

Report of factual findings in connection with Agreed-upon Procedures related to confirming the affairs and prospects of the Company for the proposed buyback of equity shares in accordance with the requirements of the Companies Act, 2013 and Schedule I to the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended.

To,
The Board of Directors
Tanla Solutions Limited
Tanla Technology Centre,
Hitech City Road, Madhapur
Hyderabad,
Telangana 500081

We, MSKA & Associates, Chartered Accountants, the Statutory Auditors of the Company, have performed the following procedures agreed with you vide mandate letter dated March 30, 2020, in connection with the proposal of Tanla Solutions Limited ('Company') to buy-back its equity shares in pursuance of the provisions of Section 68 of the Companies Act, 2013 (the "Act") as amended and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended, ("Buyback Regulations"), approved by the Board of Directors of the Company at the Board Meeting held on April 22, 2020.

Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information," issued by the Institute of Chartered Accountants of India.

We have been provided with the following documents:

- a) Audited standalone and consolidated financial statements for the year ended March 31, 2019
- b) Solvency declaration by the Board of Directors
- c) Board resolutions dated April 22, 2020 for approval of proposed buyback
- d) Assessment note and projected cash flow provided to the board for solvency declaration
- e) Annexure A-Statement of permissible capital payment ("Statement") and the same has been initialed for the identification purpose only.
- f) Articles of association to verify authorization for buy back of securities.

The procedures summarized below are performed solely to assist you in confirming the affairs and prospects of the Company for the proposed buyback of shares:

1. Inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended March 31, 2019;



2. Examined authorization for buyback from the Articles of Association of the Company, approved by Board of Directors in its meeting held on April 22, 2020, which is subject to approval of the shareholder of the Company;
3. Agreed the amounts of paid up equity share capital, securities premium account, general reserve and retained earnings as at March 31, 2019 as disclosed in the accompanying Statement, with the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2019;
4. Examined that the amount of capital payment for the buyback as detailed in the Statement is within the permissible limit computed in accordance with section 68(2)(c) of the Act and Regulation 4(i) of the Buyback Regulations;
5. Examined that the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice its paid-up capital and free reserves based on both, audited standalone and consolidated financial statements of the Company as on March 31, 2019;
6. Examined that all the shares for buy-back are fully paid-up;
7. Inquired if the Board of Directors of the Company, in its meeting held on April 22, 2020 has formed the opinion as specified in Clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board meeting and the date on which the results of the shareholders' resolution with regard to the proposed buyback will be declared;
8. Examined resolutions passed in the meetings of the Board of Directors i.e., on April 22, 2020;
9. Examined Director's declarations in respect of the buyback and solvency of the Company; and
10. Obtained necessary management representations from the company.

Based on the procedures performed as stated above, and according to the information, explanations provided by the Company, we report that:

- A. We have inquired into the state of affairs of the Company in relation to its latest audited standalone and consolidated financial statements for the year ended March 31, 2019;
- B. The permissible capital payment towards buyback of equity shares, as stated in the Statement, is in our view properly determined in accordance with Section 68(2)(c) of the Act and Regulation 4(i) of the Buyback Regulations based on the audited standalone and consolidated financial statements for the year ended March 31, 2019; and



- C. The Board of Directors at their meeting held on April 22, 2020 have formed its opinion, as per the provisions of clause (x) of Schedule I to the Buyback Regulation on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of board meeting and one year from the date on which the results of the shareholders with regards to the proposed buy back will be declared.

The above procedures do not constitute either an audit or a review made in accordance with the Generally Accepted Auditing Standards in India.

Had we performed additional procedures or an audit or review of the financial statements / information provided to us in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the aforesaid requirements and to include this report, pursuant to the requirements of the Buyback Regulations, (i) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders of the Company, (ii) public announcement to be made to the shareholders of the Company, (iii) in the draft letter of offer and the letter of offer to be filed with the Registrar of Companies, Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited, as required by the Buyback Regulations, (iv) the Central Depository Services (India) Limited, National Securities Depository Limited, as applicable, and (v) for providing to the merchant banker to the buyback. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. This report can be relied upon by the Manager to the Buyback. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For MSKA & Associates,
Chartered Accountants
FRN: 105047W



Amit Kumar Agarwal
M. No: 214198
Date: April 22, 2020
Place: Hyderabad
UDIN: 20214198AAAACM4186

ANNEXURE A - STATEMENT OF PERMISSIBLE CAPITAL PAYMENT


Computation of amount of permissible capital payment towards buyback of equity shares of Tanla Solutions Limited in accordance with the requirements of Section 68(2)(c) of the Companies Act, 2013, as amended and Regulation 4(i) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended based on audited standalone and consolidated financial statements for the year ended March 31, 2019:


Particulars	As at March 31, 2019	
	Standalone	Consolidated
A. Issued subscribed and fully paid up capital as at March 31, 2019# 11,56,26,827 Equity Shares of INR 1/- each fully paid-up	11,56,26,827	11,56,26,827
B. Free Reserves as at March 31, 2019*#		
➤ General Reserve	25,48,17,667	25,48,17,667
➤ Securities premium account	475,09,21,963	476,13,10,163
➤ Surplus in statement of Profit and Loss	177,86,25,080	111,46,25,970
Total Free Reserves	678,43,64,710	613,07,53,800
C. Total of Paid up Equity Share Capital and Free Reserves (A+B)	689,99,91,537	624,63,80,627
D. Maximum amount permissible for buyback under Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations (25% of the total paid-up equity capital and free reserves)	172,49,97,884	156,15,95,156

*Free reserves as defined in Section 2(43) of the Companies Act, 2013 read along with Explanation II provided in Section 68 of the Companies Act, 2013, as amended.

#The above calculation of the total paid-up equity share capital and free reserves as at March 31, 2019 for buyback of equity shares is based on the amounts appearing in the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2019. These financial statements are prepared and presented in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rules made thereunder, each as amended from time to time.

For and on behalf of the Board of Directors of Tanla Solutions Limited


Uday Kumar Reddy D
 Chairman & Managing Director
 DIN: 00003382
 Dte: April 22, 2020


AG Ravindranath Reddy
 Director
 DIN: 01729114
 Date: April, 22, 2020

