

Q1 FY2017 Investor Update

Hyderabad | Thursday, August 04th, 2016

Safe Harbor

Certain statements in this release reflecting our future growth prospects are forward – looking statements which involve a number of risks and uncertainties that could cause results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include but are not limited to risks and uncertainties with respect to fluctuation in earnings, our ability to manage growth, intense competition on IT services including these factors which may affect our cost advantage, cost of resources, introduction of regulations that might impact the prospects, our ability to successfully complete the planned projects, general economic conditions affecting our industry. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.



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Highlights of Q1 FY2017:

Financial:

- The Company has prepared its first Ind AS compliant Financial Statements for the periods commencing from April 01, 2016 with restated comparative figures as required.
- Revenue in Q1 INR 97.9 Crores from INR 113.8 Crores in Q4.
- Domestic Revenue increased by 31% to INR 88.8 Crores from INR 67.5 Crs in Q4FY16, driven primarily by growth in the domestic A2P messaging business.
- International Revenue decreased to INR 9.2 Crores from INR 46.2 Crores in Q4FY16. This is due to a defocus from international markets that required high capex and as a result was producing a negative ROI over a long term. The management took the decision not to renew the licenses and connectivity in markets where the ROI continues to be negative and required additional capex.
- PBT increased to INR 5.9 Crores from a loss of INR (0.52) * Crores in Q4 FY16.
- PAT increased to INR 4.1 Crores from a loss of INR (4) ** Crores in Q4FY16.

* PBT of INR 3.11 Crores in Q4FY16 as per I-GAAP has been re-stated under IndAS

** PAT of INR 0.4 Crores in Q4FY16 as per I-GAAP has been re-stated under IndAS

Highlights of Q1 FY2017:

Business:

M-Messaging:

✓ International:

- 850 Mn messages were processed during Q1FY17 Q4 from the Singapore hub against 640 Mn messages during Q4FYQ16.
- Agreements have been executed with a major social media network and a leading OTT player in Asia.
- Partnered with a leading telecom operator in India for processing messages terminating into India and its global hub for provision of international A2P messaging services globally.

✓ Domestic:

- Domestic messaging hub has processed 11.2 Bn in Q1FY17 compared to 8.3 Bn in Q4FY16 up by 35%
- Executed agreements with 2 large domestic mobile operators for domestic A2P messaging.

Voice Vertical:

- A major Telco in India floated a Request for Proposal (RFP) for cloud communication services. Tanla's platform was chosen against several leading players in the industry. The platform will go live in Q3FY17 and will be used to provide cloud communication services to enterprises in India.

✓ Corporate Highlights:

- 20th AGM of the shareholders will be held on Monday, September 12th 2016 at 11.30 AM at Hotel HICC Novotel, Hyderabad.

Consolidated Financial Data - Fact Sheet

₹ in Lakhs

Particulars	Quarter ended June 31		% Change over previous year	Quarter ended March 31	% Change over previous Quarter
	2016	2015			
Income from Operations :			%	2016	%
Overseas	922.33	2,410.27	-62%	4,626.67	-80%
Domestic	8,877.02	7,839.83	13%	6,753.66	31%
Total Income from Operations (A)	9,799.35	10,250.10	-4%	11,380.33	-14%
Other Income :					
Bad debts recovery	-	-	-	-	-
Interest Income on Fixed Deposits	127.43	1.60	7864%	58.86	116%
Forex Fluctuation & Others	-	-	-	-	-
Total Other Income (B)	127.43	1.60	7864%	58.86	116%
Total Revenue (A)+ (B)	9,926.78	10,251.70	-3%	11,439.19	-13%
Expenses :					
Operating Expenses (C)	8,083.42	7,471.71	8%	8,297.82	-3%
Diminution in Value of Investment (D)	-	-	-	-	-
Total Expenses (C)+ (D)	8,083.42	7,471.71	8%	8,297.82	-3%
% Total Revenue	81.43%	72.88%	12%	72.54%	12%
Gross Profit :					
Gross Profit from Operations (A-C)	1,715.93	2,778.39	-38%	3,082.51	-44%
% Total Revenue	17.29%	27.10%	-36%	26.95%	-36%

Particulars	Quarter ended June 30		% Change over previous year corresponding Quarter	Quarter ended March 31	% Change over previous Quarter
	2016	2015	%	2016	%
Other Income net of Diminution in Value of Investments (H)	127.43	1.60	7864%	58.86	116%
EBIDTA (E)	1,114.47	1,678.73	-34%	1,298.30	-14%
Depreciation & Amortization :					
Normal Depreciation (F)	655.76	1,272.09	-48%	1,409.17	-53%
Depreciation on account of Currency Translation (G)	-	-	-	-	-
Total Depreciation & Amortization (F+G)	655.76	1,272.09	-48%	1,409.17	-53%
Profit/(Loss) before Depreciation on account of Currency Translation {E-F}	458.71	406.64	13%	(110.87)	-
Profit / (Loss) after Depreciation and before Tax (E-F-G+H)	586.14	408.24	44%	(52.01)	-
Provision for Taxation :					
Current Tax	176.55	42.23	318%	339.97	-48%
Deferred Tax	4.22	55.74	-92%	8.66	-51%
Net Profit / (Loss) after Tax	405.38	310.27	31%	(400.64)	-
Other Comprehensive Income	0.83	0.83	-	0.83	-
Total Comprehensive Income/(Loss) after taxes	406.21	311.09	31%	(399.81)	-
Earnings Per Share (of Face value ₹ 1/- each)	0.40	0.31	31%	(0.39)	-

Reconciliation of Net Profit between Indian GAAP and Ind AS

- The Financial results are in compliance with Ind AS pursuant to Ministry of Company Affairs notification notifying the Companies Act (Accounting Standards) Rules, 2015. The Company has adopted Ind AS with effect from April 01, 2016 with comparatives being restated. Accordingly, the impact of transition has been provided in the opening reserves as at April 01, 2015 and all the periods have been restated.

Particulars	Note	₹ in Lakhs		
		Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Net Profit/(Loss) under Indian GAAP		38.70	313.44	1,191.44
Details of Ind - AS Adjustments				
Recognition of provision for employee benefits as per actuarial valuation	a	(2.67)	(2.67)	(10.69)
Recognition of Stock compensation cost	b	(55.25)	-	(82.87)
Assets written off	c	(300.00)	-	(300.00)
Recognition of deferred tax on Ind AS adjustments	d	(76.16)	4.76	(52.75)
Others		(5.26)	(5.26)	(21.03)
Net Profit/(Loss) under Ind-AS		(400.64)	310.27	724.09
Recognition of actuarial gains/(loss) on employee benefits	e	1.22	1.22	4.86
Recognition of deferred tax on actuarial gain/(loss)	f	(0.39)	(0.39)	(1.55)
Net Comprehensive Income /(Loss) under Ind-AS		(399.81)	311.09	727.40

Reconciliation of Net Profit between Indian GAAP and Ind AS

Explanation on reconciliation between consolidated statement of profit and loss under IGAAP to Ind AS:

- a. Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles.
- b. Provision for ESOP compensation cost has been recognized under Ind AS 102 principles.
- c. Assets written off on reassessment of useful life.
- d. Deferred tax adjustments include deferred tax impact on account of differences between Indian GAAP and Ind AS.
- e. Under Indian GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses is recognized in other comprehensive income in the respective periods and not reclassified to Profit and Loss account in the subsequent period.
- f. Represents deferred tax impact on actuarial gains/(loss).