2P messaging services for OTPs (One Time Passwords) and Subscription Alerts. During FY 2014-15, Tanla's total revenue increased by 81.8% YOY by virtue of business expansion in domestic segment and consolidation in other geographies.

In the overseas segment, the Company's strategy of focusing on high-margin products, services and verticals has resulted in modest growth of 17.6% in revenue while absolute gross margin grew by ₹ 15.9 Crores. Domestic revenue registered a growth of 479.6% attributable to substantial growth in messaging revenue.

Cost of Sales

Particulars	31-Mar-15	% of Total Revenue	31-Mar-14	% of Total Revenue	% Change
Cost of services	1,413,878,715	57.08%	498,045,779	36.55%	20.52%
Direct manpower costs	34,864,298	1.49%	27,496,544	2.02%	-0.61%
Direct administrative costs	38,636,599	1.56%	5,844,480	0.43%	1.13%
Total Cost of Sales	**1,487,379,612**	**60.04%**	**531,386,803**	**39.00%**	**21.04%**

Cost of sales has increased on account of revenue-mix comprising of a larger proportion of mobile messaging. Decrease in Direct Manpower Cost is on account of better utilization of resources resulting in higher revenue realization per employee. Direct administrative costs are higher on account of maintenance expenses of offices and connectivity for increased business.

Selling & Marketing Expenses

Particulars	31-Mar-15	% of Total Revenue	31-Mar-14	% of Total Revenue	% Change
Sales salaries & benefits	26,025,462	1.05%	13,349,288	0.98%	0.07%
Business promotion and advertisement	26,797,217	1.08%	22,713,385	1.67%	-0.59%
Other selling & marketing expenses	27,107,673	1.09%	6,019,848	0.44%	0.65%
Total selling & marketing expenses	**79,930,352**	**3.23%**	**42,082,521**	**3.09%**	**0.14%**

Selling and marketing department salaries and benefits have increased during 2014-15 due to increase in compensation for sales performance on account of targets achieved. Business promotion and other selling expenses have increased due to increase in market spend and travel by the Business Development team for various meets. During FY 2014-15, Tanla has deployed products in the domestic and overseas segments which have yielded satisfactory results during the current financial year and are poised for further growth

General & administrative expenses

Particulars	31-Mar-15	% of Total Revenue	31-Mar-14	% of Total Revenue	% Change
Staff salaries & benefits	37,319,531	1.51%	54,454,641	4.00%	-2.49%
Provision for Bad debts	10,578,300	0.43%	11,219,628	0.82%	-0.40%
Dimunition in value of Investments	-	-	96,809,938	7.10%	-7.10%
Other administrative expenses	50,559,759	2.04%	49,630,633	3.64%	-1.60%
Total General & administrative expenses	**98,457,589**	**3.97%**	**212,114,839**	**15.57%**	**-11.59%**

Staff Salaries & Benefits

Saving in General & Administrative salaries is on account of reallocation of resources on need basis and consequent reduction of related staff cost. Key resources have been allotted additional charge of business-related activities to meet business needs leading to a better utilization and saving in cost.

Provision for bad debts

Business teams are allocated collection targets in addition to promoting sales and are suitably rewarded for recovery of sticky and non-moving accounts. Necessary escalations are encouraged to deal with these accounts at appropriate higher levels to ensure recovery. Provision is made for doubtful debts in respect of disputed receivables on account of reconciliation issues with clients, however no effort is spared in following-up on the receivables provided for.

Earnings before, depreciation & amortization and taxes (EBITDA)

EBITDA for FY 2014-15 stood at ₹ 8114.43 lakhs as compared to ₹ 5769.84 lakhs in FY 2013-14 on account of increase in revenue by more than 81.8% and realization of better margins on the increased revenue.

Depreciation & amortization ₹

Particulars	31-Mar-15	31-Mar-14
Depreciation	756,797,823	840,454,020

₹ 7567.98 lakhs has been charged as depreciation for FY 2014-15 against depreciation of ₹ 8404.54 lakhs for FY 2013-14. Depreciation is lower as the fully depreciated assets have been deleted from gross block during FY 2013-14. Additionally, utilisation of assets has improved in FY 2014-15 resulting in lower charge for depreciation.

Provision for taxation

Provision for current tax for FY 2014-15 stood at ₹ 143.81 lakhs against ₹ Nil during FY 2013-14 on account of net profit generated during the current year. Deferred tax for the year stood at ₹ 189.22 lakhs against ₹ (652.08) lakhs during the previous financial on account of reversal of timing differences on depreciation. Income Tax assessments of earlier years completed during FY 2014-15 have resulted in a charge of ₹ 71.85 lakhs.

Financial Condition Share capital

The authorized share capital of Tanla is ₹ 1200.00 lakhs, comprising of 120,000,000 equity shares of ₹ 1/-each. As at March 31, 2015, the issued and paid up share capital of Tanla is ₹ 101,749,593 comprising of 101,749,593 equity shares of ₹1/-each. The company has not issued any shares during FY 2014-15.

Reserves & Surplus

Summary of Reserves & Surplus is given below

₹

Particulars	31-Mar-15	31-Mar-14
Share Premium	4,295,889,975	4,295,889,975
Investment subsidy	400,000	400,000
General reserve	249,804,978	249,804,978
Balance in profit and loss account	241,863,828	215,982,163
Currency translation reserve & surplus from joint ventures	1,321,767,084	1,153,185,950
Total	**6,109,725,866**	**5,915,263,067**

Currency translation reserve represents the gain on account of foreign exchange fluctuations on assets in various geographies. Currency gain on account of revenue items is included under other income in profit and loss account.

The balance retained in profit & loss account as of 31st March'2015 is ₹ 2418.64 Lakhs post tax.

The total net worth of the company as on 31st March'2015 is ₹ 61,814.14 lakhs with book value of each share being ₹ 60.91 as against the corresponding numbers for the 31st March'2014 of ₹ 59,869.51 lakhs and ₹ 59.00 respectively. The difference in net worth is on account of profit in FY 2014-15.

Tanla is a debt-free company since inception.

Sundry debtors Summary of debtors: ₹

Particulars	31-Mar-15	31-Mar-14
Less than 6 months	1,060,410,594	185,300,992
More than 6 months	385,248,482	167,261,340
Total	**1,445,659,076**	**352,562,332**

Sundry Debtors (net of provision for doubtful debts) amount to ₹ 14,456.59 lakhs as on 31st March 2015 compared to ₹ 3,525.62 lakhs as on 31st March 2014. Credit period allowed to clients ranges between 3 to 6 months from the month of traffic. A higher business volume has resulted in higher absolute figure of debtors, however the debt recovery mechanism put in place ensures realization of debts on time. Debtors include unbilled transactions at the end of the year which are reconciled with the clients in the following quarter before raising the final invoice.

Cash & Bank balances

Table showing Cash & Bank balances: ₹

Particulars	31-Mar-15	31-Mar-14
Cash on hand With banks:	126,193	593,478
in current accounts	162,476,176	186,707,851
in deposit accounts	136,426,373	4,438,831
Total	**299,028,741**	**191,740,160**

Cash and bank balances as on 31st March 2015 was ₹ 2,990.29 lakhs as against a balance of ₹ 1,917.40 lakhs as on 31st March 2014.

Vendors provide a credit period of 45 to 60 days to the company and Tanla clears payments within the credit period. The company manages its treasury activity judiciously to avail full terms of credit while ensuring collections in time to meet its requirements. The company has provided Bank Guarantees to operators as a security against messaging traffic utilised. These BGs are secured by fixed deposits with the respective bank and are disclosed under Deposits in cash and bank balances.

Short Term Loans and Advances ₹

Particulars	31-Mar-15	31-Mar-14
Advances recoverable in cash or kind or for value to be received	36,172,845	27,045,613
Deposits with others	28,419,567	13,636,906
Advance income tax & TDS	115,644,511	114,506,752
Total	**180,236,923**	**155,189,271**

To meet business needs in VAS services Tanla is required to provide advances and rent deposits for premises. These advances are recoverable in cash or kind at the time of termination of contract or adjusted against payable to vendors.

Direct taxes namely TDS and advance income tax were paid to the Income Tax department on Tanla's behalf by clients who deduct the same from Tanla's receivables. These amounts are retained under the head TDS Receivable and are refunded / adjusted at the time of assessment based on Tanla's liability to Income Tax for the respective assessment year. To minimise lock-up of funds in unproductive assets, the company has obtained lower TDS deduction certificate which reduces the amount deducted by clients from Tanla's receivables.

The loans and advances outstanding as on 31st March 2015 is ₹ 1802.37 lakhs as compared to ₹ 1,551.89 lakhs as on 31st March 2014.

Current Liabilities and Provisions ₹

Particulars	31-Mar-15	31-Mar-14
Dues to vendors other than micro and small enterprises	513,863,264	94,953,160
Other liabilities	86,430,022	98,728,600
Vehicle Loans	1,176,967	1,306,620
Advances & Deposits	10,206,044	10,206,044
Provision for Income Tax	11,725,330	
Total	**613,195,583**	**205,194,424**

Current Liabilities and Provisions comprise of outstanding expenses due to operators in respect of services received for which bill has not yet been raised, other current liabilities and provision for income tax of earlier years. The figure as on 31st March 2015 stood at ₹ 6,131.96 lakhs as compared to ₹ 2,051.94 lakhs as on 31st March 2014. Increase is on account of current liabilities payable in the subsequent quarter and due to higher volume of costs.

Capital work in progress

Costs incurred for the development of new products are disclosed in the balance sheet under the heads Intangible Assets under Development and Capital Work in Progress aggregating ₹ 36,466.05 lakhs as on March 31, 2015.

Assets under capital work in progress are capitalized on the launch of the respective products to which these assets relate.

1.Industry structure:

- **m- payments:**

Mobile communications markets have moved forward in phenomenal leaps and bounds over the last two decades, everything is moving towards the mobile platform. The world has 6.85 billion mobile subscriptions versus 1.16 billion fixed telephone lines. It can be seen that in a world where fixed-line technology is becoming, not obsolete yet, but certainly less popular, everything is shifting to mobile.

Mobile messaging – is the biggest non-voice sector in the mobile industry.

Mobile messaging is a USD 251 Billion dollar annual business. After voice, messaging is the biggest revenue-generating mobile service on earth. Mobile messaging will generate USD 1.279 TRILLION dollars in revenues over the 2014-2018.

The global A2P SMS market is driven by greater mobile marketing activities and growth in mobile banking and mobile payments. A type of SMS that is generally sent from a web application to a mobile subscriber is known as Application-to-Person SMS. This market is segmented on the basis of applications and geography. The various application segments in the global A2P SMS market include promotional campaigns, pushed content services, customer relationship management services, interactive services, and other inquiry based services. A2P SMS are mostly used in industries like marketing, media, healthcare, insurance, entertainment, banking, tourism, financial services, and retail. The convenience of A2P messaging can be attributed to the launching of platforms that are integrated with messaging gateways and APIs.

Geographically, Asia Pacific was the largest market and accounted for 42.2% share in 2013. India, China, Japan, South Korea, Singapore and Malaysia are the key countries in the region. The growth across these countries is primarily driven by increasing e-commerce industry and campaigns for promoting brands through marketing activities.

According to a Report by Transparency Market Research, the global A2P SMS market will reach US$70.32 billion in 2020 from US$53.07 billion in 2013, growing at 4.2% CAGR from 2014 to 2020; two major trends presently define the A2P market for carriers. Firstly, international operators are seeking to consolidate A2P services at a group level. Secondly, they are handling an increasing amount of the A2P traffic that previously used to bypass them into national operator networks or be handled by aggregators.

- **m- messaging**

Mobile Payments refer to payment services operated under financial regulation and performed from or via a mobile device. Instead of using cash, cheque, or credit cards, a consumer for a financial transaction, can use a mobile phone to pay for a wide range of services and digital or hard goods or to transfer money.

Africa currently holds the top place for mobile payment usage worldwide, encompassing more than 50 percent of all global mobile money services. Mobile is dominantly used as a retail shopping channel in the Asia Pacific region with a higher adoption than North America or Western Europe, the Asian market accounted for about 40% in M-Payments in 2013.

2.Opportunities & threats :

Businesses need to be concerned about the cost of developing unique payment solutions for each mobile device. Developing smart phone apps for each mobile-operating system is prohibitively expensive for most companies. At the customer end, it is considered a tedious process, either due to unfamiliarity with mobile technologies or because of the already existing attractive alternatives. Mobile payments also face competition from simple PC/laptop payments which are more attractive for some compared to the small screens of mobile phones. Not all vendors have this technology accessible to them mostly due to the initial expensive investment factor thus again proving as an inconvenient method of payment for some.

As a result of the increased penetration of smartphones and OS application ecosystems in developed markets, "over-the-top" (OTT) mobile messaging applications now constitute a significant threat to telecommunications carriers' SMS-messaging revenues. Some markets, such as South Korea and the Netherlands, have already "tipped" – that is, OTT messaging has reached such a high level that it is causing a material threat to SMS volumes and revenues.

Ever dynamic regulatory changes globally and domestically throw up challenges to platform providers.

3.Segment wise & Product wise performance

Messaging:

Tanla has during the year entered into A2P messaging agreement with Vodafone as announced in the press release dated December 04th 2014 . Full commercial launch of the messaging platform in Vodafone in December 2014, witnessed good traction with several new clients coming on board. The domestic hub that is integrated with Aircel & Vodafone has processed 3.75 bn messages in March'2015. Tanla's domestic messaging hub is the largest A2P messaging platform in India processing 27 Bn messages in FY15 up from 6.8 Bn in FY14.

Payments:

The impact of regulatory changes on domestic mobile payment business stabilized in the last quarter of FY1314, where in 257 Mn Mobile payments transactions were processed during FY15 compared to 222 million in FY14. In the international mobile payment business Tanla has signed up with a large payment service provider in the US

4.Other segment:

Total revenue of INR16.43 Crores was realized in FY2015 from sale of property, the other business segment of Tanla.

5.Outlook :

According to a recent report by Growth Praxis, the market for mobile enabled payments in India has grown more than 15 times to reach its current size of US$ 1.4 billion by the end of FY'15 from US$ 90 million at the end of FY'12.

Regulatory changes introduced in December 2014 for termination of international messages into India necessitate termination of messages only through an international long distance operator in India. Tanla has deployed its fully compliant hub in Singapore that can be connected to by all telecom network operators intending to terminate international messages into India.

6.Risks

1.Business Risks:

(a) Regulatory Risks: Frequent amendments and introduction of new regulations governing the A2P messaging business which also carry huge penalties for non-adherence provides reason for the Telcos to stay away from moving to new options, thereby resulting in reduced opportunities to the platform providers (the technical partners of the Telcos)

(b) Operating Risks: High cost involved in upgrading the systems to meet the regulatory and customer requirements results in high cost of operation and reduced margins to the company.

Company constantly monitors the regulatory changes and pro-actively initiates action to ensure that all of its products are compliant. The 16th amendment to the TCCP Regulations announced on December 10th 2014, for termination of international messages into India only through an ILDO has resulted in deployment of an international A2P messaging hubbing centre in Singapore, thereby making the platform regulation compliant for delivery of international messages.

(c) Business Model Redundancy Risk: Fast changing technologies and introduction of new regulations necessitate the business model to be fast adapting thereby necessitating constant investment into technology and re-visiting the new models.

2. Financial Risk: International transactions expose the Company to financials risks due to fluctuation in exchange rates, this is mitigated by maintaining adequate balances in EEFC accounts and making overseas payments through these accounts.

7. Disclosure of the senior management as per clause 49 of the Listing Agreement

Senior management has made a disclosure to the board that there are no material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

Internal Control Systems And Their Adequacy

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. The effectiveness of the internal controls is continuously monitored by the audit division of the Company. Audit's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. Audit also assesses opportunities for improvement in business processes, systems & controls and may provide recommendations, designed to add-value to the organization. It also follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee and Senior Management.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The above mentioned risk control mechanisms have been introduced for addressing the inherent business and financial risks.

Human Resource Development

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, enabling them to adapt to contemporary technological advancements. Industrial relations during the year continued to be cordial and the Company is committed to maintain good industrial relations through effective communication, meetings and negotiation. The Company believes in keeping the workforce connected to the senior leadership to achieve organizational goals. Rewarding the befitting has always been the senior management's principle.

Prevention of Sexual Harassment at Workplace Policy:
The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act 2013 (Act). A committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2014-15, there were no complaints received.

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Tanla Solutions Limited will be held on Wednesday, September 16th, 2015 at 10.30 AM at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081, to transact the following business:

Ordinary Business

1. To receive, consider and adopt:
   a)The Audited Financial Statements of the Company for the financial year ended March 31,2015, the Report of the Board of Directors and the Report of the Auditors thereon; and

   b)The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015 and the Report of the Auditors thereon

2. 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 deemed fit, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** Mr. D Uday Kumar Reddy be and is hereby re-appointed as a Director of the Company, liable to retire by rotation".

3. To ratify the continuation of the Statutory Auditors:
The Statutory Auditors M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants are eligible for continuing appointment. 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 18th AGM held on 30th September 2014, the appointment of M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Hyderabad, bearing Registration number 010396S with the Institute of Chartered Accountants of India, who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 21st AGM to be held in 2017, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company."

Special Business

4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act, and subject to other approvals as are necessary, Mr. D Uday Kumar Reddy (DIN 00003382), be and is hereby reappointed as Chairman & Managing Director of the Company for a period of Five years with effect from January 14, 2015, subject to retire by rotation, on the remuneration and terms and conditions as set out in the explanatory statement annexed."

"RESOLVED FURTHER THAT for the purposes of giving effect to the re-appointment, the Company Secretary of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be deemed or considered necessary or desirable for such purpose."

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act, and subject to other approvals as are necessary, Mr. Gautam Sabharwal (DIN 00003709), be and is hereby reappointed as Whole –Time Director designated as Director-Global Business Development for a period of Five years with effect from January 14, 2015, subject to retire by rotation, without remuneration."

"RESOLVED FURTHER THAT for the purposes of giving effect to the re- appointment, the Company Secretary of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be deemed or considered necessary or desirable for such purpose."

6. Approval of Tanla Solutions Limited Employee Stock Options Plan 2015-16 and grant of Employee Stock Options to the employees of the Company there under.

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 Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed there under, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and are hereby accorded respectively to the

'Tanla Solutions Limited Employee Stock Options Plan 2015-16' **(**hereinafter referred to as the **"**ESOP 2015-16 Plan**")** and to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration /Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of Employee Stock Options ("Options"),to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Plan, exercisable into not more than 50 Lakh (Fifty Lakhs only) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹ 1/- each, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of Options from time to time in accordance with the ESOP 2015-16 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any employee including any Director of the Company (not being an independent director), in any financial year and in aggregate under the ESOP 2015-16 shall be lesser than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 50 Lakh (Fifty Lakhs only) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment."

"RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹1/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2015-16 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2015-16 and do all other things incidental and ancillary thereof."

"RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2015-16."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2015-16 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Nomination and Remuneration Committee to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2015 -16 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

7. Grant of Employee Stock Options / Options to the employees of the Subsidiary Company(ies) of the Company under Tanla Solutions Limited Employee Stock Options Plan 2015-16

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 Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed there under, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the Company be and is hereby accorded to the Board of Directors of the Company

(hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration/ Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of Employee Stock Options (Options) to the permanent employees including the Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether whole time or otherwise, whether working in India or out of India of any existing and future Subsidiary Compay(ies) of the Company whether in or outside India, as may be decided solely by the Board under the 'Tanla Solutions Limited Employee Stock Options Plan 2015-16' (hereinafter referred to as the "ESOP 2015-16 Plan"), exercisable into not more than the overall ceiling of 50 Lakh (Fifty Lakhs only) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹1/- each, as mentioned in resolution number 6 above, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations."

"RESOLVED FURTHER THAT the Board and any committee formed for this purpose be and is hereby authorised to issue and allot Equity shares upon exercise of Employee Stock Options from time to time in accordance with the ESOP 2015-16 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the number of Employee Stock Options / Options that may be granted to any employee including any Director of the Subsidiary Company(ies) (not an independent director), in any financial year and in aggregate under the ESOP 2015-16 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 50 Lakh (Fifty Lakhs only)Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment."

"RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option Grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹1/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2015-16 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2015-16 and do all other things incidental and ancillary thereof."

"RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2015-16."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2015-16 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Nomination and Remuneration Committee to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2015 -16 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

By the order of the Board of Directors
for Tanla Solutions Limited
Sd/-
CS Seshanuradha Chava
AVP – Legal & Secretarial

Place: Hyderabad.
Date : August 13, 2015

Registered Office:
Technology Centre,Hi-tech City Road,Madhapur, Hyderabad – 500 081

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 upto 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 authorized 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 profiles of Mr. D Uday Kumar Reddy, Chairman & Managing Director and Mr. Gautam Sabharwal, Director - Global Business Development proposed to be re-appointed along with names of ompanies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and his relationship with other directors inter-se as stipulated under Clause 49 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 September 10, 2015 to September 16, 2015 (both days inclusive).

6. Pursuant to the provisions of Section 124 of the Companies Act 2013, the amount of dividend remaining unclaimed up to the financial year 2006-07 has been transferred, from time to time on due dates, to the Investors Education & Protection Fund. Details of unpaid/unclaimed dividends lying with the Company as on the last Annual General Meeting of the Company is available on the website of the Company. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the Investor Education and Protection Fund. The seven year period of "Un-paid and Un-Claimed dividend for the year 2007-08" which amounts to ` 200,593/- (Rupees Two lakhs five hundred and ninety three only) expires on November 03, 2015 and the same will be transferred to the "Investor Education and Protection Fund".

7. 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.

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 (One Lakh).

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

The Annual Report for the year ending 31st March, 2015 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.

16. Members may also note that the Notice of the 19th AGM and the Annual Report for 2015 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 email id: investorhelp@tanla.com

17. 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 clause 35B of the Listing Agreement, the Company is pleased to provide the members facility to exercise their right to vote at the 19th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited. The procedure for participating in the e-voting is given below:

E-Voting Instructions:
A. In case a Member receives an email from Karvy [for members whose email 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 1922 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. 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 wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters 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, email 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 Scrutinizer at email kritika.s112@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 – 19th AGM".

B. (1) In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants (s)]

i. E-Voting Event Number – 1922 (EVENT), User ID and Password is provided in the Ballot form.

ii. Please follow all steps from Sl. No. (i) to (xi) 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 any queries, you may refer Help & FAQ section of https://evoting.karvy.com (Karvy website) or call KCPL on 44655000 & 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 Sunday, September 13, 2015 (9:00 a.m. IST) and ends on Tuesday, September 15, 2015 (5:00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., September 09, 2015, 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.

iv. 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 09, 2015 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 egistered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

v. 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 09, 2015.

vi. The Board of Directors has appointed Ms. Kritika Sharma, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

vii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three (3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.

viii. The Results shall be declared either by the Chairman or by an authorized 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).

ix. 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 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. 4:

Mr. D. Uday Kumar Reddy (DIN 00003382) was re-appointed as Chairman & Managing Director for a period of 5 years with effect from May 15 2010. The Board of Directors, in its meeting held on January 14, 2015 has subject to the approval of the Members, re-appointed Mr. D. Uday Kumar Reddy, as the Chairman & Managing Director for a period of 5 years with effect from January 14 2015. The remuneration of ₹120 Lakhs per annum, payable to Mr. D. Uday Kumar Reddy was approved by the shareholders in the 18th AGM held on 30th September, 2014. The Remuneration Committee shall be authorised to review and fix monthly salary and also determine performance linked incentives either on quarterly, half-yearly or yearly basis. As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment of Mr. D Uday Kumar Reddy, Chairman & Managing Director.

Your Directors recommend that the said resolution may be passed as an Ordinary resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution. None of the Directors are related inter-se

Item No. 5:

Mr. Gautam Sabharwal (DIN 00003709) was re-appointed as a Whole time Director designated as Director- Global Business Development for a period of 5 years with effect from January 28 2010. The Board of Directors in its meeting held on January 14, 2015 has subject to the approval of the Members, re-appointed Mr. Gautam Sabharwal, as the Whole time Director designated as Director- Global Business Development for a period of 5 years with effect from January 14 2015, without any remuneration. As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment of Mr. Gautam Sabharwal, Director- Global Business Development.

Your Directors recommend that the said resolution may be passed as an Ordinary resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives except Mr. Gautam Sabharwal is interested or concerned in the said resolution. None of the Directors are related inter-se

Item No. 6 & 7:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme/ plan. Your Company believes in rewarding its employees including Directors of the Company as well as that of the Subsidiary Company(ies) for their continuous hard work, dedication and support, which has led the Company and the Subsidiary Company(ies) on the growth path. The Company intends to implement Tanla Solutions Limited Employee Stock Options Plan 2015-16 ("ESOP 2015-16 Plan") with a view to attract and retain key talents working with the Company and its Subsidiary Company(ies)byway of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations), the Company seeks members' approval in respect of ESOP 2015-16 and grant of Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration Committee from time to time in due compliance of the SEBI SBEB Regulations.

The main features of the ESOP 2015-16 are as under:

1. Brief Description of the Scheme(s):

This proposed Scheme called the Tanla Solutions Limited Employee Stock Options Plan 2015-16 ("ESOP 2015-16 Plan")is intended to reward the Eligible Employees of the Company its Subsidiary Companies in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use this Scheme to retain talent in the organization as it views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Company is implementing ESOP by issuing primary shares.

2. Total number of Options to be granted:

Such number of Options would be available for grant to the eligible employees of the Company and eligible employees of the Subsidiary Company(ies) under ESOP 2015-16, in one or more tranches exercisable into not exceeding 50 Lakh (Fifty Lakhs only) Equity Shares in the Company of face value of ₹1/- each fully paid-up.

Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled Options as per the provisions of ESOP 2015-16, within overall ceiling.

The SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI SBEB Regulations.

3. Identification of classes of employees entitled to participate in ESOP 2015

Following classes of employees are entitled to participate in ESOP 2015:

a) Permanent employees of the Company working in India or out of India;
b) Directors of the Company; and
c) Permanent employees and Directors of the Subsidiary Company(ies).

Following persons are not eligible:

a) an employee who is a promoter or belongs to the promoter group;
b) a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
c) an Independent Director within the meaning of the Companies Act, 2013.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 (one) year.

5. Maximum period within which the Options shall be vested:

Options granted under ESOP 2015-16 would vest subject to maximum period of 5 (five) years from the date of grant of such Options.

6. Exercise price or pricing formula:

The Exercise price per Options shall be equal to the Market price on the date of grant of Options or upto 25% of the discount to the Market Price on the date of grant, as decided by the Nomination and Remuneration / Compensation Committee ("Exercise Price").

"Market price" under the SEBI SBEB Regulations means the latest available closing price on the stock exchange on which the equity shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one stock exchanges, then the closing price on the stock exchange having higher trade volume shall be considered as the market price.

"Relevant Date" under the SEBI SBEB Regulations means:

(i) In the case of grant, the date of the meeting of the Nomination and Remuneration/ Compensation Committee on which the Grant is made; or
(ii) In the case of exercise, the date on which the notice of exercise is given to the Company by the employee.

7. Exercise period and the process of Exercise:

The Vested Options shall be allowed for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 1year from the date of vesting of such Options.

The Vested Options shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of employees under ESOP 2015-16:

The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration/ Compensation Committee from time to time.

The employees would be granted Options under the ESOP 2015 based on various parameters such as performance rating, period of service, rank or designation and such other parameters as may be decided by the Nomination and Remuneration / Compensation Committee from time to time.

9. Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee of the Company or of its Subsidiary Company under the Plan), in any financial year and in aggregate under the ESOP 2015-16 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

10. Maximum Quantum of benefits to be provided per employee under the ESOP 2015-16

The Maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the Market Price of the shares as on the date of sale of shares arising out of Exercise of Options.

11. Source of Shares

The Scheme contemplates new Issue of Shares by the Company ("Primary Shares").

12. The amount of loan provided for implementation of the Scheme by the Company to the Trust, its tenure, utilisation, repayment terms etc.

Company is not providing any loan for ESOP purpose, as Company is directly implementing ESOP 2015-16.

13. Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase of the scheme

The Company is implementing ESOP by issuing Primary Shares.

14. Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

15. Method of Option Valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earnings per Share (EPS) of the company shall also be disclosed in the Directors' report.

Consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013and rules framed there under and as per Regulation 6 of the SEBI SBEB Regulations.

Place: Hyderabad.
Date : August 13, 2015

Registered Office:
Tanla Technology Centre,Hi-tech City Road,Madhapur,
Hyderabad – 500 081

By the order of the Board of Directors
for Tanla Solutions Limited
Sd/-
CS Seshanuradha Chava
AVP – Legal & Secretarial

Details Pursuant To Clause 49 Iv (G) (I) Of The Listing Agreement In Respect Of Directors Seeking Appointment/Re-Appointment

Mr. D Uday Kumar Reddy - Chairman & Managing Director

Mr. D Uday Kumar Reddy, founded Tanla Solutions Ltd., and has served as its Chairman and Managing Director, since 1999.

Uday has been the principal architect of Tanla's leadership, growth, and strategy. Under his leadership, Tanla has matured from a products based solution provider to one of the largest publicly traded Mobile VAS software companies, specializing in wireless data services for mobile messaging and billing.

Over the last decade & a half, Uday has led Tanla to become one of the most successful young IT companies in India having a global presence. His 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. He has also been significantly active in the M&A community, and has been leading discussions across the globe regarding potential alliances and M&A opportunities. Mr. D Uday Kumar Reddy does not hold any other directorships or memberships in any committees of any other public companies.

Mr. D Uday Kumar Reddy holds an MBA from University of Manchester, United Kingdom.

Mr. Gautam Sabharwal - Director – Global Business Development

Mr. Gautam Sabharwal, Director - Global Business Development, joined Tanla in 2004. Prior to this, he founded Techserve which merged with Tanla in 2004. His vast experience includes several years of running successful business in the telecom services markets of Europe and long-term strategy planning along with knowledge of the core business.

He holds Masters Degree in Management from Westminster Business School, United Kingdom.

TANLA SOLUTIONS LIMITED
CIN : L72200AP1995PLC021262

Registered Office : Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad - 500081
Phone: + 91-40-40099999, Fax: +91-40-23122999
Website: www.tanla.com E-mail: investorhelp@tanla.com

ATTENDANCE SLIP
19th Annual General Meeting, September 16, 2015 at 10.30 A.M.

Name of the Shareholder:

Name of the Proxy:

Folio No./Client ID:

DP ID:

No.of Shares:

I/We hereby record my/our presence at the **19th Annual General Meeting** of the Shareholders at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081, on Wednesday, September 16, 2015 at 10.30 A.M.

SIGNATURE OF THE MEMBER/PROXY :_____

Note:
1. You are requested to sign and hand this over at the entrance of the Meeting hall.
2. If you are attending the meeting in person or by proxy please bring copy of notice and annual report for reference at the meeting.

TANLA SOLUTIONS LIMITED
CIN : L72200AP1995PLC021262

Registered Office : Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad - 500081
Phone: + 91-40-40099999, Fax: +91-40-23122999
Website: www.tanla.com E-mail: investorhelp@tanla.com

Form . No MGT-11
Proxy Form
(Pursuant to 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:**

Folio No./Client ID: **DP ID:**

I / We being the holder of_____shares of Tanla Solutions Limited, hereby appoint:
1) Mr/Ms_____having email id_____or failing him
2) Mr/Ms_____having email id_____and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **19th Annual General Meeting** of the Company to be held on Wednesday, September 16, 2015 at 10.30 a.m. at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Near Hitec City, Madhapur, Hyderabad – 500081 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Subject Matter of the Resolution	No.of Shares held by me	For	Against
1	Adoption of Annual Accounts and Reports thereon for the year ended 31st March 2015.			
2	Re-appointment of Mr. D. Uday Kumar Reddy who retires by rotation.			
3	Ratification of appointment of M/s Ramasamy Koteswara Rao & Co., Chartered Accountants as the Statutory Auditors.			
4	Extending the term of Mr. D. Uday Kumar Reddy, Chairman & Managing Director.			
5	Extending the term of Mr. Gautam Sabharwal, Director – Global Business Development.			
6	Adopt the 'Tanla Solutions Limited Employee Stock Options Plan 2015-16' and authorise the Board to grant Employee Stock Options / Options (ESOPs).			
7	Adopt the 'Tanla Solutions Limited Employee Stock Options Plan 2015-16' and authorise the Board to grant Employee Stock Options / Options (ESOPs), to employees of the subsidiaries or associate companies of the Company.			

Signed this _____day of September, 2015

Signature of first proxy holder : _____ Signature of second proxy holder : _____

Notes:
1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.

2. A Proxy need not be a member of the Company.

Affix ₹1 Revenue Stamp

Signature of shareholder Across Revenue Stamp

To receive periodic updates through SMS and email, email us your name, DPID, CID and mobile number to updates.investorhelp@tanla.com

For queries on Annual Report write to us @ ar1415.investorhelp@tanla.com

Venue of 19th AGM
Novotel Hyderabad Convention Centre
Novotel & HICC Complex,
Madhapur, Hyderabad : 500081
Ph: +91-40-66824422