



Tanla Solutions Limited Investor Update

For the Quarter and nine months ended December 31, 2016

January 27, 2017

Tanla Solutions Limited (BSE:52790, NSE: TANLA), the largest provider of A2P Messaging in the world, announced its Q3 financial results according to Ind-AS for the quarter and nine months ended December 31, 2016.

“We have demonstrated strong top line growth in the third quarter driven partly by demonetization, which has led to a number of one off communications, as well as growth in our mobile payments business. Demonetization is set to have a positive impact on our A2P business, however, this will take time to fully materialize”, commented Uday Reddy, CMD Tanla.

Financial Highlights:

- Revenue grew to ₹ 169.3 Crores from ₹ 135.5 Crores in Q2 FY17, a growth of 25%.
- Business Revenue grew to ₹ 163.6 Crores from ₹ 129.9 Crores in Q2 FY17, a growth of 26%.
- EBIDTA grew to ₹ 15.6 Crores from ₹ 13.7 Crores in Q2 FY17, a growth of 13%.
- PAT grew to ₹ 11.9 Crores from ₹ 9.7 Crores in Q2, growth of 22%.
- EPS grew to ₹ 1.17 from Re.0.96 in Q2, growth of 22%.
- PAT to Cash in Q3 is 96% compared to 85% in Q2

Key Metrics and recent highlights:

- Total volume processed on A2P domestic and international messaging hubs during Q3 is 20Bn.
- During Q3, Tanla A2P messaging platform handled a highest volume of 378 Mn in a day.
- 1st Phase of cloud communication has been launched and revenues are growing consistently.
- SMSC has been deployed with a leading telecom operator in India with good traction and traffic. 26% of the increase in business revenue during Q3 is attributable to new deployments.
- Revenue from mobile payments has increased from ₹ 6.5 crores in Q2 to ₹ 18.5 crores in Q3.

Key Metrics and Recent Highlights:

- 9,42,360 equity shares each of ₹ 1 /- face value, have been allotted in the Board Meeting held today, to employees who have exercised their options, under Tanla Solutions Limited Employee Stock Options Plan 2015-16. Staff cost includes a sum of Rs.55 Lakhs for Q3 towards Employee Compensation Cost on account of ESOPs granted to eligible employees.

Q3 Outlook vs Actuals:

	Outlook		Actuals	
Total Revenues (in ₹ Cr)	144.0	to	148.3	169.3
EBIDTA (in ₹ Cr)	15.1	to	15.8	15.6
PAT (in ₹ Cr)	9.3	to	9.9	11.9

Outlook:

Guidance for the fourth quarter and year ending March 31, 2017, is as follows:

We have been able to surpass the Q3 outlook due to the effect of demonetization on volumes in A2P messaging. Similar increase is not sustainable in Q4 in the existing market scenarios. Hence the outlook for Q4 has been provided considering normal market conditions:

Quarter ending March 31, 2017:

Total Revenues (in ₹ Cr)	150.0	to	160.0
EBIDTA (in ₹ Cr)	14.7	to	15.2
PAT (in ₹ Cr)	9.7	to	10.4

Full year ending March 31, 2017 (shared as on Sept 12, 2016):

Total Revenues (in ₹ Cr)	509.7	to	532.8
EBIDTA (in ₹ Cr)	57.7	to	61.8
PAT (in ₹ Cr)	32.6	to	35.1

Investor Call:

The Investor call to discuss the un-audited financial results for quarter and nine-months ended on December 31, 2016, will be held at 4.00 PM (IST) on Friday, January 27, 2017.

Primary Number	+91 22 3938 1071
Local Access Number	3940 3977 (Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune) Accessible from all carriers.
International Toll Free Number	
USA	18667462133
UK	08081011573
Singapore	8001012045
Hong Kong	800964448

Condensed Consolidated Statement of Operations:

(₹ in Crores, except earnings per share)

(Unaudited)

Particulars	Quarter ended	9 Months ended	Year Ended
	Dec 31, 2016	Dec 31, 2016	March 31, 2016
Revenue:			
Revenue from operations	168.59	401.50	431.55
Other income	0.73	2.55	1.06
Total Revenue	169.32	404.05	432.61
Expenditure:			
Cost of services	146.86	342.32	316.54
Employee benefits expense	3.53	10.54	11.13
Depreciation expense	4.50	15.77	52.95
Other expenses	2.63	8.18	34.19
Total Expenses	157.52	376.83	414.81
Profit before tax	11.80	27.23	17.80
Tax expense :			
Current tax	0.75	2.80	5.35
Deferred tax	(0.80)	(1.17)	0.54
Profit for the year	11.85	25.60	11.91
Earnings per share (of ₹ 1 /- each):			
Basic	1.17	2.53	1.17
Diluted	1.17	2.53	1.17

Profit reconciliation between IGAAP and Ind AS

(₹ in Crores)

	Quarter ended Dec 31, 2015	Nine Months ended Dec 30, 2015
Net Profit/(Loss) under Indian GAAP	429.73	1,152.72
Details of Ind - AS Adjustments		
Recognition of expected credit loss	(5.26)	(15.78)
Recognition of provision for employee benefits as per actuarial valuation	(2.67)	(8.01)
Recognition of stock compensation cost	(27.62)	(27.62)
Recognition of deferred tax on above adjustments	11.75	17.06
Recognition of deferred tax on indexation of land	2.14	6.42
Net Profit/(Loss) under Ind-AS	408.07	1124.79
Recognition of actuarial gains/(loss) on employee benefits	1.22	3.66
Recognition of deferred tax on actuarial gain/(loss)	(0.39)	(1.17)
Net Comprehensive Income /(Loss) under Ind-AS	408.90	1,127.28

- Provision for employee benefits has been recognized based upon actuarial valuation under Ind AS 19 principles.
- Provision for stock compensation cost has been recognized under Ind AS 102 principles.
- Deferred tax adjustments include deferred tax impact on account of differences between Indian GAAP and Ind AS.
- 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.
- Represents deferred tax impact on actuarial gains/(loss).

About Tanla:

Tanla Solutions [BSE: 532790|NSE: TANLA] founded in the year 1999, is the largest provider of A2P messaging services worldwide measured by volume of messages processed. Tanla's Fastrack platform is used by enterprises of all sizes including social media, banks, ecommerce and logistics service providers to deliver mission critical messages and communicate with their customers. Tanla employs more than 300 telecom professionals and is listed in BSE and NSE in India

Safe Harbor:

Certain statements in this presentation are forward looking in nature within the meaning of securities law. Forward looking statements generally relate to future events or future financial or operating performance, which include substantial risks and uncertainties. These statements relate to, among other things, our business strategy, goals and expectations concerning our market position, our channel partners and carrier relationships, size and growth of markets in which we operate and our future financial and operating results.

Although we believe the assumptions upon which these forward looking statements are based are reasonable, the outcome of events described in these forward looking statements depend on a variety of factors known and unknown, uncertainties and other factors including adverse changes in general and economic market conditions and our ability to adapt to evolving market and customer demands and rapid technological changes.

In this presentation, we provide certain non-Ind AS financial measures, which are reconciled to their directly comparable IGAAP financial measures. These reconciliations are presented in the Appendix at the end of this update.



Tanla Technology Centre,
Madhapur, Hyderabad,
India - 500081

For Investor contact
e-mail : investorhelp@tanla.com

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