

POWERING MOBILE MONETIZATION



Annual Report 2010-11

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POWERING MOBILE MONETIZATION

Mobile usage is growing by leaps and bounds across the world in more ways than have ever been imagined. As markets grow, boundaries get redefined and resources get stretched, it's mobile monetization that will pave way for the stupendous growth ahead.

How do we make mobile monetization happen? It's an opportunity that needs to be addressed from four key angles.



The Four Pillars

Pervasive Technologies: As the choice of handset explodes in the market, and as multiple innovative platforms make their presence felt, it makes little sense to stick to one proprietary platform, operating system or store. The mobile

market requires an approach that pervades all technologies available.

Empowering Value Chain: Monetization has to happen across the entire value chain, from the mobile app developer to the content publisher, from mobile virtual network operators to mobile carriers, from handset makers to stores. Only then can monetization become a reality.

Transact Globally: A mobile player should be able to break down the barriers of geography so that he can reach out to potential users anywhere in the world. Being able to do this helps him widen his target base and grow his revenues significantly.

Innovative Business Models: And one must not forget the end user, who has the final choice of buying a game, a service, an app, or anything else. If he doesn't reach the right comfort level, purchases will not happen. This is where flexibility in pricing or strategy of price modeling comes into play. And that is Tanla's expertise.

Monetization is heart of all technologies that Tanla provides. For more information on Powering Mobile Monetization, mail us at m.power@tanla.com

WHERE WE ARE TODAY

a snapshot

- Successful launch of Club Portal Solution, closed seven global deals within the first three months of launch
- Tanla's License Manager is now embedded in over 300 million handsets across the globe
- New products launched include:
 - TPAYmobile.com, an innovative mobile application rights management and monetization solution for application developers
 - A mobile content wrapping solution for operators, content providers and OEMs
 - GuruSwara, an interactive virtual classroom for practicing and singing classical music using the patent pending InTune engine
 - Games Club, a solution for offering flexible licensing on mobile games deployed on more than 4 million active handsets within the first five months of launch
 - Prepay Mobile App cards to be launched with Research in Motion in select markets for Blackberry phone users
 - Successfully deployed a 3G mobile video telemedicine solution with a leading hospital group in India. To be launched in Q2 FY12
- Business has been impacted due to Nokia's global decision to offer maps and related applications for free
- Aggregation business has seen a downward curve due to certain regulatory changes in the international markets
- Dividend paying company for the last seven years
- Debt free company since inception

Tanla Today

Since inception in 1999-2000, Tanla remained focused in the telecom sector. Over the years we have developed strong technology competency through delivering innovative mobile solutions. Many of our solutions have transformed the way industry operated and also created new business models. With customers across the mobile ecosystem, Tanla works with all the leading players of various business segments in the ecosystem.

Tanla today is one of the key players in the global mobile payments industry, with Carrier billing enabled in 32 countries covering more than 120 operators and Credit card billing in 160 countries.

Customer segments and offerings

Telecom Operators



- VAS Solutions
- Mobile content discovery & Delivery
- Games club
- APPflex

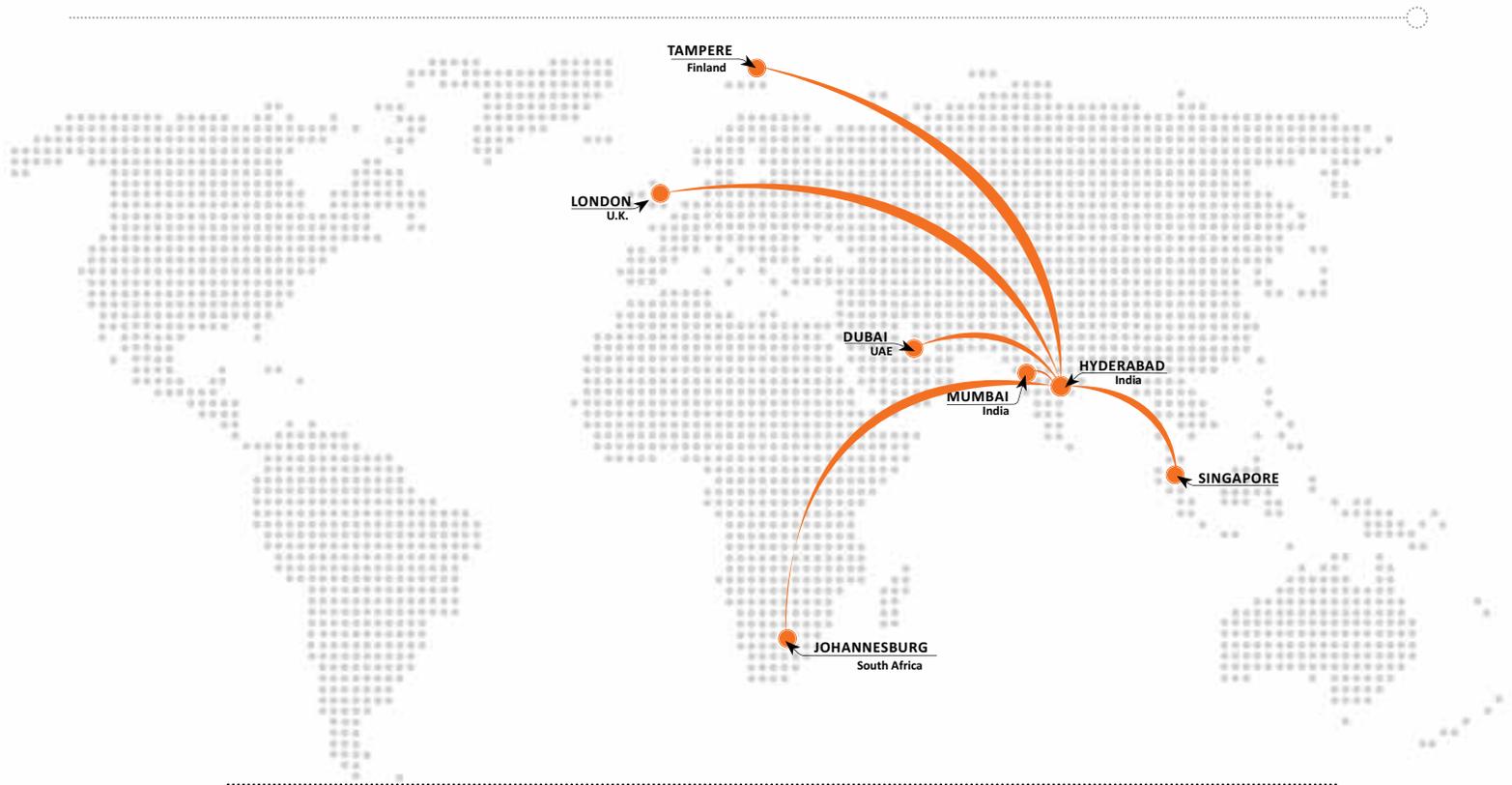


OEMs

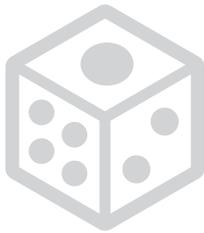


- Content Preloads & side loads
- APPFlex
- Mobile content discovery & delivery





App Developers/ Content publishers/ Aggregators



- Games Club
- In application rights management
- Mobile payments
- Mobile content discovery & delivery



Distribution channels/ App stores



- Content Preloads & side loads
- Appflex
- Mobile content discovery & delivery



Chairman's Message

Dear Shareholders,

The last 12 months have been both challenging as well as positively transformative for the company. Our commitment to investing in new products and solutions as well as to constantly innovate on our existing portfolio has led to exciting new developments and a transformation of the organization along with a greater depth in our offering and an increased ability to attract top tier customers across industry verticals.

We faced 2 key challenges this year, on the one hand we were faced with a change in strategy by Nokia, one of our larger customers, which led to them distributing navigation for free with their handsets and on the other hand we were faced with a change in the regulatory framework in some of our key markets which had an adverse impact on our aggregation business. Our strategy to counter these challenges has been to diversify our client base and decrease our dependence on the aggregation business.



Testimony to this strategy has been the clientele acquired during the period, which include leading players across the mobile ecosystem, Aircel, Airtel, Vodafone, Reliance, BSNL, MTNL, Hutchison 3G, Telekom Indonesia, Smart Philippines and Apollo Hospitals to name a few. These customer wins have been a direct result of our commitment to innovation and product development.

The products launched during the year were highly successful. Our Clubportal solution has proven to help Mobile Operators and Content owners to monetize content and increase content ARPU even with budget conscious consumers by offering flexible licensing and payment options. Currently our Clubportal solution has been deployed across 7 mobile operators in India and South Asia. And has over 5 million active users which is expected to grow to at least 20 million during FY12.

We have also launched a new payment platform for application and game developers called Tpaymobile.com. Through this website developers can integrate with our payment solution online and immediately get the ability to license their products flexibly as well as to collect payments globally. Tpaymobile has been successful in attracting a large number of developers and we expect to see increased revenues from this over the course of the year.

We feel a sense of pride in announcing the launch of some of our new solutions this year and these solutions are a clear manifestation of our expertise in bringing out products that change the industry landscape. Our new comprehensive solution to health care providers is going to leverage 3G technology to bridge the gap between doctors and patients. Other innovative solution that has evolved from our patent pending Intune Engine is Guruswara, It helps students across the globe learn music by interacting with Gurus and also benchmark themselves among other music lovers. Our Prepay solution is going to add new alternate payment channels to monetize mobile apps and is expected to become a key monetization mechanism in the emerging markets. All these solutions are in line with our new thinking "Powering Mobile Monetization."

The strategy to invest in bringing out new solutions remains to be prime focus and we are also looking at replicating our success stories in other markets including Africa and Latin America. Making inroads into emerging markets is still a priority for us at Tanla. This focus helped us become a key telecom solution provider in India, fastest growing telecom market in the world, expected to reach Rs.550 Bn by 2015 and we expect to add more blue chip companies as our customers during the year.

We have defined a transformation roadmap for Tanla, which still retains the energy of a small company looking at bigger opportunities. I take this occasion to thank my fellow board members, business partners, employees, share holders and all other stake holders for the incessant support to the Company.

Warm Regards,

D. Uday Kumar Reddy,
Chairman & Managing Director

Some of our success stories...

Case Study

GAMES CLUB

Creating new business models for selling high value content

Games Club is part of the Club portal suite of offerings from Tanla. The Club Portal allows easy management of content enabling users to view multiple clubs such as music, video, games etc as a single entity differentiated by content and subscription models. The Club Portal also provides an optimized DRM solution to manage all types of digital content from a single point.

Challenges

- 80%-100% of mobile subscribers browse on deck portals but only 5% conduct purchases
- To increase WAP usage by budget conscious mobile users
- Increased dependency on traditional on-deck promotions
- Controlling access to pre-loaded and downloaded games
- Difficulty in on boarding low balance prepaid users
- Complex reconciliation and settlement in flat subscription model
- Traditional differential price points leading to revenue leakage

Solution

- Control usage of games – Preloaded and downloaded
- Automatically enable Try & Buy of games
- Flexibility to change pricing models in real time
- Single subscription master to access a mix of games

- Download all games, but get billed for what you use/play
- Facilitates up-selling and cross-selling through variable pricing and game recommendations
- Integrates with ad-banners and external ad servers
- In-game content recommendation provides its own store front creation

Results

- 1 million active Games Club subscribers per day within five months of launch
- Mobile games revenue contribution to on deck increased 100% in three months
- Attracted infrequent gamers and those with low ARPU
- Substantial increase in data usage due to Games Club
- Converted non data users to become subscribers of Games Club through SMS



TPAYMOBILE

Innovative solution for monetizing mobile applications

TPAYmobile.com is a cross-platform, on-device mobile payment service for mobile applications and games. With a single integration with TPAYmobile, developers can charge for their applications through credit and debit cards globally. TPAYmobile provides developers the ability to monetize their applications through new and innovative business models such as subscriptions with absolutely no starter or joining fee.

Challenges

- Monetize applications across third party app stores
- Setting up multiple distribution channels for selling apps
- Flexibility in pricing and licensing of apps
- Access to detailed analytics with regards application performance
- Global payments and collections
- Timely revenue reports and settlements
- In-application billing allows developers to unlock features within the game or application or sell additional services within the application
- Supports Symbian, Java, Windows Mobile and Android platforms. Developers can either integrate manually using the SDK or use the automated wrap

Solution

- Monetize their apps and games globally and distribute in numerous ways, such as: App Stores and through resellers
- Automatically enable Try & Buy of games
- Create business models and promote content by providing free time-bound trials and converting users to paying customers using on-device payments.

Results

- Installed on over 300 million handsets; processed payments in over 100 countries
- Improved conversion rates
- Customers including Nokia, Fsecure, Symantec, Quick Office use TPAYmobile for selling mobile apps globally

Free trial license	Valid for days, hours or minutes and in some cases n times.
Periodic license	Time based license - Valid n days (On a rental basis).
Full license	Outright purchase with perpetual license - Unlimited time of use.
Subscription license	Continuous subscription, renewed after n days.
Usage license	Session based – pay per play.
Upgrade license	Unlimited use if a full license exists for an earlier version.
Pre-Bundled license	One application can be packaged with certain handheld devices with defined license criterion.

VIDEO ON-DEMAND

3G Video Infotainment Portal for mobile users



Tanla powers 3G mobile video services for Reliance with a suite of content services including World Cup cricket match videos for all Reliance 3G mobile subscribers across their six circles in India. Reliance 3G subscribers can now access these services by dialing a video call to 58000 from their handsets.

Challenges

- Low cost telco grade solution for best performance in 3G environment
- Deploy latest content to engage mobile users
- Flexibility to launch new services on the fly
- 24x7 support to ensure uptime of platform

Solution

- IVVR based video portal
- Tanla's IVVR has a powerful Interactive Video Response call flow to handle the service logic
- IVVR provides the subscriber a great content viewing facility
- Complete video ACD
- IVR navigation to choose services
- Visual Menus Management: Enables clients to select on-demand videos
- Intelligent rules routing based on client segmentation

Results

- Made available cricket world cup events for Reliance subscribers during the season
- Entertainment content including Bollywood videos
- Availability of Infotainment content such as videos on cookery, health, etc
- High quality service under the managed services model

Where we are going tomorrow

Global Mobile Subscriptions to hit 6 billion by 2015 VAS revenues to contribute 30% to the mobile operator revenues by 2015

Over the years Value Added Services (VAS) industry has evolved globally transforming many industry segments. The change is primarily driven by the exponential increase in mobile subscriptions coupled with new generation handsets. Apart from the traditional VAS, new multi-million opportunities are emerging in the areas of mobile applications and games, mobile payments, mobile advertising, mobile health and mobile banking.

Emerging markets including India and China are playing a critical role in the global mobile VAS industry landscape, with 60% mobile penetration in India which is expected to reach 97% by 2011. Also 3G and smartphones are taking off successfully and the demand for mobile internet enabled services is on the rise.

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* **92%** CAGR for global mobile apps by end of 2012 globally & 65% of the total downloads are games

.....

* **45%** of the global users will have data connection by end of 2014

.....

* **20%** is the contribution of music based reality shows to the overall media revenues globally

.....

* **50%** of the global subscribers will make mobile payments by 2014, with 500 mn users from India alone.

*Sources: The above information has been sourced from various institutional reports:PWC,Deloittee..etc

Market Opportunity

Mobile operators globally are investing heavily in the latest technologies including 3G and LTE. VAS is taking centre stage in the strategy of operators to increase revenues and improve ARPU.

- Technology-driven new business models are making high value content like games and apps affordable. These include pay per play, freemium and flexi licensing
- 3G is opening the doors to new services: health care, live video content (sports, videos and TV)
- Telcos are looking beyond providing just music services to include music auditioning for reality music shows, and engage brands and music lovers through interactive music applications
- Mobile payments today is a global phenomenon with acceptance across all markets and industry segments

Tanla Advantage

Tanla is poised to take advantage of the new wave in the mobile VAS industry through its

- Innovative solutions to drive high value content (games and apps) revenues for all players in the ecosystem: mobile operators, OEMs, content providers
- Multi-access system for operators, brands and reality TV production houses to reach music lovers, singers across the globe (voice, mobile, web application)
- Flexible 3G platform to launch multiple 3G VAS services across industry segments (mobile operators, healthcare providers, education etc).
- Being one of the leading players in mobile payments and connected across all mature markets, we are rapidly expanding in the emerging markets of Asia, Africa and Latin America to process mobile payments

[read more](#)



An interactive virtual classroom to assist music Gurus to enhance and transform their student's vocal abilities. Also aims to assist students in achieving proficiency in singing and excel in their social group.

Solution Overview

Guruswara powered by Tanla intune engine is a web based tool enhancing the music learning experience of students and teaching experience of Gurus.

Technology

Intune Engine

- Real-time engine for instant feedback while singing
- Note engine for an audition level scoring
- Multi parameter scoring
 - Pitch (Sruthi)
 - Tempo (Laya)
 - Note (Swaram)
 - Expression (Bhavam)
 - Vibrato (Gamakam)

Audition Interface

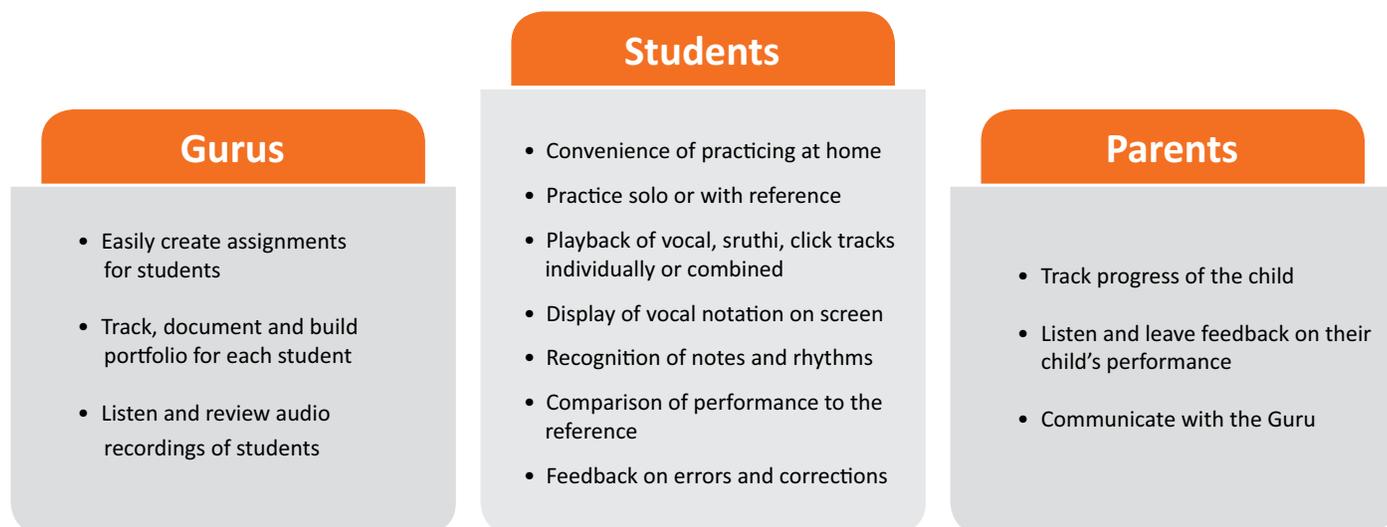
- Lyrics, Sruthi and click track control
- Recording & playback
- Compare and review recording

Virtual Classrooms

- Assignments
- Submissions
- Ranking
- Sharing

Features

- Assessment
- Practice with accompaniment
- Record
- Practice performing in tune
- Note charts
- Skill-development exercises in all keys



Some of our New Solutions...



PRE PAY
VOUCHER SOLUTION FOR APP STORES
 Integrated in-application prepaid voucher management system

Prepay enables app store owners to create an alternative payment channel through integrated voucher management system enabling flexible licensing through the licence manager.

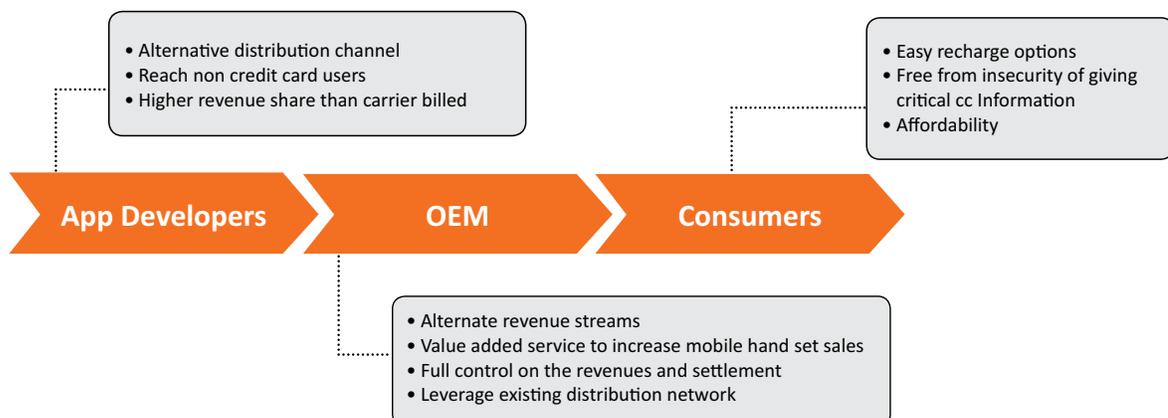
Solution Overview

Tanla's PrePay solution enables OEMs to provide a convenient and alternative payment channel through prepaid voucher distribution.

The solution is powered through

- Integrated PIN Management System
- ODP Client for content discovery
- Credit top up and Management
- Content Aggregation and license management

PrePay is a fully functional wrapper driven integrated in-application prepaid voucher management system that allows efficient payment convenience to Appworld consumers. The solution is powered through an integrated voucher management system, an ODP Client for content discovery and user account management, content aggregation, and systems for license management, billing and Reporting/MIS.





SingInTune is a music platform where users can give song performances and be automatically evaluated by Tanla InTune engine. Users can enjoy a seamless experience as they perform and share their performances to and from a variety of devices like Tablets, Desktop, Web or mobile.

Solution Overview

Today telcos are increasingly looking at alternate ways to engage subscribers and brands to enhance the ARPU. Since music is one of the most popular media, the need of the hour is to think beyond traditional music systems.

InTune bridges this gap between subscribers, brands and media houses bringing them into a single ecosystem to enhance the music experience.

Features

- InTunes enables users to sing, analyze, challenge and share through social media
- Graphical representation of each song evaluation
- Provides Multi model access – IVRS, DESKTOP APP, MOBILE APP and TABLET APP
- Competition creation with user gratification
- Users can challenge his performance with others
- Leader board presents top performers and emerging singers
- Users can practice for better singing experience
- Users can broadcast their performances over cloud like Face book, Twitter and email
- Complete ecosystem of music lovers with unique operator branding
- Unified payment options available through operator billing

Benefits

- Well connected with like minded music lovers through a single portal
- Career building platform for amateur, serious and fun loving music lovers
- Take your song recording to a larger audience over social media
- Build your own fan base
- Enjoy wide variety of music labels
- Seamless experience through various access channels maintaining account synchronization

Mobile Operators

- “Think beyond” offering from tradition model of music downloads and subscriptions
- To create and drive social ecosystem of music lovers
- Increase music revenues through innovative and unique offerings
- Create unique branding identity in the market place
- Customer base acquisition from competitive networks
- Increased ARPU with a scope for repeat subscriptions

Brands

- Strong brand building
- Gather sponsorship opportunities
- Announce gratification for winners in the events

Music Labels

- Alternative distribution channel / Point of Sale
- Identify good singers and sign – up with them
- Increased revenues through labels selling
- Instantaneous customer reviews and feedback

3G VIDEO PLATFORM

Dial-a-Doctor: Innovative M-Health solution to health care providers



“Dial-a-Doctor” as an innovative mHealth service offering ensuring their patients have the facility to access doctors in the comfort of their homes and also expands the coverage of medical services to remote areas besides reducing the pressure to expand physical infrastructure.

Solution Overview

Tanla’s unique 3G video platform provides a simplified user interface and interaction on 3G enabled mobile phones including features such as

- Show interactive videos during the call,
- Conferencing additional doctors for diagnosis
- One-touch access to patient’s history
- Patient’s prescription details
- SMS communication through the platform
- Video recording to compare previous diagnosis
- Ability to offer enhanced visual diagnostics for accurate results
- Remote agent availability
- Integration with legacy systems (client databases, billing, etc.)
- Support for email and SMS
- Outgoing calls (video and audio)
- Complete Session Recording
- Supervisor Barge-in Facility (Video & Audio)

The system even allows for sharing of the patients’ medical history with the doctor online and also receive prescriptions via SMS or email

Features

- Complete video ACD
- Video and audio delivery to clients on hold
- IVR navigation to choose services
- Visual Menus Management: Enables clients to select on-demand videos while they wait for an agent
- Intelligent rules routing based on client segmentation

Our Management Team



D. Uday Kumar Reddy,
CMD

D. Uday Kumar Reddy, founder of Tanla Solutions Ltd. has been serving as its Chairman and Managing Director since 1999. He has been the principal architect of Tanla's leadership, growth and strategy. He is responsible for Corporate Vision, M&A and Strategic Investments.

Gautam Sabharwal leads Tanla's business development and global strategic alliances and partnerships. Gautam joined Tanla from Techserv, a company he founded and which became a subsidiary of Tanla Solutions Ltd. His past experience also includes several years of managing successful businesses in the emerging telecom services markets of Europe.



Gautam Sabharwal
Director – Global Business
Development



Satish Kathirisetti
Director - Technical

Satish Kathirisetti leads the Applications & Innovations Group, and is responsible for technology guidance and architectural design of all products and services of Tanla. Satish joined Tanla in 2001 from Serendip Technologies as Chief Technologist, contributing in the areas of telecom voice solutions and unified messaging.

Amit Gupta has global responsibility of managing financial reporting, planning, global processes, systems, controls and fiscal compliances apart from financial management. He is also a core member of the M&A team



Amit Gupta
Director- Finance



Anoop Roy Kundal
Director –Operations

Anoop Roy Kundal spearheads software development and service delivery and is responsible for engineering and delivery operations. He has helped Tanla emerge as a leading provider of IT services and mobile solutions for the evolving mobile ecosystem.

Navnit Chachan is responsible for deploying and operationalizing all products and services offered by Tanla. He is also responsible for managing the corporate IT infrastructure and networks.



Navnit Chachan
Director – Engineering
& Technology

Our Independent Directors



Ram Narain Agarwal
Independent Director

A scientist of great renown, Ram Narain Agarwal hails from Jaipur, Rajasthan, where he acquired his early education. After graduation, he joined the Madras Institute of Technology (MIT) at Chromepet, Chennai, for a postgraduate course in Aeronautical Engineering. He was the Project Director of Agni Missile Program.

Presently Professor in University of Malaya, Malaysia in the Department of Electrical Engineering, University of Malaya, Malaysia. Sudhanshu Shekhar Jamuar received his B. Sc. Engineering Degree in Electronics and Communication from Ranchi University, followed by an M.Tech and a Ph.D. in Electrical Engineering from IIT, Kanpur, SM IEEE, FIETE, LMISTE. He joined the Department of Electrical Engineering at IIT, Delhi, in 1977



Sudhanshu Shekar Jamuar
Independent Director



Surjeet Kumar Palhan
Independent Director

Founder Director of Sringeri Sharada Institute of Management, Surjeet Kumar Palhan is an engineering graduate from Indian Institute of Technology (IIT), Kharagpur. He acquired his DIM and MBA degrees from FMS, Delhi University, and Advanced Training in Industrial Management in the Netherlands

Shrikant Madan Chitnis, formerly General Manager with IDBI Bank, has rendered services as Managing Director in Mauritius Development Bank, and as Consultant to the World Bank and has MA,LLB,CAIIB and MBA as his academic credentials.



Shrikant Madan Chitnis
Independent Director



Abhishek Khaitan
Independent Director

Abhishek Khaitan is an LLB (Hons.) and Solicitor, England and Wales, and has served with companies in India and England. He is currently a partner in Bower Cotton Khaitan Solicitors, a boutique firm based in London, specializing in commercial property, company law, litigation and private clients.

DIRECTORS' REPORT

To the Members,

Our Directors have great pleasure in presenting the 15th Annual Report of business and operation together with Audited Financial Statement of Accounts for the financial year April 01 2010 to March 31 2011.

RESULTS OF OPERATIONS

In Rs.

Financial performance of the Company (Standalone):		
Particulars	Results	Results
	March 31, 2011	March 31, 2010
Income from operations	28 70 50 801	51 05 54 953
Operating Profit (EBIDTA)	5 45 47 723	10 93 26 111
Less: Depreciation & amortisation	31 21 72 843	18 14 96 395
Operating Profit before Tax	(25 76 25 120)	(7 21 70 283)
Add: Other Income	53 40 458	6 68 36 431
Profit Before Tax	(25 22 84 661)	(53 33 852)
Less: Provision for Tax	(7 37 93 030)	(3 79 83 035)
Profit after Tax	(17 84 91 631)	3 26 49 183
Dividend (incl. dividend tax)	1 18 33 408	1 18 72 605
Transfer to General Reserve		8 16 230
Net Profit Transferred to Reserves	(19 03 25 039)	1 99 60 349
Earnings per share: Basic / Diluted (Rs.1 each)	(1.76)	0.33
Dividend Rate	10%	10%
Share Capital	10 14 79 593	10 00 28 376
Reserves & Surplus	627 00 98 828	646 04 23 867
Total shareholders funds	637 15 78 421	656 04 52 243
Book value per share (Rs.1 each)	62.79	65.59

SUBSIDIARIES

The subsidiaries of Tanla Solutions Limited are (i) MufiThumb Entertainment Pvt Ltd, India (ii) Tanla Mobile Asia Pacific Pte Ltd, Singapore (iii) Tanla Solutions (UK) Ltd., UK and (iv) Tanla Mobile Private Limited, India

Tanla Mobile Ltd ,UK is a subsidiary of Tanla Solutions (UK) Ltd. UK.

Tanla Mobile Spain SL, Spain, is a subsidiary of Tanla Mobile Ltd, UK

(i) Tanla Mobile Middle East FZ LLC, Dubai,

(ii) Tanla Mobile Inc, USA,

(iii) Tanla Mobile South Africa Proprietary Ltd, South Africa

(iv) Tanla Mobile South Asia Pvt Ltd, Srilanka and

(v) Tanla Mobile Ireland Pvt Ltd, Ireland are subsidiaries of Tanla Mobile Asia Pacific Pte Ltd, Singapore.

Tanla Oy, Finland is a subsidiary of Tanla Mobile Finland Oy which is a subsidiary of Tanla Mobile Middle East FZ LLC, Dubai.

TZ Mobile Private Limited, incorporated in July 2009 is a Joint Venture Company between Tanla Mobile Private Limited and Zed Worldwide Holdings SL, Spain each holding 50% of shareholding.

DIVIDEND

The Board recommends a Dividend of 10 % (Re.0.10 per equity share of Rs. 1/- each), as per Companies (Declaration of Dividend out of Reserves) Rules, 1975, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with applicable regulations. The dividend if declared as above, would involve an outflow of Rs.10, 147, 959 towards dividend and Rs.1,685,449 towards dividend tax.

The registers of members and share transfer books shall remain closed from September 28th, 2011 to September 30th, 2011 (both days inclusive).

ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS

The company has not issued Equity Shares on Preferential basis during the financial year ended 31st March, 2011.

FIXED DEPOSITS

During the financial year 2010-11, the Company has not accepted any deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section on 'Management Discussion and Analysis' (MDA), pursuant to Clause 49 of the Listing Agreement forms an integral part of this Annual Report.

PARTICULARS PURSUANT TO EXEMPTION UNDER SEC 212 OF THE COMPANIES ACT, 1956

Pursuant to the provisions of Section 212 of the Companies Act, 1956, documents in respect of the various subsidiaries viz., Directors' Report, Auditors' Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance Sheet of the holding company. However, the Government of India, Ministry of Corporate Affairs, has vide letter No.47/15/2011-CL-III dated 27 January 2011, granted a general exemption to applicability of the provisions of Section 212(1) of the Companies Act, 1956. As required under the circular the Company shall make available the audited annual accounts of the subsidiary companies and related detailed information to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the Company during business hours.

Information pertaining to the subsidiary companies to be declared as a part of the consolidated financial statements is in page no. 54.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Shrikanth Madan Chitnis, Mr. Surjeet Kumar Palhan, Mr.Satish Kathiriseti and Mr. Anoop Roy Kundal, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

A Brief resume of each of the Directors proposed to be appointed/re-appointed, their expertise in specific functional areas and names of the Companies in which they hold Directorship/membership/chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges has been provided elsewhere in this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors in terms of Section 217 (2AA) states that:

- a) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company as at March 31st 2011 and of the Loss of the Company for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a “going concern” basis.

CORPORATE GOVERNANCE

Our Directors reaffirm their continued commitment to good corporate governance practices and Our Company adheres to all major stipulations in this regard as provided in Clause 49 of the Listing Agreement which relate to Corporate Governance. A detailed report on the Corporate Governance, together with, a certificate from Ms Chada Srivani, Practising Company Secretary, BS & Co., Company Secretaries forms part of this report.

INTERNAL CONTROL SYSTEM

The Company has proper and adequate systems of internal control system commensurate with the size and nature of its business to ensure protection of assets, proper financial & operating functions and compliance with the policies, procedures, applicable Acts and Rules. The company's internal controls are supplemented by sound internal audit practices. The Audit Committee at their meetings regularly reviews the financial, operating, internal audit & compliance reports to improve performance. Further, the company has an independent internal audit system. The process of internal audit involves, reviewing of existing controls and systems. Internal Audit also recommends actions for strengthening of the business processes. The internal audit ensures adherence to operating guidelines, regulatory and legal requirements.

RISK MANAGEMENT SYSTEM

Risk is an integral part of the business process. To enhance the risk management process, the company has mapped the risks. A system has been formulated based on Balanced Score Card with various appropriate measures and accountabilities to identify, assess, prioritise and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken.

The company manages business risks through strict compliance and internal checks. It will not be out of context to state that the system has worked very effectively during the year under review.

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

In terms of the amended Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956, no employee/Whole time Director has been paid a remuneration equal to or exceeding the remuneration prescribed under the above amended rules.

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

Conservation of energy

Our operations are not energy intensive; however significant measures are taken to reduce energy consumption by using energy efficient computers and purchasing energy efficient equipment. We constantly evaluate new technologies and invest to make our infrastructure more energy efficient.

Technology Absorption

Research and development of new products, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous innovation.

Our Company continues to invest in rapidly changing technologies and use them to improve the quality of the products, service offerings, this has resulted in overall reduction in defect rates and a higher level of customer satisfaction.

Foreign Exchange earnings & outgo:

The particulars regarding foreign exchange earnings and expenditure are annexed hereto and forms part of this report.

EMPLOYEE STOCK OPTION SCHEME

Options were granted to the employees in Oct 2009, but no options were vested with the employees pursuant to the grant.

Disclosure in compliance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999), as amended, are as under:

Nature of Disclosure	Particulars
Options granted	41,75,000 options were granted on October 16, 2009, each option gives the grantee a right to subscribe to equity share of face value of Rs.1/- each.
The pricing formula	At a discount of 20% on the latest available closing market price prior to the date of grant of options of the company on the exchange having the highest trading volume.
Options Vested	No Options were vested during the year
Options Exercised	No Options were exercised during the year
Total number of shares arising as a result of exercise of option	No Options were exercised during the year
Options lapsed	No Options were vested during the year
Variation of terms of Options	No variation has been done
Money realized by exercise of Options	As no Options were exercised during the year, no money was realized.
Total number of options in force Details of Options granted to senior managerial personnel	41,75,000
Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	No Options were granted during the year
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital(excluding outstanding warrants and conversions) of the company at the time of grant	No Options were granted during the year
Diluted Earnings per share(EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard(AS) 20 – Earnings Per Share	No shares were issued as no options were exercised.
(i) Method of calculation of employee compensation cost. (ii) Difference between the compensation cost using the intrinsic value of the stock options(which is the method of accounting used by the company) and the Compensation cost that would have been recognized in the accounts if the fair value of options had been used as method of accounting. (iii) Impact of difference mentioned above in (i) above on the profits of the company. (iv) Impact of the difference mentioned in (i) above on the EPS of the company	As no shares were allotted during the year 2010-11, this section is in-applicable
(i) Weighted Average exercise price of options (ii) Weighted Average fair value of options	
(i) Method used to estimate the fair value of options (ii) Significant assumptions used (Weighted Average information relating to all grants):- (a) Risk free interest rate (b) Expected life of options (c) Expected volatility (d) Expected dividend yields (e) Price of the underlying share in market at the time/of option granted	As no shares were allotted during the year 2010-11, this section is in-applicable

TRANSFER OF UNCLAIMED SHARES TO SUSPENSE ACCOUNT

As on 31st March, 2011, 870 Unclaimed Equity Shares held by 15 Shareholders, were held in the "Tanla Solutions Limited – Demat Suspense Account" in Axis Bank, Jubilee Hills, Hyderabad in compliance with the provisions of Clause 5A of the Listing Agreement. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

According to Section 205A(5) of the Companies Act, 1956, unpaid and unclaimed dividend in the dividend account of the Company has to be transferred to Investor Education and Protection Fund after seven years of declaration. Hence pursuant to Sec 205 (A) of the Companies Act, 1956 and other applicable guidelines, Rs. 41,000 representing the unpaid and unclaimed dividend for the year 2003-04 has been transferred to Investor Education and Protection Fund.

HUMAN RESOURCES

Our Company believes that the quality of 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 required skills. Our Company constantly strives to provide the employees with the required training to hone their skills.

AUDITORS AND AUDITORS' REPORT

M/s.Ramasamy Koteswara Rao, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, shall hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been obtained to the effect that their re-appointment, if made, would be within the limits specified under Section 224 (IB) of the Companies Act, 1956.

The Auditors Report to the shareholders for the year ended March 31, 2011 does not contain any qualification and therefore does not call for any explanation/comments.

GROUP

List of Promoters including the Promoter Group of the Company comprising "Group" as defined under the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) pursuant to Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 are:

1. Mr. D.Uday Kumar Reddy
2. Mrs.D.Tanuja Reddy
3. Mr.Satish Kathirisetti
4. Mr.Anoop Roy Kundal
5. Mr.Navnit Chachan
6. Mr.Amit Gupta
7. Mr.Gautam Sabarwal

ACKNOWLEDGEMENT

Our Directors wish to place on record their appreciation for the support extended by government authorities, bankers, customers and shareholders of the Company.

Our Directors also wish to place on record their appreciation for the sincere services rendered by the employees of our Company during the year. Their dedication, teamwork and efficiency are commendable.

Date: September 05, 2011
Place:Hyderabad

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

Foreign Exchange earnings & outgo:**a. Imports (valued on the cost, insurance and freight basis)**

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Import of capital goods	6 38 78 362	1 25 98 165

b. Activity in foreign currency

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Earnings in foreign exchange (on accrual basis)		
Income from software products and offshore development services	19 07 09 339	46 57 37 774
Dividends received	-	-
Interest received	-	1 89 45 548
Expenditure in foreign exchange (on accrual basis)		
Cost of services	2 25 03 713	7 69 77 612
Foreign Travel Expenses	15 58 238	29 00 635
Professional Charges	14 93 105	11 34 921
Net earnings in foreign exchange	10 12 75 921	39 10 71 989

Report on Corporate Governance

Corporate Governance

Corporate Governance is a reflection of our policies, our culture, our commitment to value. Our Company strives to conduct business with sound Corporate practices which reflect fairness, integrity, accountability and transparency in our dealings with the stakeholders and regulatory authorities. With a view to achieve the above objectives, Our Company through formalized Meetings, Committees consisting of key Managerial Personnel, reviews periodically various activities and operations of the Company.

Board of Directors:

Composition of the Board:

For the year ended on March 31, 2011, the Board consisted of five Independent Non-Executive Directors and six Executive Directors. The Independent Directors satisfy the criteria of independence as defined in the Listing Agreement Corporate Governance standards.

Board Meetings:

The Board met five times during the financial year 2010-11 on May 14th 2010, August 13th 2010, September 5th 2010, October 20th 2010 and January 27th 2011.

Committees of the Board

Our Board has constituted committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board either for information or approval.

The details of attendance of Directors at Board Meetings and at the last Annual General Meeting are as under:

Name of the Director	Number of Board Meetings Attended	Attendance at last Annual General Meeting	No. of Directorships in other Companies	No. of Committee Memberships in other Companies	No. of Committee Chairmanships in other Companies
Executive Directors					
Mr.D.Uday Kumar Reddy	5	Yes	13**	Nil	Nil
Mr.Gautam Sabharwal	Nil	No	13**	Nil	Nil
Mr.Amit Gupta	5	Yes	5**	Nil	Nil
Mr.Satish Kathirisetti	5	No	2**	Nil	Nil
Mr.Navnit Chachan	5	Yes	1**	Nil	Nil
Mr.Anoop Roy Kundal	2	No	3**	Nil	Nil
Non-Executive Independent Directors					
Mr.Ram Narain Agarwal	5	Yes	Nil	Nil	Nil
Mr.Shrikanth Madan Chitnis	Nil	No	Nil	Nil	Nil
Mr.Surjeet Kumar Palhan	5	No	Nil	Nil	Nil
Mr.Abhishek Khaitan	Nil	No	Nil	Nil	Nil
Mr.Sudhanshu Sekhar Jamuar	1	No	Nil	Nil	Nil

** The Directorships mentioned above are as held by the Director in subsidiaries/affiliates/joint ventures of Tanla Solutions Limited

We had the below mentioned Committees on the Board as on March 31, 2011.

1. Audit Committee
2. Remuneration Committee
3. Investors' Grievance Committee
4. Shareholders' Committee
5. Investment Committee

Audit Committee

The Audit Committee of our Board of Directors, reviews, acts on and reports to our Board of Directors with respect to various auditing and accounting matters.

The role of the Audit Committee shall include the following:

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory / internal auditor and the fixation of audit fees.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report interms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
5. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
6. Discussion with internal auditors any significant findings and follow up there on.
7. Discussion with statutory auditors before the Audit Commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
8. To review the functioning of the Whistle Blower mechanism.
9. Management discussion and analysis of financial condition and results of operations.
10. Management letters / letters of internal control weaknesses issued by the statutory auditors.
11. Internal audit reports relating to internal control weaknesses.

The Chairman of the Audit Committee was present at the previous Annual General Meeting. All members of our Audit Committee are independent non-executive directors. Statutory Auditors and Internal Auditors always have meetings with the Audit Committee.

Our Director-Finance, along with other Directors makes periodical presentations to the Audit Committee on various issues. The Company Secretary is the Secretary of the Committee.

The Audit Committee met five times during the year on May 14th 2010, August 13th 2010, September 5th 2010, October 20th 2010 and January 27th 2011.

Details of the composition of the committee and attendance of members at the meetings held during the financial year 2010-11:

Name of Committee Member	Status	Category	No. of Meetings held	No. of Meetings Attended
Mr.Ram Narain Agarwal	Chairman	Independent Non-Executive	5	5
Mr.Surjit Kumar Palhan	Member	Independent Non-Executive	5	5
Mr.Shrikanth Madan Chitnis	Member	Independent Non-Executive	5	Nil

Remuneration Committee

The Remuneration Committee met once during the financial year ended on March 31st 2011.

Details of the composition of the committee and attendance of members at the meetings held during the financial year 2010-11:

Name of Committee Member	Status	Category	No. of Meetings held	No. of Meetings Attended
Mr.Surjit Kumar Palhan	Chairman	Independent Non-Executive	1	1
Mr.Ram Narain Agarwal	Member	Independent Non-Executive	1	1
Mr.Shrikanth Madan Chitnis	Member	Independent Non-Executive	1	Nil

The primary responsibilities of the Remuneration Committee inter-alia are:

- Determine remuneration package of Directors and senior management employees and Directors of our Company.
- Approve and evaluate the compensation plans, policies and programs for Whole-time Directors and Senior Management.
- Act as Administrator of the Company's Employees Stock Option Plans drawn up from time to time.

Our Head-Human Resources makes a periodic presentation to the Remuneration Committee. Members of the Remuneration Committee are independent non-executive directors.

Particulars of Remuneration and other benefits paid to the Whole-time Directors during the year ended on March 31st, 2011.

In Rs.

S. No.	Name	Salary and allowances	Contributions to Provident & other funds	Perquisites & incentives	Total remuneration
1	Mr. D. Uday Kumar Reddy	41 82 658	2 10 890	14 400	44 07 948
2	Mr. K. Satish	20 27 760	102 240	14 400	21 44 400
3	Mr. Anoop Roy Kundal	14 75 600	74 400	14 400	15 64 400
4	Mr. Amit Gupta	18 93 120	1 46 880	14 400	20 54 400
5	Mr. Navnit Chachan	1 57 760	12 240	14 400	1 84 400
	Total	97 36 898	5 46 650	72 000	1 03 55 548

Particulars of remuneration and other benefits paid to Independent Directors during the year ended on March 31st, 2011:

In Rs.

Name	Sitting Fees	Reimbursement of Expenses	Total
Mr.Ram Narain Agarwal	50 000	-	50 000
Mr.Shrikanth Madan Chitnis	Nil	-	Nil
Mr.Surjeet Kumar Palhan	50 000	-	50 000
Mr.Abhishek Khaitan	Nil	-	Nil
Mr.Sudhanshu Sekhar Jamuar	10 000	-	10 000
Total	1 10 000	-	1 10 000

Investors' Grievance Committee & Shareholders' Committee

The Investors' Grievance Committee is responsible for redressal of shareholders' complaints and grievances. The Company also has a Shareholders' Committee which addresses issues pertaining to share transfers, issue of duplicate share certificates, transmission of shares and other related complaints.

The composition of the Investors' Grievance Committee as on March 31st, 2011:

Name of Member	Status	Category
Mr.Ram Narain Agarwal	Chairman	Independent & Non-Executive
Mr.D.Uday Kumar Reddy	Member	Non-Independent & Executive
Mr.Abhishek Khaitan	Member	Independent & Non-Executive

The Company Secretary is the Secretary of the Committee and Compliance Officer.

The composition of Shareholders' Committee as on March 31st, 2011:

Name of Member	Status	Category
Mr.D.Uday Kumar Reddy	Chairman	Non-Independent & Executive
Mr.Ram Narain Agarwal	Member	Independent & Non-Executive
Mr.Surjeet Kumar Palhan	Member	Independent & Non-Executive

The Shareholder's Committee and the Investor's Grievance Committee met at regular intervals and reviewed the shareholder's complaints and grievances.

The Company has received the following communications from the shareholders during the year ended on March 31st, 2011 and all these were replied /resolved to the satisfaction of the shareholders:

S.NO	Subject	Received	Attended	Pending
1	Non Receipt of Dividend Warrants	20	20	0
2	Non Receipt of Refund Order	1	1	0
3	Non Receipt of shares	1	1	0
4	Non Receipt of Annual Report	9	9	0
	TOTAL	31	31	0

Investment Committee:

The Board has constituted an Investment Committee vesting it with the following powers:

- Based on the business requirement to decide on the necessity of opening and operating a Bank Account.
- To invest/renew and withdraw the fixed deposit and other investments in high quality interest bearing liquid instruments.
- To invest surplus funds of the Company in secured instruments like government securities, fixed/term deposits with banks, etc.
- Execute bank guarantees, obtain letters of credit and perform all such activities required/stipulated by banks and financial institutions.

Details of the composition of the committee and attendance of members at the meetings held during the financial year 2010-11:

Name of Member	Status	Category	Meetings held during his tenure	Meetings attended during his tenure
Mr. Uday Kumar Reddy	Chairman	Non-Independent & Executive	1	1
Mr. Satish Kathirisetti	Member	Non-Independent & Executive	1	1
Mr. Anoop Roy Kundal	Member	Non-Independent & Executive	1	Nil
Mr.Amit Gupta	Member	Non-Independent & Executive	1	1

Code of Conduct:

The Board of Directors of the Company laid a Code of Conduct for Directors and Senior Management personnel. All Directors and designated personnel in the Senior Management affirmed compliance with the Code for the financial year 2010-11. The Code of Conduct is posted on the Company's website www.tanla.com.

A declaration to this effect signed by Mr.D.Uday Kumar Reddy, Chairman & Managing Director, is annexed to this report.

Initiatives on prevention of insider trading practices:

In compliance with SEBI Regulations on prevention of insider trading, the Company framed a comprehensive Code of Conduct for its Directors and designated employees. The Code lays down guidelines, which advises the Directors and the designated employees on the procedures to be followed and disclosures to be made, while dealing with shares of the Company.

Subsidiary Companies:

All the subsidiary companies of the Company are board managed with their Board having the rights and obligations to manage such companies in the best interest of their stakeholders. The Board monitors the performance of its subsidiaries by periodically reviewing the financial statements and particulars of investments made by the subsidiaries.

There are no material non-listed Indian subsidiary companies under the Company to nominate its Directors on such subsidiaries.

General Body Meetings:

Details of the Annual General Meetings held during the last three years:

Financial Year	Location	Date & Time	Special Resolutions Passed thereat
2007-08	Plot No.564, Road No.92, Jubilee Hills, Hyderabad-500033.	September 29, 2008 10.30 A.M.	No Special Resolution passed
2008-09	Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad-500081.	September 30th, 2009 10.30 A.M.	No Special Resolution passed
2009-10	Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad-500081.	September 30th, 2010 10.30 A.M.	No Special Resolution passed

Postal Ballot:

During the year 2010-11, no postal ballot was conducted.

Disclosures

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

During the financial year 2010-11, no transactions of material nature had been entered into by the company with the management or their relatives that may have a potential conflict with the interest of the company. None of the Non-Executive Directors have any pecuniary material relationship or material transaction with the Company for the year ended on March 31st, 2011.

A Summary of the materially significant Related Party Transactions is given in Point 6 in the Notes to the Accounts appearing in this Annual Report.

Transactions made in pursuance of contracts or arrangements entered with related parties and exceeding the value of Rupees Five Lakhs in respect of each party during the financial year have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time. All transactions mentioned herein have been conducted at arm's length.

Risk Management

Our Company has a risk management system in place and a team to support our business initiatives by identifying risk and informing accordingly to the Senior Managers at periodical review meetings held in the Company. The method adopted to assess risks within the Company has been discussed in the Director's Report.

A system has been formulated based on Balanced Score Card with various appropriate measures and accountabilities to identify, assess, prioritize and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken.

The company manages business risks through strict compliance and internal checks. It will not be out of context to state that the system has worked very effectively during the year under review.

Accounting Treatment in preparation of Financial Statements:

During the financial year 2010-11, there was no treatment of any transaction different from that is prescribed in the Accounting Standards as required under Section 211(3C) of the Companies Act, 1956.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges/SEBI/ Statutory Authorities on any matter related to capital markets during the last three years:

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities, on any matters related to capital market during the last three years.

Whistle Blower Policy:

We have established a mechanism for employees to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of our Code of Conduct policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

Subsidiaries Companies:

We have 13 subsidiary companies, but none of them is a material non-listed subsidiary as per Clause 49 of the Listing Agreement.

Proceeds from Public Issue, Preferential Issue, Rights Issue, etc.

During the financial year 2010-11 there was no Public Issue, Preferential Issue, Rights Issue.

Adoption of Mandatory and Non-Mandatory Requirements of revised Clause 49:

The Company has complied with all the mandatory requirements and has adopted the following non-mandatory requirements of revised Clause 49:

- a) The Company has set up a Remuneration Committee, details of which are given elsewhere in this Report.
- b) The Company has adopted a Whistle Blower Policy a mechanism for employees to report concerns about unethical behavior of employees to the Chairman of the Audit Committee.

Means of Communication:

- The main channel of communication to the shareholders is through the Annual Report which includes inter-alia, the Director's Report, the Report on Corporate Governance and Annual Audited Financial Results.
- The website of the Company www.tanla.com acts as the primary source of information regarding the operations of the company.
- The quarterly, half yearly and annual results of the Company are published in leading national and regional newspapers: Economic Times, Business Standard, Financial Express, Eenadu, and Andhra Prabha. The results are displayed on the Company's website www.tanla.com and also on the websites of the Stock Exchanges www.bseindia.com; www.nseindia.com
- Official Press Releases and Transcripts of Conference calls made by the Company from time to time are also displayed on the website of the Company and the Stock Exchanges.
- A Management Discussion and Analysis forms part of the Annual Report.

Additional Shareholder's Information

15th Annual General Meeting

Date	:	30 th September, 2011
Day	:	Friday
Time	:	10:30 AM
Venue	:	Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad - 500081.

Financial Calender

For Quarter ending on June 30 th , 2011	:	Before August 15 th , 2011
For Quarter ending on Sept 30 th , 2011	:	Before November 15 th , 2011
For Quarter ending on Dec 31 st , 2011	:	Before February 15 th , 2012
For Quarter ending on March 3 rd , 2011	:	Before May 15 th , 2012
Financial Year	:	April 1 st to March 31 st
Date of Book Closure	:	September 28 th , 2011-September 30 th , 2011 (both days Inclusive)
Dividend Payment Date	:	Within 30 days from the date of approval by the shareholders at the ensuing Annual General Meeting.

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the following Stock Exchanges.

Bombay Stock Exchange Limited(BSE)

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited(NSE)

Exchange Plaza, Plot No.C/1, G Block,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051.

Listing Fees to Stock Exchanges:

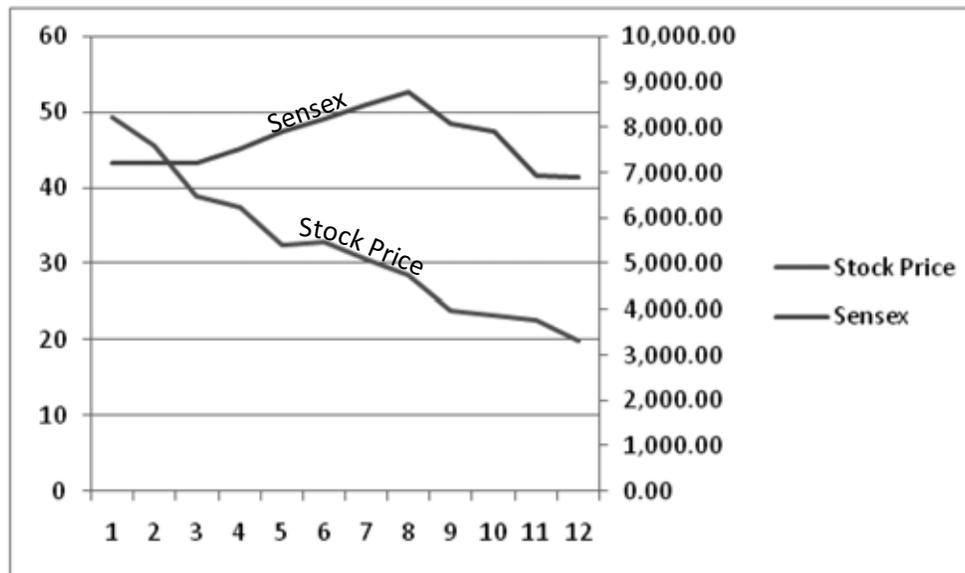
Listing fees for the year 2011-12 has been paid to the Stock Exchanges, wherein the equity shares of the Company are listed (i.e., NSE & BSE) within the stipulated time.

Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2011-12 to National Securities Depository Limited and Central Depository Services(India) Limited.

Symbol:

BSE: 532790 NSE: TANLA ISIN: INE483C01032

Chart Presenting The Share Price Movement of Tanla Solutions Limited Vs Sensex**Details of High, Low, No. of Shares traded in BSE & NSE from April 2010 to March 2011**

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High(Rs.)	Low (Rs.)	No. of Shares Traded
April'10	49.25	44.25	1,38,70,020	49.15	43.90	1,88,06,432
May'10	45.50	35.70	51,20,366	45.00	36.00	1,14,75,445
June'10	38.90	35.15	58,48,007	33.80	33.50	1,15,74,956
July'10	37.50	29.90	35,50,644	37.90	30.80	78,83,898
August'10	32.45	22.30	1,04,16,906	32.40	22.10	2,30,49,107
September'10	32.80	22.25	2,23,99,242	32.90	22.10	4,83,63,877
October'10	30.50	25.60	98,61,089	30.60	25.55	2,19,15,063
November'10	28.45	20.00	43,76,280	28.40	19.85	1,03,95,447
December'10	23.95	18.00	55,19,888	24.00	17.60	1,29,23,173
January'11	23.25	18.10	32,91,237	23.10	18.00	80,55,197
February'11	22.65	14.65	76,16,715	22.50	14.00	1,64,80,740
March'11	20.00	16.20	17,32,894	20.00	16.00	26,85,258

Registrars and Transfer Agents:

All work related to Share Registry, both in physical and electronic form, is handled by the Company's Registrar and Transfer Agent:

M/s Karvy Computershare Private Limited.

Karvy Computershare Private Limited

(Unit: Tanla Solutions Limited)

Plot No.17-24, Vittal Rao Nagar, Madhapur,

Hyderabad – 500081.

Tel.No.040-23420815 – 820 ; Fax No.: 040-23420814.

Dematerialization of Shares and Liquidity:

The Shares of the Company are traded in compulsory demat segment. As on March 31, 2011 98.55% of the total share capital was held in dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

The Company has not issued any GDRs/ADRs/Warrants or any other instrument, which is convertible into Equity Shares of the Company.

Distribution of Shareholding as on March 31st 2011:

No. of Shares held	Shareholders		Share(s) of Re.1 (Par Value)	
	Number	%	Number	%
Upto 5000	89132	98.80	30392690	29.95
5001-10000	596	0.66	4409939	4.35
10001-20000	264	0.29	3777390	3.72
20001-30000	73	0.08	1753392	1.73
30001-40000	27	0.03	939149	0.93
40001-50000	15	0.02	694074	0.68
50001-100000	53	0.06	3733932	3.68
100001 & Above	52	0.06	55779027	54.97

Shareholding pattern as on March 31st 2011:

S. No.	Category	No. of Shares	%
1	Promoters	36244324	35.72
2	Banks, Financial Institutions & Insurance Companies	7000	0.01
3	Foreign Institutional Investors	3326721	3.28
4	Private Corporate Bodies	16390548	16.15
5	Indian Public	42298010	41.68
6	NRI's	1152650	1.14
7	Foreign Nationals	1824205	1.80
8	Foreign Company	0	0.00
9	Foreign Bank	0	0.00
10	Foreign Corporate Bodies	1500	0.00
11	Trusts	11958	0.01
12	Clearing Members	222677	0.22
	TOTAL		

Company's Registered Address & Address for Shareholder's General Correspondence:

The Company Secretary,
Tanla Solutions Limited,
Tanla Technology Centre,
Hi-tech City Road, Madhapur,
Hyderabad – 500 081.
Ph.No.040- 4009 9999,
Fax No.040 – 2312 2999.
Email: investorhelp@tanla.com

Important Communication to Members

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 the service of notice/documents including Annual Report can be sent by e-mail to its members.

We, therefore request all shareholders who have not yet registered their e-mail ids or holding shares in physical form to immediately register their e-mail ids with NSDL/CDSL and/our RTA at einward.ris@karvy.com by mentioning appropriate details such as your Folio No. and No. of shares/ Client Id and DP Id.

Certificate of 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 the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2011 as envisaged in clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Hyderabad
Date: September 05 , 2011

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
M/s. Tanla Solutions Limited
Hyderabad

On the request of the Management, we have examined the relevant records of M/s Tanla Solutions Limited (the Company) for the purpose of certifying the compliance of conditions of Corporate Governance for the financial year ended 31st March, 2011. We have obtained relevant information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance; it is neither an audit nor an expression of 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 except the following as stipulated in Clause 49 of the above-mentioned listing agreement:

NON COMPLIANCE OF CLAUSE 49 (I) (A) (II) WHICH STATES AS UNDER:

“Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors.”

The Chairman of the Board is an Executive Director, but the Board comprises of 6 Executive Directors and 5 Independent Directors, thus not complying with the provision of having 50% of independent directors on the Board

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

Date: September 05 , 2011
Place: Hyderabad

For BS & Company Company Secretaries

Sd/
CS Chada Srivani
Associate Partner
C.P. No. 8181

CMD & DF Certification

To

The Board of Directors,
Tanla Solutions Limited.

We hereby certify that:

1. We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2011 are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) Significant changes, if any, in internal control over financial reporting during the year;
 - b) Significant changes, if any, in accounting policies during the year requiring disclosure in the notes to the financial statements and ;
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place: Hyderabad
Date: September 05 , 2011

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

Sd/-
Amit Gupta
Director- Finance

AUDITORS' REPORT**To the Members of TANLA SOLUTIONS LIMITED,**

1. We have audited the attached Balance Sheet of TANLA SOLUTIONS LIMITED, as at March 31, 2011, and also the related Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - (v) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S
Sd/-

(C.V KOTESWARA RAO)
Partner
Membership No.28353

Place : Hyderabad
Date : September 05, 2011

Annexure to the Auditors' Report (referred to in paragraph 3 of our Report of even date to the Members of Tanla Solutions Limited for the year ended March 31, 2011)

1.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed Assets have been physically verified by the management and, in our opinion, the verification is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
 - (c) No substantial part of fixed assets has been disposed off during the year.
2. In our opinion and according to the information and explanations given to us, the Company not having any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. As informed the Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(III) (b) to (d) of the Order are not applicable.
4. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the company and the nature of its business; for the purchases of fixed assets and for the rendering of services. During the course of our audit, no major weakness has been noticed in the internal controls.
5.
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits with in the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. To the best our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 209 (i) (d) of the of the Companies Act, 1956 in respect of the Company's nature of business.
9.
 - (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income Tax, Wealth Tax, Customs Duty, Excise duty, cess, Service tax and other material statutory dues applicable at the end of the year for a period of more than six months from the date they became 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 disputed service tax liability for the period 1.6.2007 to 31.10.2009 of Rs. 6,85,81,618 (out of this Rs.1,93,68,932 paid) pending before the Commissioner of Service Tax. 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 notified by the Central Government.

10. The company does not have the accumulated losses as at the end of the financial year and it has not incurred any cash losses during the current financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company did not have any outstanding dues to financial Institutions, Banks or Debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. The company is not in the business of dealing or trading in shares, securities, debenture and other instruments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not taken term loans from banks.
17. Based on our examination of the balance sheet of the company as at 31.03.2011, since there are no loans availed by the company, the utilization of funds does not arise.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year covered by our audit report, the Company does not have any outstanding debentures during the year.
20. The Company has not raised any money through public issue of equity shares during the year.
21. Based upon the audit procedures performed and information and explanations given 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.28353

Place : Hyderabad
Date : September 05, 2011

TANLA SOLUTIONS LIMITED
HYDERABAD.

Balance Sheet as at

In Rs.

	Schedule	March 31, 2011	March 31, 2010
<u>SOURCES OF FUNDS:</u>			
Shareholder's funds			
Share capital	1	10 14 79 593	10 14 79 593
Reserves & surplus	2	627 00 98 828	646 04 23 867
Deferred tax liability	3	-	4 94 84 680
		637 15 78 421	661 13 88 140
<u>APPLICATION OF FUNDS:</u>			
Fixed assets:			
Gross block	4	118 42 90 273	121 81 89 567
Less: Depreciation		53 48 03 895	27 70 80 129
Net block		64 94 86 378	94 11 09 438
Capital work-in-progress (incl. advances)		35 94 08 550	60 54 23 150
Investments	5	450 39 49 985	388 17 55 449
Current assets, loans & advances:			
Products under Development		9 51 06 303	3 17 45 670
Sundry Debtors	6	27 44 27 296	42 22 23 743
Cash & bank balances	7	21 38 07 024	38 22 45 839
Loans & advances	8	61 04 75 099	56 96 19 807
		119 38 15 723	140 58 35 059
Less: Current liabilities & provisions	9	35 93 90 565	27 07 56 359
		83 44 25 157	113 50 78 700
Deferred tax asset	3	2 43 08 351	-
Miscellaneous expenditure	10	-	4 80 21 403
		637 15 78 421	661 13 88 140
Significant accounting policies and notes on accounts	15		

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached
For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathiriseti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

TANLA SOLUTIONS LIMITED
HYDERABAD.

Profit & Loss account for the year ended

In Rs.

	Schedule	March 31, 2011	March 31, 2010
INCOME			
Sale of software products and services			
Overseas		19 07 09 339	46 57 37 774
Domestic: India		9 63 41 462	4 48 17 179
		28 70 50 801	51 05 54 953
EXPENDITURE			
Cost of sales	11	9 69 04 567	16 96 68 587
Sales & marketing expenses	12	1 32 03 545	5 51 35 795
General & administrative expenses	13	12 23 94 966	17 64 24 459
		23 25 03 079	40 12 28 842
Operating profit/(loss) before interest, depreciation		5 45 47 723	10 93 26 111
Depreciation & amortisation	4	31 21 72 843	18 14 96 395
Operating profit/(loss) after interest, depreciation		(25 76 25 120)	(7 21 70 283)
Other income	14	53 40 458	6 68 36 431
Net profit/(loss) before tax		(25 22 84 661)	(53 33 852)
Tax expense - Current Tax		-	-
- Deferred Tax		(7 37 93 030)	(3 79 83 035)
Net profit/(loss) after tax		(17 84 91 631)	3 26 49 183
Profit brought forward from last year		192 47 17 114	190 47 56 765
Amount available for appropriations		174 62 25 483	193 74 05 948
Transfer to general reserve		-	8 16 230
Proposed dividend		1 01 47 959	1 01 47 959
Corporate dividend tax		16 85 449	17 24 646
Net profit transferred to balance sheet		173 43 92 074	192 47 17 114
Earning per share basic / diluted		(1.76)	0.33
Weighted average number of shares (Re.1 each)		10 14 79 593	10 00 28 376
Significant accounting policies and notes on accounts	15		

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached
For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathiriseti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

**TANLA SOLUTIONS LIMITED
HYDERABAD**

Cash flow statement for the year ended

In Rs.

	March 31, 2011	March 31, 2010
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit/(loss) before taxation, and extraordinary items	(25 22 84 661)	(53 33 852)
Adjusted for :		
Depreciation	26 41 51 439	13 34 74 992
Interest & Other Income received	(53 40 458)	(6 68 36 431)
Loss on sale/ discarded assets (net)	3 51 08 974	(30 63 810)
Public issue expenses written off	4 80 21 403	4 80 21 403
Operating profits before working capital charges	8 96 56 697	10 62 62 301
Changes in current assets and liabilities		
Products under development	(6 33 60 633)	(3 17 45 670)
Sundry debtors	14 77 96 447	10 78 11 038
Loans and advances	(4 08 55 292)	25 19 11 786
Current liabilities and provisions	8 86 73 402	(6 49 03 903)
Cash generated from operations	22 19 10 621	36 93 35 553
Income taxes paid (net of provisions)	-	28 00 000
Net cash generated from operating activities	22 19 10 621	36 65 35 553
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets and change in capital work-in-progress	23 83 77 247	14 29 45 639
Proceeds on sale of fixed assets	-	27 70 181
Purchase of investments	(62 21 94 536)	(112 82 75 883)
Interest & Other Income received	53 40 458	6 68 36 431
Net cash used in investing activities	(37 84 76 831)	(91 57 23 632)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from preferential allotment of shares - equity capital	-	14 79 593
Proceeds from preferential allotment of shares - equity premium	-	8 95 59 775
Dividends and dividend tax paid during the year	(1 18 72 605)	(5 84 97 500)
Net Cash generated from financing activities	(1 18 72 605)	3 25 41 868
D. Net increase / (decrease) in cash and cash equivalents	(16 84 38 815)	(51 66 46 211)
E. Cash and cash equivalents at the beginning of the year	38 22 45 839	89 88 92 050
F. Cash and cash equivalents at the end of the year	21 38 07 024	38 22 45 839
Significant accounting policies and notes on accounts	15	

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached

For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathiriseti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

TANLA SOLUTIONS LIMITED
HYDERABAD.

Schedules to Balance Sheet as at

in Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 1		
SHARE CAPITAL		
Authorised 12,00,00,000 Crores equity shares of Re.1/- each	12 00 00 000	12 00 00 000
Issued, Subscribed and Paid-up (10,14,79,593 Crores equity shares of Re.1/-each fully paid) (Previous year 10,14,79,593 Crores equity shares of Re.1/-each fully paid)	10 14 79 593	10 14 79 593
TOTAL	10 14 79 593	10 14 79 593
SCHEDULE : 2		
RESERVES & SURPLUS		
Share Premium	428 55 01 775	419 59 42 000
Add: Additions during the year	-	8 95 59 775
Investment subsidy	428 55 01 775	428 55 01 775
General reserve	4 00 000	4 00 000
Add: Transfer from the profit and loss account	24 98 04 978	24 89 88 749
Balance in profit and loss account	-	8 16 230
	24 98 04 978	24 98 04 978
	173 43 92 074	192 47 17 114
TOTAL	627 00 98 828	646 04 23 867
SCHEDULE : 3		
DEFERRED TAX LIABILITY / (ASSET)		
Deferred Tax Liability - on Depreciation	3 92 41 687	8 99 09 929
Deferred Tax Asset		
on preliminary & public issue expenses w/o	1 63 22 475	1 63 22 475
on un-absorbed losses	4 72 27 563	2 41 02 775
	6 35 50 037	4 04 25 250
Net deferred tax liability / (asset)	(2 43 08 351)	4 94 84 680

TANLA SOLUTIONS LIMITED
HYDERABAD

Schedules to balance sheet as at

In Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 5		
INVESTMENTS in		
In Equity / Preference Shares (unquoted) - at cost		
Mufithumb Entertainment Pvt Ltd, India (2 50 000 equity shares of Rs.10 each, fully paid-up)	71 74 000	71 74 000
Tanla Solutions (UK) Ltd, UK (1000 equity shares of GBP.1 each, fully paid-up)	2 52 00 000	2 52 00 000
Tanla Mobile Asia Pacific Pte Ltd, Singapore (7 50 001 Equity shares of SGD.1 each, fully paid-up)	2 69 07 186	2 41 14 032
(14 26 71 581 Preference shares of SGD.1 each, fully paid-up)	442 43 19 799	380 84 58 417
TZ Mobile Pvt Ltd, India (1 03 490 Equity shares of Rs.10 each, fully paid-up)	1 03 49 000	68 09 000
Tanla Mobile Pvt Ltd, India (10 00 000 Equity shares of Rs.10/- each, fully paid-up)	1 00 00 000	1 00 00 000
TOTAL	450 39 49 985	388 17 55 449
SCHEDULE : 6		
SUNDRY DEBTORS		
(Unsecured considered good)		
Debts due for more than six months	17 43 78 138	20 87 52 528
Less: Provision for bad debts	-	-
Other debts	10 00 49 158	21 34 71 215
TOTAL	27 44 27 296	42 22 23 743
SCHEDULE : 7		
CASH & BANK BALANCES		
Cash on hand	19 836	14 558
With scheduled banks:		
in current accounts **	21 17 98 563	37 22 85 875
in deposit accounts	19 88 625	99 45 406
TOTAL	21 38 07 024	38 22 45 839
** Includes balance in unclaimed dividend accounts Rs.10 16 646 (2010-Rs.10 27 120)		

TANLA SOLUTIONS LIMITED
HYDERABAD

Schedules to balance sheet as at

In Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 8		
LOANS & ADVANCES		
(considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	31 98 82 580	6 12 72 102
Deposits with others	1 38 62 237	5 28 87 250
Loan to subsidiaries	-	18 93 00 876
Service tax input credit	1 93 68 932	1 50 00 000
Advance income tax & TDS	25 73 61 350	25 11 59 580
	61 04 75 099	56 96 19 807
TOTAL		
SCHEDULE : 9		
CURRENT LIABILITIES & PROVISIONS		
Current liabilities:		
Sundry creditors for expenses		
Dues to micro and small enterprises	-	-
Dues to other than micro and small enterprises	10 12 12 084	1 48 44 197
Other liabilities	1 07 44 016	84 28 027
Unclaimed dividend	10 16 646	10 27 120
	11 29 72 746	2 42 99 344
Provisions:		
Provision for income tax	23 45 84 410	23 45 84 410
Proposed dividend	1 01 47 959	1 01 47 959
Provision for dividend tax	16 85 449	17 24 646
	24 64 17 818	24 64 57 015
	35 93 90 565	27 07 56 359
TOTAL		
SCHEDULE : 10		
MISCELLANEOUS EXPENSES		
(to the extent not written off or adjusted)		
Public issue & preliminary expenses	4 80 21 403	9 60 42 806
Add: additions during the year	-	-
	4 80 21 403	9 60 42 806
less: Written off during the year	4 80 21 403	4 80 21 403
TOTAL	-	4 80 21 403

TANLA SOLUTIONS LIMITED
HYDERABAD

Schedules to profit and loss account for the year ended

In Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 11		
COST OF SALES		
Cost of services	8 22 16 256	9 78 11 378
Staff salaries & benefits	85 57 445	4 56 75 684
Travelling expenses	21 71 935	60 44 526
Communication expenses	7 07 451	39 15 706
Repairs & maintenance expenses	10 06 178	38 62 962
Rent, rates & taxes	6 29 008	61 62 242
Printing & stationery	2 57 074	6 03 055
Office maintenance expenses	63 171	9 76 610
Power & fuel	6 06 456	33 21 036
General expenses	6 89 594	12 95 389
TOTAL	9 69 04 567	16 96 68 587
SCHEDULE :12		
SELLING & MARKETING EXPENSES		
Staff salaries & benefits	57 13 560	3 65 40 547
Travelling expenses	26 64 240	17 27 007
Communication expenses	7 07 451	7 83 141
Repairs & maintenance expenses	10 06 178	27 04 073
Rent, rates & taxes	6 29 008	26 62 088
Printing & stationery	3 21 343	7 53 819
Advertisement expenses	10 95 779	85 30 141
Office maintenance expenses	63 171	1 95 322
Power & fuel	3 03 228	4 62 423
General expenses	6 99 588	7 77 234
TOTAL	1 32 03 545	5 51 35 795

TANLA SOLUTIONS LIMITED
HYDERABAD

Schedules to profit and loss account for the year ended

In Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 13		
GENERAL & ADMINISTRATIVE EXPENSES		
Staff salaries & benefits	91 74 050	91 35 137
Travelling expenses	24 03 608	8 63 504
Communication expenses	21 22 352	5 22 094
Repairs & maintenance expenses	30 18 533	11 58 888
Rent, rates & taxes	18 87 024	35 00 153
Printing & stationery	7 06 954	1 50 764
Advertisement expenses	2 73 945	69 79 206
Office maintenance expenses	5 05 367	1 30 215
Power & fuel	21 22 595	4 20 384
General expenses	2 71 65 423	5 18 156
Professional charges	91 02 746	89 33 640
R&D Expenses	52 39 840	78 80 320
Auditors remuneration	10 00 000	10 00 000
Finance & bank charges	6 64 476	4 18 520
Provision for Bad debts / written off	-	9 41 112
Loss on sale / discarding of assets	3 51 08 974	22 99 889
Exchange fluctuation	2 18 99 079	13 15 72 478
	12 23 94 966	17 64 24 459
TOTAL		
SCHEDULE : 14		
OTHER INCOME		
Interest received from banks	12 73 351	28 75 081
Interest received from subsidiary companies & others	31 54 174	5 85 97 651
Misc Income	9 12 934	53 63 699
	53 40 458	6 68 36 431
TOTAL		

SCHEDULE: 15

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of financial statements

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and liabilities are accounted/recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). 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 the accounting policy hitherto in use.

Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. 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 assessed 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.

3. Revenue recognition

Revenue from software development on fixed-price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability has been recognized. On time-and-material contracts, revenue is recognized as the related services are rendered. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of products for software applications is recognized on transfer of the products to the users.

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 recorded at the consideration paid for acquisition.

5. Depreciation and amortization

Depreciation on fixed assets is applied on straight-line method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule XIV of the Companies Act, 1956.

6. Retirement Benefits

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 (who gross salary is less than Rs.15000/- 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 fund administered and managed by the Government of India. Tanla's monthly contributions are charges to income in the year it is incurred.

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 XIV of the Companies Act, 1956.

8. Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

9. Income tax

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.

10. Earnings per share

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.

11. Investments

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

12. 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.

13. Public issue expenses

The expenses incurred for follow on public issue has been written off in five equal installments from the year of completion of public issue.

II NOTES ON ACCOUNTS:

All amounts in the financial statements are presented in Rupees and as otherwise stated.

1. Contingent Liabilities

In Rs.

S.No.	Particulars	For the Year 2010-2011	For the Year 2009-2010
1	Outstanding guarantees & letters of credit given by the company	16 50 000	64 00 000
2	Claims against company, not acknowledged as debts *	8 88 77 108	7 73 25 150
3	Claims made by company, not acknowledged as debts	Nil	Nil
4	Corporate Guarantee given to subsidiary companies	Nil	1 07 00 150

*includes Service Tax Rs.8 28 22 050

2. Aggregate Expenses

The aggregate amounts incurred on various expenses under cost of sales, Selling and marketing expenses and General & administrative expenses:

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Cost of services	8 22 16 256	9 78 11 378
Staff salaries and benefits	2 34 45 055	9 13 51 368
Travelling expenses	72 39 784	86 35 037
Communication Expenses	35 37 253	52 20 942
Repairs & maintenance expenses	50 30 889	77 25 923
Rent, rates & taxes	31 45 040	1 23 24 483
Printing and stationery	12 85 370	15 07 638
Advertisement expenses	13 69 724	1 55 09 347
Office maintenance expenses	6 31 709	13 02 146
Power and fuel	30 32 279	42 03 843
General Expenses	2 85 54 605	25 90 779
Professional charges	91 02 746	89 33 640
R&D Expenses	52 39 840	78 80 320
Auditors Remuneration		
Statutory audit fees	6 00 000	6 00 000
Tax audit fees	2 00 000	2 00 000
Certification and other charges	2 00 000	2 00 000
Bank Charges	6 64 476	4 18 520
Bad debts written off	-	9 41 112
Loss on sale of vehicles / discarded assets	3 51 08 974	22 99 889
Exchange Fluctuation	2 18 99 079	13 15 72 478
Total	23 25 03 079	40 12 28 842

3. Quantitative details

The Company is engaged in the business of Telecom infrastructure and related value added 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 Conservation of Energy, Technology absorption are given in Directors Report. R&D expenditure is not separately accounted for.

4. Foreign Exchange earned and outgo**a. Imports (valued on the cost, insurance and freight basis)**

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Import of capital goods	6 38 78 362	1 25 98 165

b. Activity in foreign currency

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Earnings in foreign exchange (on accrual basis)		
Income from software products and offshore development services	19 07 09 339	46 57 37 774
Dividends received	-	-
Interest received	-	1 89 45 548
Expenditure in foreign exchange (on accrual basis)		
Cost of services	2 25 03 713	7 69 77 612
Foreign Travel Expenses	15 58 238	29 00 635
Professional Charges	14 93 105	11 34 921
Net foreign exchange earned / (outgo)	10 12 75 921	39 10 71 989

5. Research and development expenditure

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Capital expenditure	1 96 35 850	1 23 67 099
Revenue expenditure		
Staff salaries and benefits	38 93 200	62 77 351
R&D Consumables	85 306	2 94 193
Overheads	12 61 334	13 08 776
Total	2 48 75 690	2 02 47 419

6. Related Party Transactions**a. List of related parties:**

S.No	Name of the Related Party	Country	Nature of relationship
1	Tanla Solutions (UK) Limited	UK	Wholly-owned subsidiary
2	Tanla Mobile Ltd	UK	Wholly-owned subsidiary of Tanla (UK)
3	Tanla Mobile Asia Pacific Pte Ltd	Singapore	Wholly-owned subsidiary
4	Tanla Mobile Ireland Ltd	Ireland	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
5	Tanla Mobile Middle East FZ LLC	UAE	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte Ltd
6	Tanla Oy	Finland	Wholly-owned subsidiary of Tanla Mobile Oy Finland
7	Tanla Mobile Private Limited	India	Wholly-owned subsidiary
8	TZ Mobile Private Limited	India	Joint venture with ZED WORLDWIDE HOLDINGS, S.L., Spain

The details of the related party transactions entered into by the company for the year ended March 31, 2011:

In Rs

	Particulars	Tanla Solutions (UK) Limited - UK	Tanla Mobile Limited - UK	Tanla Mobile Asia Pacific Pte Ltd - Singapore	Tanla Mobile Ireland Ltd - Ireland	Tanla Mobile Middle East FZ LLC - Dubai	Tanla Oy Finland	Tanla Mobile Private Limited	TZ mobile Pvt Ltd
a	Relationship between the parties	Wholly-owned subsidiary	Wholly-owned subsidiary of Tanla Solutions (UK) Ltd	Wholly-owned subsidiary	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte. Ltd	Wholly-owned subsidiary of Tanla Mobile Asia Pacific Pte. Ltd	Wholly-owned subsidiary of Tanla Mobile Finland Oy	Wholly-owned subsidiary	Joint Venture with ZED WORLDWIDE HOLDINGS, S.L., Spain
b	Nature of transactions	Principal repayment and Interest received & Sale of Services	Advance for sales	Reimbursement of expenses	Advance for sales	Sales of Services & Reimbursement of expenses	Sales of Products, Services	Reimbursement of expenses	Sales of Products, Services & Reimbursement of expenses
c	Value of transactions	(18 35 32 119)	3 60 28 968	36 696	4 70 33 126	27 29 024	(3 43 56 284)	4 77 802	53 070
d	Amount of outstanding	(2 90 21 263)	-	7 29 521	3 16 37 701	72 85 379	2 01 12 461	10 10 469	23 03 593
e	Provision for doubtful debts	-	-	-	-	-	-	-	-
f	Amount written off	-	-	-	-	-	-	-	-

b. Transactions with key management personnel

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2011: (executive directors) In Rs.

Name	Salary and allowances	Contributions to provident & other funds	Perquisites & incentives	Total remuneration
D. Uday Kumar Reddy - Chairman & Managing Director	41 82 658	2 10 890	14 400	44 07 948
K. Satish Director – Technical	20 27 760	1 02 240	14 400	21 44 400
Anoop Roy Kundal Director – Operations	14 75 600	74 400	14 400	15 64 400
Amit Gupta Director – Finance	18 93 120	1 46 880	14 400	20 54 400
Navnit Chachan Director – Engg. & Technology	1 57 760	12 240	14 400	1 84 400
Total	97 36 898	5 46 650	72 000	1 03 55 548

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2011: (non-executive directors) In Rs.

Name	Sitting Fees	Reimbursement of Expenses	Total
Mr.Abhishek Khaitan - Director	-	-	-
Dr. Sudhanshu Shekhar Jamuar - Director	10 000	-	10 000
Padmabhushan Ram Narain Agarwal - Director	50 000	-	50 000
Mr. Surjeet Kumar Palhan - Director	50 000	-	50 000
Mr.Srikanth Madan Chitnis - Director	-	-	-
Total	1 10 000	-	1 10 000

The aggregate of managerial remuneration under Section 198 of the Companies Act, 1956, to the directors (including managing director) is: In Rs.

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Whole-time directors		
Salary	97 36 898	1 34 24 241
Contributions to provident & other funds	5 46 650	6 49 802
Perquisites and incentives	72 000	72 000
Total	1 03 55 548	1 41 46 043
Non-whole-time directors		
Sitting fees	1 10 000	1 80 000
Reimbursement of expenses	-	-
Total	1 10 000	1 80 000
Grand Total	1 04 65 548	1 43 26 043

No commission was paid to the directors and computation of net profit in accordance with Section 349 of the Companies Act, 1956, for commission payable to non-whole-time directors is not required.

7. Dues to micro & small-scale industrial undertakings

As at March 31, 2011 as per available information with the company, there are no dues to micro & small scale Industrial Undertakings.

8. Income taxes

The provision for taxation includes tax liabilities in India on the company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries.

The detail of deferred tax liability / asset comprises the following

In Rs.

	Particulars	31-Mar-11	31-Mar-10
i	Deferred tax liability		
	On account of depreciation	3 92 41 687	8 99 09 929
ii	Deferred tax asset		
	On account of misc. expenses w/o	1 63 22 475	1 63 22 475
	On un-absorbed losses	4 72 27 563	2 41 02 775
		6 35 50 037	4 04 25 250
	Net deferred tax liability/(asset)	(2 43 08 351)	4 94 84 680

9. Cash and bank balances

Details of balances as at balance sheet date with non-scheduled banks:

In Rs.

Particulars	March 31, 2011	March 31, 2010
Citibank N.A	4 54 909	4 42 168

10. Segment reporting

The Company is engaged in telecom infrastructure and related value added services business and its operations constitute a single segment in the context of Accounting Standard (AS17) "Segment Reporting"

11. Earnings per share

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Net profit after tax	(17 84 91 631)	3 26 49 183
Weighted average number of equity shares of Re.1 each	10 14 79 593	10 00 28 376
Nominal value of shares	Re.1	Re.1
Earnings per share (basic/diluted)	-1.76	0.33

12. The previous year figures have been recast / restated, wherever necessary, to the current period's classification

13. Financial figures have been rounded off to nearest rupee.

14. Schedules 1 to 15 form part of Balance Sheet and have been authenticated.

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.28353

Place: Hyderabad.
Date : September 5, 2011

For and on behalf of the Board of Directors

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathiriseti
Director - Technical

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

Financial Information of Subsidiary Companies

S.No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Tanla Mobile Asia Pacific Pte Ltd., INR Lakhs Exchange rate as on 31.03.2011	SGD	14 34 21 582 51 454.21 35.88	(2 34 10 620) (8,398.84) 35.88	12 04 97 235 43,229.83 35.88	12 04 97 235 43 229.83 35.88	1 51 37 037 5 430.59 35.88	19 53 144 669.15 34.26	(61 49 718) (2 106.92) 34.26	- - 34.26	(61 49 718) (2 106.92) 34.26	- - -	Singapore
2	Tanla Mobile Inc, USA INR Lakhs Exchange rate as on 31.03.2011	USD	14 11 014 630.02 44.65	(14 03 484) (626.66) 44.65	9 647 4.31 44.65	9 647 4.31 44.65	- - -	- - -	(26 590) (12.12) 45.58	- - -	(26 590) (12.12) 45.58	- - -	USA
3	Tanla Mobile Ireland Pvt Ltd., INR Lakhs Exchange rate as on 31.03.2011	EURO	6 00 265 379.61 63.24	8 53 923 540.02 63.24	68 56 548 4 336.08 63.24	68 56 548 4 336.08 63.24	- - -	5 08 497 306.18 60.21	(20 42 379) (1 229.78) 60.21	(49 158) (29.60) 60.21	(19 93 221) (1 200.18) 60.21	- - -	Ireland
4	Tanla Mobile South Africa Pty Ltd., INR Lakhs Exchange rate as on 31.03.2011	ZAR	2 50 100 16.54 6.62	11 03 037 72.97 6.62	42 45 454 280.85 6.62	42 45 454 280.85 6.62	- - -	127 77 999 808.86 6.33	29 58 946 187.30 6.33	8 31 299 52.62 6.33	21 27 647 134.68 6.33	- - -	South Africa
5	Tanla Mobile South Asia Pvt Ltd., INR Lakhs Exchange rate as on 31.03.2011	SLR	57 21 414 23.45 0.41	(47 67 414) (19.54) 0.41	10 56 000 4.33 0.41	10 56 000 4.33 0.41	- - -	6 00 000 2.44 0.41	(2 24 967) (0.91) 0.41	- - 0.41	(2 24 967) (0.91) 0.41	- - -	Sri Lanka
6	Tanla Mobile Middle East FZ LLC INR Lakhs Exchange rate as on 31.03.2011	USD	13 605 6.07 44.65	3 90 77 118 17 447.93 44.65	9 23 27 605 41 224.28 44.65	92 327 605 41 224.28 44.65	1 60 07 701 7 147.44 44.65	1 71 69 011 7 825.64 45.58	65 00 238 2 962.79 45.58	- - -	65 00 238 2 962.79 45.58	- - -	UAE
7	Tanla Mobile Finland Oy INR Lakhs Exchange rate as on 31.03.2011	Euro	2 500 1.58 63.24	99 98 196 6 322.86 63.24	1 73 47 730 10 970.70 63.24	1 73 47 730 10 970.70 63.24	1 73 45 348 10 969.20 63.24	- - 60.21	16 92 518 1 019.12 60.21	1 045.15 0.63 60.21	16 91 473 1 018.49 60.21	- - -	Finland
8	Tanla Oy INR Lakhs Exchange rate as on 31.03.2011	Euro	2 61 013 165.06 63.24	24 19 674 1 530.20 63.24	75 19 116 4 755.09 63.24	75 19 116 4 755.09 63.24	- - -	62 71 937 3 776.53 60.21	(388 864) (234.15) 60.21	(194.69) (0.12) 60.21	(3 88 669) (234.03) 60.21	- - -	Finland
9	Tanla Solutions UK Ltd INR Lakhs Exchange rate as on 31.03.2011	GBP	1 000 0.72 71.93	(54 61 344) (3 928.34) 71.93	(54 60 344) (3 927.57) 71.93	(54 60 344) (3 927.57) 71.93	103 0.07 71.93	1 89 36 245 13 424.17 70.89	(83 62 427) (5 928.24) 70.89	- - 70.89	(83 62 427) (5 928.24) 70.89	- - -	UK
10	Tanla Mobile Ltd., INR Lakhs Exchange rate as on 31.03.2011	GBP	103 0.07 71.93	1 02 20 901 7,351.78 71.93	1 02 21 004 7 351.86 71.93	1 02 21 004 7 351.86 71.93	3 006 2.16 71.93	- - 70.89	- - 70.89	- - 70.89	- - 70.89	- - -	UK
11	Tanla Mobile Spain, Sociedad Limitada INR Lakhs Exchange rate as on 31.03.2011	Euro	3 006 1.90 63.24	(54 736) (34.62) 63.24	5 402 3.42 63.24	5 402 3.42 63.24	- - -	- - 60.21	(1 877) (1.13) 60.21	- - -	(1 877) (1.13) 60.21	- - -	Spain
12	Mufi Thumb Pvt Ltd INR Lakhs	INR	25 00 000 25.00 1.00	9 72 065 9.72 1.00	34 72 065 34.72 1.00	34 72 065 34.72 1.00	- - 1.00	- - 1.00	(7 500) (0.08) 1.00	- - 1.00	(7 500) (0.08) 1.00	- - -	India
13	Tanla Mobile Private Limited INR Lakhs	INR	10 00 000 10.00	13 11 76 441 1 311.76	14 37 32 908 1 437.33	14 37 32 908 1 437.33	- -	11 28 35 671 1 128.36	2 35 62 953 235.63	(6 46 671) (6.47)	2 42 09 624 242.10	- -	India

Information Pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956 Statement on Balance Sheet Abstract and General Business Profile of the Company:

Registration Details

• Registration No.	:	L72200AP1995PLC021262
• State Code	:	01
• Balance Sheet Date	:	31.03.2011

Capital Raised during the year

• Public Issue	:	Nil
• Rights Issue	:	Nil
• Bonus Issue	:	Nil
• Private Placement	:	Nil

Position of Mobilization and Deployment of Funds

• Total Liabilities	:	
• Total Assets	:	
• SOURCES OF FUNDS:		
• Paid-up Capital	:	10 14 79 593
• Reserves & Surplus	:	6 27 00 98 828
• Deferred Tax Liability	:	(2 43 08 351)

APPLICATION OF FUNDS:

• Net Fixed Assets	:	1 00 88 94 928
• Investments	:	4 50 39 49 985
• Net Current Assets	:	83 44 25 157
• Misc.Expenditure	:	Nil

Performance of Company

• Turnover/Income	:	29 23 91 259
• Total Expenditure	:	54 46 75 922
• Profit Before Tax	:	(25 22 84 661)
• Profit After Tax	:	(7 37 93 030)
• Earning per Share (face value Re.1 each) in Rs.	:	(1.76)
• Dividend Rate %	:	10%

Generic Names of three principal products/services of Company

• (As per monetary terms)		
• Item Code No. (IIC Code)	:	85249009.10
• Product Description	:	Software Development and related services

As per our report of even date attached

For and on behalf of the Board of Directors

For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn.No.0103965

Place: Hyderabad
Date : September 05 , 2011

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

Sd/-
Amit Gupta
Director – Finance

Sd/-
(C.V.Koteswara Rao)
Partner
Membership No.28353

Sd/-
Satish Kathiriseti
Director – Technical

Sd/-
CS Seshanuradha Chava
AGM - Legal & Secretarial

Auditors' Report to the Board of Directors of Tanla Solutions Limited on the Consolidated Financial Statements of Tanla Solutions Limited and its Subsidiaries.

To

The Board of Directors of Tanla Solutions Limited

1. We have audited the attached Consolidated Balance Sheet of Tanla Solutions Limited and its subsidiaries (collectively 'the Group'), as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of Group's management and has been prepared by the management on the basis of separate financial statements and financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard (AS 21) "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
4. On the basis of the information and explanations given to us and on consideration of the separate reports on individual audited financial statements of Tanla Solutions Limited and its consolidated entities, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Group as at March 31, 2011;
 - (b) In the case of the Consolidated Profit and Loss Account, of the Consolidated loss of Group for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statements, of the Consolidated Cash Flows of Group for the year ended on that date.

Place : Hyderabad
Date : September 05, 2011

For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Reg.No: 010396S
Sd/-

(C.V KOTESWARA RAO)
Partner
Membership No.28353

TANLA SOLUTIONS LIMITED
HYDERABAD.

Consolidated balance sheet as at

In Rs.

	Schedule	March 31, 2011	March 31, 2010
<u>SOURCES OF FUNDS:</u>			
Shareholder's funds			
Share capital	1	10 14 79 593	10 14 79 593
Reserves & surplus	2	780 54 26 102	927 42 32 918
Deferred tax liability	3	3 09 66 448	10 14 26 526
Minority Interest		-	3 64 61 300
		793 78 72 142	951 36 00 337
<u>APPLICATION OF FUNDS:</u>			
Fixed assets:			
Gross block	4	5 45 66 85 251	441 05 55 344
Less: Depreciation		2 85 14 35 932	147 37 37 933
Net block		260 52 49 319	293 68 17 411
Capital work-in-progress (incl. advances)		35 94 08 550	101 91 69 779
Goodwill	5	62 49 71 262	59 67 84 563
Current assets, loans & advances:			
Product under Development		66 67 64 961	36 11 76 160
Sundry Debtors	6	164 73 73 126	172 04 46 102
Cash & bank balances	7	88 16 67 961	148 21 25 857
Loans & advances	8	183 04 75 636	184 71 58 654
		502 62 81 685	541 09 06 773
Less: Current liabilities & provisions	9	67 80 38 673	49 80 99 592
		434 82 43 012	491 28 07 182
Miscellaneous expenditure	10	-	4 80 21 403
		793 78 72 142	951 36 00 337
Significant accounting policies and notes on accounts	15		

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached
For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathirisetti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

TANLA SOLUTIONS LIMITED
HYDERABAD

Consolidated profit and loss account for the year ended

In Rs.

	Schedule	March 31, 2011	March 31, 2010
<u>INCOME</u>			
Sale of software products and services			
Overseas		286 88 85 563	361 95 79 281
Domestic : India		9 63 41 462	4 48 17 179
		296 52 27 025	366 43 96 460
<u>EXPENDITURE</u>			
Cost of sales	11	130 98 81 631	167 24 51 805
Sales & marketing expenses	12	28 76 62 399	40 34 34 328
General & administrative expenses	13	93 95 21 297	51 90 38 055
		253 70 65 328	259 49 24 187
Operating profit before interest, depreciation		42 81 61 697	106 94 72 273
Depreciation & amortisation	4	165 53 28 288	85 25 40 709
Operating profit / (loss) after interest, depreciation		(122 71 66 590)	21 69 31 564
Other income	14	1 04 48 289	5 60 12 245
Net profit / (loss) before tax		(121 67 18 301)	27 29 43 809
Tax expense - Current Tax		14 58 372	2 57 56 665
- Deferred Tax		(7 33 37 691)	(3 59 46 733)
Net profit / (loss) after tax		(114 48 38 982)	28 31 33 877
Minority Interest		-	54 45 175
Profit brought forward from last year		462 01 42 078	435 51 42 211
Amount available for appropriations		347 53 03 096	463 28 30 913
Transfer to general reserve		-	8 16 230
Proposed dividend		1 01 47 959	1 01 47 959
Corporate dividend tax		16 85 449	17 24 646
Net profit transferred to balance sheet		346 34 69 688	462 01 42 078
Earnings per share basic / diluted		(11.28)	2. 78
Weighted average number of shares		10 14 79 593	10 00 28 376
Significant accounting policies and notes on accounts	15		

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached

For RAMASAMY KOTESWARA RAO & CO.,

Chartered Accountants

Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathirisetti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

TANLA SOLUTIONS LIMITED

HYDERABAD

Consolidated cash flow statement for the year ended

In Rs.

	March 31, 2011	March 31, 2010
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	(121 67 18 301)	27 29 43 809
Adjusted for :		
Depreciation	138 41 25 672	72 43 34 389
Interest & other income received	(1 04 48 289)	(5 60 12 245)
Foreign currency fluctuation	14 14 50 237	22 40 20 426
Provision for gratuity	13 55 659	-
Loss on sale of/discarded assets (net)	3 51 08 974	-
Public issue expenses & goodwill w/o	27 12 02 615	12 82 06 320
Operating profits before working capital charges	60 60 76 567	129 34 92 699
Changes in current assets and liabilities		
Products under development	(30 55 88 801)	(36 11 76 160)
Sundry debtors	7 30 72 976	94 96 30 591
Loans and advances	1 66 83 018	(73 73 16 093)
Current liabilities and provisions	17 10 90 601	15 96 97 807
Cash generated from operations	56 13 34 361	130 43 28 844
Income taxes paid	2 89 29 282	7 35 29 471
Net cash generated from operating activities	53 24 05 079	123 07 99 373
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets and change in capital work-in-progress	(42 81 48 325)	(106 64 58 013)
Proceeds on sale of fixed assets	2 43 000	27 70 181
Purchase of investments	(25 13 67 911)	(15 03 18 222)
Proceeds from sale of shares (Investments)	-	39 84 801
Interest received	1 04 48 289	5 60 12 245
Net cash used in investing activities	(66 88 24 947)	(115 40 09 007)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from follow on public offer - equity capital	-	14 79 593
Proceeds from follow on public offer - equity premium	-	8 95 59 775
Dividends and dividend tax paid during the year	(1 18 72 605)	(5 84 97 500)
Public issue expenses paid	(45 21 65 423)	(33 68 22 374)
Un-realised exchange gain / (loss) on conversion	(46 40 38 028)	(30 42 80 506)
Net Cash generated from financing activities	(60 04 57 895)	(22 74 90 141)
D. Net increase / (decrease) in cash and cash equivalents	148 21 25 857	170 96 15 998
E. Cash and cash equivalents at the beginning of the year	88 16 67 961	148 21 25 857
F. Cash and cash equivalents at the end of the year	148 21 25 857	148 21 25 857
Significant accounting policies and notes on accounts	15	

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached

For RAMASAMY KOTESWARA RAO & CO.,

Chartered Accountants

Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)

Partner

Membership No.28353

D. Uday Kumar Reddy

Chairman & Managing Director

Satish Kathirisetti

Director - Technical

Place: Hyderabad.

Date : September 5, 2011

Amit Gupta

Director- Finance

CS Seshanuradha Chava

AGM – Legal & Secretarial

TANLA SOLUTIONS LIMITED
HYDERABAD

Schedules to consolidated balance sheet as at

In Rs.

	March 31, 2011	March 31, 2010
SCHEDULE : 1		
SHARE CAPITAL		
Authorised 12 00 00 000 equity shares of Re.1/- each	12 00 00 000	12 00 00 000
Issued, Subscribed and Paid-up (10 14 79 593 equity shares of Re.1/-each fully paid) (Previous year 10 14 79 593 equity shares of Re.1/-each fully paid)	10 14 79 593	10 14 79 593
TOTAL	10 14 79 593	10 14 79 593
SCHEDULE : 2		
RESERVES & SURPLUS		
Share Premium	429 58 89 976	420 63 30 200
Add: Additions during the year		8 95 59 775
Investment subsidy	429 58 89 976	429 58 89 976
General reserve	4 00 000	4 00 000
Add: Transfer from the profit and loss account	24 98 04 978	24 89 88 749
		8 16 230
Balance in profit and loss account	24 98 04 978	24 98 04 978
Net reserves & surplus from joint ventures	346 34 69 688	462 01 42 078
Currency translation reserve	(81 92 730)	(48 06 063)
	(19 59 45 811)	11 28 01 948
TOTAL	780 54 26 102	927 42 32 918
SCHEDULE : 3		
DEFERRED TAX LIABILITY		
Deferred Tax Liability - on Depreciation	9 45 16 485	14 18 51 775
Deferred Tax Asset		
on preliminary & public issue expenses w/o	1 63 22 475	1 63 22 475
on un-absorbed losses	4 72 27 563	2 41 02 775
	6 35 50 037	4 04 25 250
Net deferred tax liability	3 09 66 448	10 14 26 526

TANLA SOLUTIONS LIMITED

HYDERABAD

Schedule - 4 : FIXED ASSETS & DEPRECIATION

In Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	April 1, 2010	Additions	Deletions	March 31, 2011	April 1, 2010	Additions	Deletions/adj	March 31, 2011	March 31, 2011	March 31, 2010
Land & site development	4 61 71 392			4 61 71 392					4 61 71 392	4 61 71 392
Building & Interiors - Owned	15 24 39 106			15 24 39 106	1 52 18 825	47 68 432		1 99 87 257	13 24 51 849	13 72 20 281
Building interiors & fixtures- Leasehold	30 96 45 750	1 32 738	4 13 77 847	26 84 00 641	7 41 57 346	16 56 78 111	63 42 704	23 34 92 753	3 49 07 888	23 54 88 404
Furniture	8 38 10 273	1 74 944	8 000	8 39 77 217	2 09 89 141	64 08 047		2 73 97 187	5 65 80 030	6 28 21 132
Computers	293 35 79 912	108 43 14 439		401 78 94 351	103 05 81 382	119 42 87 837		222 48 69 219	179 30 25 132	190 29 98 530
Office equipment	80 84 62 371	3 57 093		80 88 19 464	31 88 00 137	70 94 430		32 58 94 567	48 29 24 897	48 96 62 234
Vehicles	1 58 68 268	19 66 402	3 93 800	1 74 40 870	41 60 823	15 81 135	84 969	56 56 989	1 17 83 881	1 17 07 445
Air conditioning	6 05 38 136	9 63 938		6 15 02 074	97 90 143	43 07 681		1 40 97 824	4 74 04 250	5 07 47 993
Library books	40 136			40 136	40 136			40 136		
	441 05 55 344	108 79 09 555	4 17 79 647	545 66 85 251	147 37 37 933	138 41 25 672	64 27 673	285 14 35 932	260 52 49 319	293 68 17 411

TANLA SOLUTIONS LIMITED

HYDERABAD

In Rs

Schedules to consolidated balance sheet as at

	March 31, 2011	March 31, 2010
SCHEDULE : 5		
GOODWILL		
On acquisition of Mufi Thumb Entertainment Pvt Ltd	46 74 000	46 74 000
On acquisition of Tanla Solutions (UK) Ltd.	2 51 17 920	2 51 17 920
On acquisition of Tanla Mobile Asia Pacific Pte Ltd	81 83 60 554	64 66 87 548
	84 81 52 474	67 64 79 468
Less: Goodwill written off on Tanla Oy acquisition	22 31 81 212	7 96 94 905
TOTAL	62 49 71 262	59 67 84 563
SCHEDULE : 6		
SUNDRY DEBTORS		
(Unsecured considered good)		
Debts due for more than six months	32 86 51 889	56 24 91 018
Less: provision for bad debts	-	-
Other debts	131,87 21,237	115 79 55 084
TOTAL	164 73 73 126	172 04 46 102
SCHEDULE : 7		
CASH & BANK BALANCES		
Cash on hand	29 874	94 225
With scheduled banks:		
in current accounts	79 52 00 740	125 55 66 413
in deposit accounts	8 64 37 347	22 64 65 219
TOTAL	88 16 67 961	148 21 25 857

TANLA SOLUTIONS LIMITED**HYDERABAD****Schedules to consolidated balance sheet as at****In Rs.**

	March 31, 2011	March 31, 2010
SCHEDULE : 8		
LOANS & ADVANCES		
(considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	153 66 54 597	152 43 51 078
Deposits with others	1 70 90 758	5 66 47 996
Service tax input credit	1 93 68 932	1 50 00 000
Advance income tax & TDS	25 73 61 350	25 11 59 580
TOTAL	183 04 75 636	184 71 58 654
SCHEDULE : 9		
CURRENT LIABILITIES & PROVISIONS		
Current liabilities:		
Sundry creditors for expenses		
Dues to micro and small enterprises	-	-
Dues to other than micro and small enterprises	22 03 96 399	16 83 43 339
Other liabilities	20 47 37 676	4 92 28 361
Unclaimed dividend	10 16 646	10 27 120
	42 61 50 721	21 85 98 820
Provisions:		
Provision for income tax	24 00 54 543	26 76 28 167
Proposed dividend	1 01 47 959	1 01 47 959
Tax on dividend	16 85 449	17 24 646
	25 18 87 952	27 95 00 772
TOTAL	67 80 38 673	49 80 99 592
SCHEDULE : 10		
MISCELLANEOUS EXPENSES		
(to the extent not written off or adjusted)		
Public issue & preliminary expenses	4 80 21 403	9 60 42 806
Add: additions during the year	-	4 90 012
	4 80 21 403	9 65 32 818
less: Written off during the year	4 80 21 403	4 85 11 415
TOTAL	-	4 80 21 403

TANLA SOLUTIONS LIMITED**HYDERABAD****Schedules to consolidated profit and loss account for the year ended****In Rs.**

	March 31, 2011	March 31, 2010
SCHEDULE : 11		
COST OF SALES		
Cost of services	128 24 78 398	154 64 45 084
Staff salaries & benefits	1 38 27 745	8 12 72 679
Travelling expenses	46 64 315	1 55 64 718
Communication expenses	16 48 640	55 46 651
Repairs & maintenance expenses	14 68 617	39 53 703
Rent, rates & taxes	38 97 506	1 06 52 601
Printing & stationery	2 97 369	7 99 593
Office maintenance expenses	1 10 438	12 63 221
Power & fuel	6 44 482	35 12 900
General expenses	8 44 123	34 40 654
TOTAL	130 98 81 631	167 24 51 805
SCHEDULE :12		
SELLING & MARKETING EXPENSES		
Staff salaries & benefits	2 89 12 208	17 72 07 822
Travelling expenses	70 66 428	82 76 272
Communication expenses	9 58 435	12 18 060
Repairs & maintenance expenses	11 98 861	27 41 882
Rent, rates & taxes	91 03 462	1 43 04 360
Printing & stationery	3 71 711	9 99 492
Business promotion and advertisement	20 36 77 005	18 29 06 356
Office maintenance expenses	3 33 72 911	1 01 53 967
Power & fuel	3 22 241	5 58 355
General expenses	10 08 646	50 67 763
Professional charges	16 70 493	-
TOTAL	28 76 62 399	40 34 34 328
SCHEDULE : 13		
GENERAL & ADMINISTRATIVE EXPENSES		
Staff salaries & benefits	7 92 57 226	8 61 16 618
Travelling expenses	52 14 211	82 45 299
Communication expenses	29 22 063	8 34 018
Repairs & maintenance expenses	31 73 957	12 79 801
Rent, rates & taxes	1 08 23 259	90 07 573
Printing & stationery	7 48 889	2 22 763
Advertisement expenses	38 29 39 779	7 98 16 403
Office maintenance expenses	3 62 80 162	5 62 75 925
Power & fuel	28 91 623	7 04 530
General expenses	2 74 00 006	23 47 993
Professional charges	2 36 42 143	1 30 86 289
R&D Expenses	52 39 840	78 80 320
Auditors remuneration	20 63 166	23 86 668
Finance & bank charges	26 60 907	2 35 72 429
Provision for Bad debts / written off	17 77 04 857	9 41 112
Loss on sale of vehicles / discarded assets	3 51 08 974	22 99 889
Exchange fluctuation	14 14 50 237	22 40 20 426
TOTAL	93 95 21 297	51 90 38 055
SCHEDULE : 14		
OTHER INCOME		
Interest received from banks	63 81 182	1 09 69 006
Interest received from others	31 54 174	3 96 52 103
Misc Income	9 12 934	53 91 136
TOTAL	1 04 48 289	5 60 12 245

SCHEDULE: 15

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:

I SIGNIFICANT ACCOUNTING POLICIES:

1. Company overview

Tanla Solutions Limited, its wholly consolidated subsidiaries (hereinafter referred to as "Tanla Group") are engaged in providing global technology services and solutions in wireless communications industry.

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 Entertainment 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.

Tanla Mobile Limited, formerly Mobizar Limited, UK (hereinafter referred to as "Tanla Mobile"), a wholly owned subsidiary of Tanla UK based at London, UK, provides aggregator services to clients in the telecommunications sector.

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

Tanla Mobile South Africa Proprietary Ltd, South Africa (hereinafter referred to as "Tanla South Africa."), a wholly owned subsidiary of Tanla Singapore based at South Africa, provides aggregator services to clients in the telecommunications sector.

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

Tanla Mobile Spain SL, Spain (hereinafter referred to as "Tanla Spain."), a wholly owned subsidiary of Tanla Mobile based at Spain, 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.

2. Basis of preparation of financial statements

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on a going concern basis, while revenue, expenses, assets and liabilities are accounted/recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). 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 the accounting policy hitherto in use.

Management evaluates all recently issued or revised accounting standards on an ongoing basis.

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.

3. Use of Estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. 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.

4. Revenue recognition

Revenue from software development on fixed-price, fixed-time frame contracts where there is no uncertainty as to measurement or collectability has been recognized. On time-and-material contracts, revenue is recognized as the related services are rendered. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of products for software applications is recognized on transfer of the products to the users.

5. 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 recorded at the consideration paid for acquisition.

6. Depreciation, Amortization and Goodwill write off

a) Depreciation on fixed assets is applied on straight-line method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule XIV of the Companies Act, 1956 except on fixed assets of Tanla UK, Tanla Singapore and their subsidiaries.

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 Oy with the parent company and the same is to be written off over a period of 4 years.

7. Retirement Benefits**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 Rs.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.

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 XIV of the Companies Act, 1956.

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 foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

10. Income tax

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 of 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.

11. Earnings per share

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.

12. Investments

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

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.

14. Public issue expenses

The expenses incurred for follow on public issue has been written off in five equal installments from the year of completion of public issue.

II NOTES ON ACCOUNTS:

All amounts in the financial statements are presented in Rupees and as otherwise stated.

1. Contingent Liabilities

In Rs.

S.No.	Particulars	For the Year 2010-2011	For the Year 2009-2010
1	Outstanding guarantees & letter of credits given by the company	16 50 000	64 00 000
2	Claims against company, not acknowledged as debts *	8 88 77 108	7 73 25150
3	Claims made by company, not acknowledged as debts	Nil	Nil
4	Corporate Guarantee given to subsidiary companies	Nil	1 07 00 150

*includes Service Tax Rs. 8 28 22 050

2. Aggregate Expenses

The aggregate amounts incurred on various expenses under cost of sales, Selling and marketing expenses and General & administrative expenses:

Particulars	For the Year 2010-2011	For the Year 2009-2010
Cost of services	128 24 78 398	154 64 45 084
Staff salaries & benefits	12 19 97 178	34 45 97 119
Travelling expenses	1 69 44 954	3 20 86 289
Communication expenses	55 29 138	75 98 729
Repairs & maintenance expenses	58 41 434	79 75 386
Rent, rates & taxes	2 38 24 227	3 39 64 534
Printing & stationery	14 17 969	20 21 849

Particulars	For the Year 2010-2011	For the Year 2009-2010
Advertisement expenses	58 66 16 784	26 27 22 759
Office maintenance expenses	6 97 63 511	6 76 93 113
Power & fuel	38 58 346	47 75 784
General expenses	2 92 52 774	1 08 56 409
R&D Expenses	52 39 840	78 80 320
Professional charges	2 53 12 635	1 30 86 289
Auditors Remuneration	20 63 166	23 86 668
Finance & Bank Charges	26 60 907	2 35 72 429
Bad debts written off	17 77 04 857	9 41 112
Loss on sale of assets / discarded assets	3 51 08 974	22 99 889
Exchange Fluctuation	14 14 50 237	22 40 20 426
Total	253 70 65 328	259 49 24 187

3. 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.

4. Foreign Exchange earned and outgo

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

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Import of capital goods	6 38 78 362	1 25 98 165

b. Activity in foreign currency

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Earnings in foreign exchange (on accrual basis)		
Income from software products and offshore development services	19 07 09 339	46 57 37 774
Dividends received	-	-
Interest received	-	1 89 45 548
Expenditure in foreign exchange (on accrual basis)		
Cost of services	2 25 03 713	7 69 77 612
Foreign Travel Expenses	15 58 238	29 00 635
Professional Charges	14 93 105	11 34 921
Net foreign exchange earned / (outgo)	10 12 75 921	39 10 71 989

5. Dues to micro & small-scale industrial undertakings

As at March 31, 2011 as per available information with the company, there are no dues to small scale industrial undertakings.

6. Income taxes

The provision for taxation includes tax liabilities in India on the company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries.

The detail of deferred tax liability comprises the following:

	Particulars	For the Year 2010-2011	For the Year 2009-2010
i	Deferred tax liability		
	On account of depreciation	9 45 16 485	14 18 51 775
ii	Deferred tax asset		
	On account of misc. expenses w/o	1 63 22 475	1 63 22 475
	On un-absorbed losses	4 72 27 563	2 41 02 775
		6 35 50 037	4 04 25 250
	Net deferred tax liability	3 09 66 448	10 14 26 526

7. Cash and bank balances

Details of balances as at balance sheet dates during the year with non-scheduled banks: In Rs.

Particulars	March 31, 2011	March 31, 2010
Citibank N.A	4 54 909	4 42 168

8. Segment reporting

The Company is engaged in telecom infrastructure and related value added services business and its operations constitute a single segment in the context of Accounting Standard (AS17) "Segment Reporting"

9. Earnings per share

In Rs.

Particulars	For the Year 2010-2011	For the Year 2009-2010
Net profit/(loss) after tax	(114 48 38 982)	28 31 33 877
Weighted average number of equity shares of Re.1 each	10 14 79 593	10 00 28 376
Nominal value of shares	Re.1	Re.1
Earnings per share (basic/diluted) Rs.	-11.28	2.78

10. The previous year figures have been recast / restated, wherever necessary, to the current period's classification.

11. Financial figures have been rounded off to nearest rupee.

12. Schedules 1 to 15 form part of Balance Sheet and have been authenticated.

The schedules referred to above form an integral part of the balance sheet

As per our report of even date attached
For RAMASAMY KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.010396S

For and on behalf of the Board of Directors

(C.V. Koteswara Rao)
Partner
Membership No.28353

D. Uday Kumar Reddy
Chairman & Managing Director

Satish Kathiriseti
Director - Technical

Place: Hyderabad.
Date : September 5, 2011

Amit Gupta
Director- Finance

CS Seshanuradha Chava
AGM – Legal & Secretarial

Management Discussion and Analysis of Consolidated Financial Statements

RESULT OF OPERATIONS

In RS.

	Mar '11	% of Total Revenue	Mar '10	% of Total Revenue	% Change
Revenues	2 97 56 75 314	-	3 72 04 08 705	-	(20.02%)
Cost of Sales	1 30 98 81 631	44.0%	1 67 24 51 805	45.0%	(21.68%)
Gross Margin %	55.98%	-	55.05%	-	-
Selling & Marketing Expenses	28 76 62 399	9.7%	40 34 34 328	10.8%	(28.70%)
General Administration Expenses	93 95 21 297	31.6%	51 90 38 055	14.0%	81.01%
Operating Profit (EBITDA)	43 86 09 987	14.7%	1 12 54 84 518	30.3%	(61.03%)
EBIDTA (%)	14.74%	-	30.25%	-	(51.28%)
Depreciation & Amortization	1 65 53 28 288	55.6%	85 25 40 709	22.9%	94.16%
Earnings before Tax	(1 21 67 18 301)	(40.9%)	27 29 43 809	7.3%	-
Provision for Tax	(7 18 79 319)	(2.4%)	(1 01 90 068)	(0.3%)	-
Earnings after Tax	(1 14 48 38 982)	(38.5%)	28 31 33 877	7.6%	-
EPS (Rs.)	(11.28)	-	2.78	-	-

Revenue

Revenue consists of India sales and outside India Sales. India Sales is derived from the value added services provided to the telecom operators, mobile payments/ aggregation services provided to content developers and aggregators and services provided to enterprise and media customers. Outside India sales includes revenue from the sale & revenue share from platform deployments, end user application licenses using Tanla License manager, mobile payments/ aggregation business and off-shore development.

We have added some of the leading blue chip companies to our customers list during the FY 2010-11 both in India and outside India.

The segmentation of revenue by geography:

	Mar '11	% of Revenue	Mar '10	% of Revenue	% Change
India	9 63 41 462	3.25%	4 48 17 179	1.22%	114.97%
Outside India	2 86 88 85 563	96.75%	3 61 95 79 281	98.78%	(20.74%)
Total Revenue	2 96 52 27 025		3 66 43 96 460		(19.08%)

The revenue for the FY 2010-11 was INR 29652.27 Lakhs as against INR 36643.96 Lakhs for FY 2009-10, thus recording a drop of 19.08%. Revenue from India Sales for the year FY2010-11 was INR 963.41 Lakhs as against INR 448.17 Lakhs for FY 2009-10 registering a growth of 114.97%. Revenue from outside India sales for the year FY2010-11 was INR 28688.86 Lakhs as against INR 36195.79 Lakhs for FY 2009-10 registering a drop of 20.74%.

Increase in revenue in India is attributed to:

- Increase in new deployments & solutions with leading Telcos
 - Significant Increase in transactions processed by our platforms deployed at Telcos & enterprises
 - Addition of new content providers/ aggregators to our mobile payments/ aggregation business
- Outside India dip in revenue is a result of:
- Drop in revenue from key customer Nokia, due to its decision to offer its maps related applications free
 - Change in regulatory frame work impacted aggregation/ mobile payments business

Cost of Sales

Cost of sales include cost of services consisting of revenue share payout to all aggregation/ mobile payments clients including mobile operators, OEMs, content providers/ aggregators & media customers and direct manpower costs and administrative costs .

	31-Mar-11	% of Total Revenue	31-Mar-10	% of Total Revenue	% Change
Cost of services	1 28 24 78 398	43.25%	1 54 64 45 084	42.20%	1.05%
Direct manpower costs	1 38 27 745	0.47%	8 12 72 679	2.22%	(1.75%)
Direct administrative costs	1 35 75 489	0.46%	4 47 34 042	1.22%	(0.76%)
Total Cost of Sales	1 30 98 81 631	44.17%	1 67 24 51 805	45.64%	(1.47%)

Cost of Services is primarily the revenue share payout to mobile payments/ aggregation clients and for platforms and services customers the cost of sales is the direct man power and administrative costs without any revenue share payout.

Reduced cost of sales is attributable to the change in mix of revenue streams. There is a decrease in man power and administrative cost due to optimization of work force.

Selling & Marketing Expenses

	31-Mar-11	% of Total Revenue	31-Mar-10	% of Total Revenue	% Change
Sales salaries & benefits	2 89 12 208	0.98%	17 72 07 822	4.84%	(3.86%)
Business promotion & advertisement	20 36 77 005	6.87%	18 29 06 356	4.99%	1.88%
Other selling & marketing expenses	5 50 73 186	1.86%	4 33 20 150	1.18%	0.68%
Total selling & marketing expenses	28 76 62 399	9.70%	40 34 34 328	11.01%	(1.31%)

Expenses on sales, salaries & benefits are reduced on account of optimization of sales force as a result of slowdown in License manager and aggregation business.

An increase in business promotion and advertisement is on the account of new sales and marketing initiatives to promote new products and services launched during the year.

General & administrative expenses

	31-Mar-11	% of Total Revenue	31-Mar-10	% of Total Revenue	% Change
Staff salaries & benefits	7 92 57 226	2.67%	8 61 16 618	2.35%	0.32%
Provision for Bad debts	17 77 04 857	5.99%	9 41 112	0.03%	5.97%
Exchange fluctuation	14 14 50 237	4.77%	22 40 20 426	6.11%	(1.34%)
Advertisement & Marketing Expenses	38 29 39 779	12.91%	7 98 16 403	2.18%	10.74%
Other administrative expenses	15 81 69 199	5.33%	12 81 43 496	3.50%	1.84%
Total General & administrative expenses	93 95 21 297	31.68%	51 90 38 055	14.16%	17.52%

Staff Salaries & Benefits

There is a strong inward focus within the company to optimize in all spheres without impacting any of the key success measures including product innovation and quality of service. The change in staff salaries & benefits can be attributed to the optimization and increments given to employees' in line with market.

Provision for bad debts

An amount of INR 1,777.05 lakhs is provisioned for bad debts in various geographies on account of non-recovery of dues from some debtors due to recession and slowdown in their operations. There is an ongoing effort to recover the dues from such customers.

Exchange fluctuations

Total foreign exchange loss of INR 1,414.50 lakhs comprises of INR 218.99 lakhs on account of invoice realization and restatement of debtors and INR 1,195.51 lakhs on account of loans given by a subsidiary to its step-down subsidiary.

Advertisement & Marketing expenses

During FY 2010-11, the company incurred advertising and marketing expenses for developing and launching new products in various geographies, the benefits of which are expected to realize in the near future

Other administrative expenses

Other administrative expenses have increased on account of write off of rental advance INR 315.00 Lakhs and loss of INR 351.09 Lakhs on account of discarded assets on termination of lease held premises which was partially set-off by saving in other expenses.

Earnings before other income, depreciation & amortization and taxes (EBITDA)

The group earned an EBITDA of INR 4,386.10 lakhs in FY 2010-11 as compared to INR 11,254.84 lakhs in FY 2009-10 representing de-growth of 61.03% over the previous year on account of reduced business operations.

Depreciation & amortization**Summary of depreciation & amortization as follows:**

In Rs.

	March 31, 2011	March 31, 2010
Depreciation	1 38 41 25 672	72 43 34 389
Amortization of goodwill	22 31 81 212	7 96 94 905
Amortization of public issue expenses	4 80 21 403	4 85 11 415
TOTAL	1 65 53 28 288	85 25 40 709

Depreciation on assets is provided on a straight line method based on useful life of such assets and in accordance with the applicable laws of the respective geographies. Depreciation of INR 13,841.26 lakhs in FY 2010-11 is charged to profit and loss account on account of:

- Increased investment in fixed assets resulting from deployments in various geographies
- Increase in depreciation of INR 6,593.01 Lakhs is on account of consideration of depreciation on assets on the basis of useful life of the assets and usage of assets in various geographies.

The goodwill on acquisition of Tanla Oy is being written off at the rate of 25% as against 10% during FY 2009-10 on account of business impact.

Provision for taxation

The amount provided for FY 2010-11 is INR -718.79 Lakhs as against INR -101.90 lakhs provided in FY 2009-10.

The amount includes international taxes, availment of SEZ benefits and deferred tax on account of timing difference on depreciation.

FINANCIAL CONDITION

Share capital

The authorized share capital of Tanla is Rs 12 Crores, comprising of 12 00 00 000 equity shares of Re. 1/-each. Currently as at March 31, 2011, the issued and paid up share capital of Tanla is Rs. 10 17 49 593 comprising of 10 17 49 593 equity shares of Re.1/- each. The company has not issued any shares during FY 2010-11.

Reserves & Surplus

Summary of Reserves & Surplus

In Rs.

	March 31, 2011	March 31, 2010
Share Premium	4 29 58 89 976	4 29 58 89 976
Investment subsidy	4 00 000	4 00 000
General reserve	24 98 04 978	24 98 04 978
Balance in profit and loss account	3 46 34 69 688	4 62 01 42 078
Currency translation reserve & surplus from joint ventures	(20 41 38 540)	10 79 95 886
TOTAL	7 80 54 26 102	9 27 42 32 918

Currency translation reserve represents differences in foreign exchange arising out of consolidation of subsidiary accounts. Currency fluctuation on account of revenue items is included under exchange fluctuation and charged to profit and loss account.

The balance retained in profit & loss account as of 31st March'2011 is INR 34634.70 Lakhs post proposed dividend and applicable taxes.

The total net worth of the company as on 31st March'2011 is INR 72819.34 Lakhs with a book value of each share being INR 71.76. The corresponding numbers for the FY 2009-10 are INR 87774.77 Lakhs and INR 87.75 respectively. The difference in net worth is on account of loss in FY2010-11.

The company has been paying dividend consistently for the past 7 years.

Loans

The company has been debt free since inception and has not borrowed for its working capital or hire purchase requirements.

Goodwill on consolidation

The goodwill for the FY 2009-10 was INR 5967.84 Lakhs. Goodwill on consolidation represents primarily the excess of value of investments over the share of its equity in Tanla Oy (formerly Openbit Oy, Finland), at the date on which the investment in the subsidiary company was made.

During FY2010-11 the company acquired balance 10% of equity in Tanla Oy resulting in an increase in goodwill by INR 1716.73 lakhs. The goodwill as on 31st March'11 is INR 6249.71 Lakhs.

Sundry debtors

The sundry debtors (net of provision for doubtful debts) amount to INR 16473.73 Lakhs as on 31st March'11 as against INR 17204.46 Lakhs as on 31st March'10.

Increase in debtors' days in FY 2010-11 is attributable to market dynamics.

Summary of debtors is given below:

In Rs.

	March 31, 2011	March 31, 2010
Less than 6 months	32 86 51 889	56 24 91 018
More than 6 months	1 31 87 21 237	1 15 79 55 084

Cash & Bank balances

The cash and bank balance as on 31st March'11 was INR 8816.67 lakhs as against a balance of INR 14821.26 lakhs as on 31st March'10.

The decrease of bank balance of INR 6004.57 lakhs is due to payments made towards acquisition of 10% balance shares in Tanla Oy for INR 3601.90 Lakhs and new product, solution development & deployments during FY 2010-11.

Loans and Advances

The loans and advances outstanding as on 31st March'11 is INR 18304.76 lakhs as compared to INR 18471.59 Lakhs as on 31st March'10.

The loans and advances include advances paid to content providers, aggregator clients, rental deposits for premises in various geographies. It also includes direct and indirect taxes such as TDS, advance income tax, sales tax and service tax.

Current liabilities and Provisions

Current liabilities and provisions outstanding as on 31st March'11 is INR 6780.39 Lakhs as compared to INR 4980.99 lakhs as on 31st March'10. Increase of INR 1799.40 Lakhs is primarily on account of accrued expenses for services received and trade payables.

Disclaimer

Statements in Annual Report describing the industry's projections and estimates (which are based on reliable third party sources) as well as Company's estimates, projections and expectations may be "forward-looking statements" within the meaning of applicable regulations. External factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors such as litigation.

Thus, actual results could differ materially from those expressed or implied.

Notice of 15th Annual General Meeting

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of TANLA SOLUTIONS LIMITED will be held on Friday, September 30, 2011, at 10.30 AM at the Registered Office: Tanla Technology Centre, Hi-Tech City Road, Madhapur, Hyderabad - 500 081, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March, 2011 and the Profit and Loss Account for the financial year ended on that date together with the Report of Directors' and Auditor's thereon.
2. To declare a Dividend of Re.0.10 (10%) per equity share of face value Re.1/- each for the financial year ended on March 31st, 2011.
3. To appoint a Director in place of Mr.Satish Kathiriseti, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Anoop Roy Kundal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.Shrikanth Madan Chitnis, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Prof Surjeet Kumar Palhan, who retires by rotation and being eligible, offers himself for re-appointment.
7. To re-appoint M/s Ramasamy Koteswara Rao & Co., Chartered Accountants, Hyderabad, as Statutory Auditors of the Company.

“RESOLVED THAT M/s Ramasamy Koteswara Rao & Co., Chartered Accountants, Hyderabad be and are hereby reappointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

8. **To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:**

“RESOLVED THAT, pursuant to Section 198, 269, 309,310 and other applicable provisions of the Companies Act, 1956(“the Act”) read with Part II of Schedule XIII of the Act, Mr. D. Uday Kumar Reddy, Chairman & Managing Director be paid a remuneration of Rs.48 Lakhs per anum as approved by the Remuneration Committee in its meeting dated 20th October, 2010 for a period of three years from the month of October, 2010 including other benefits/allowances/perquisites.”

“RESOLVED FURTHER THAT Mr. D. Uday Kumar Reddy, Chairman & Managing Director would be eligible for the following perks as approved by the Remuneration Committee in its meeting dated 20th October, 2010 under Sections 198, 269 and 309 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
2. Gratuity payable at a rate not exceeding half-a-month's salary for each completed year of service.
3. Encashment of leave as per the Company's rules at the end of tenure.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the re-appointment and payment of remuneration, 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 to give effect to the above said resolution.”

9. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT, pursuant to Section 198, 269, 309,310 and other applicable provisions of the Companies Act, 1956(“the Act”) read with Part II of Schedule XIII of the Act, Mr. Amit Gupta, Director-Finance be paid a remuneration not exceeding Rs.30 Lakhs per anum as approved by the Remuneration Committee in its meeting dated 20th October, 2010 for a period of three years from 1st April , 2010 including other benefits/allowances/perquisites.”

“RESOLVED FURTHER THAT Mr. Amit Gupta, Director-Finance, would be eligible for the following perks as approved by the Remuneration Committee in its meeting dated 20th October, 2010 under Sections 198, 269 and 309 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
2. Gratuity payable at a rate not exceeding half-a-month’s salary for each completed year of service.
3. Encashment of leave as per the Company’s rules at the end of tenure.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the re-appointment and payment of remuneration, 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 to give effect to the above said resolution.”

10. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT, pursuant to Section 198, 269, 309,310 and other applicable provisions of the Companies Act, 1956(“the Act”) read with Part II of Schedule XIII of the Act, Mr. Satish Kathiriseti, Director-Technical be paid a remuneration of not exceeding Rs.43 Lakhs per anum as approved by the Remuneration Committee in its meeting dated 20th October, 2010 for a period of three years from 1st October, 2010 including other benefits/allowances/perquisites.”

“RESOLVED FURTHER THAT Mr. Satish Kathiriseti, Director-Technical would be eligible for the following perks as approved by the Remuneration Committee in its meeting dated 20th October, 2010 under Sections 198, 269 and 309 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
2. Gratuity payable at a rate not exceeding half-a-month’s salary for each completed year of service.
3. Encashment of leave as per the Company’s rules at the end of tenure.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the re-appointment and payment of remuneration, 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 to give effect to the above said resolution.”

11. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT, pursuant to Section 198, 269, 309,310 and other applicable provisions of the Companies Act, 1956(“the Act”) read with Part II of Schedule XIII of the Act, Mr. Anoop Roy Kundal, Whole-time Director, be paid a remuneration of not exceeding Rs.30 Lakhs per anum as approved by the Remuneration Committee in its meeting dated 20th October, 2010 for a period of three years from 1st October, 2010 including other benefits/allowances/perquisites.”

“RESOLVED FURTHER THAT Mr. Anoop Roy Kundal, Whole-time Director would be eligible for the following perks as approved by the Remuneration Committee in its meeting dated 20th October, 2010 under Sections 198, 269 and 309 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Rules.
2. Gratuity payable at a rate not exceeding half-a-month’s salary for each completed year of service.
3. Encashment of leave as per the Company’s rules at the end of tenure.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the re-appointment and payment of remuneration, 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 to give effect to the above said resolution.”

Place: Hyderabad
Date: September 05, 2011

By the order of the Board of Directors
for TANLA SOLUTIONS LIMITED
Sd/-
CS Seshanuradha Chava
AGM - Legal & Secretarial

NOTES:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the company.
2. The instrument appointing proxy in order to be effective must be deposited at the registered office not less 48 hours before commencement of the 15th Annual General Meeting.
3. Corporate members intending to send/nominate their authorized representatives to attend the meeting are requested to send a certified copy of board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed herewith.
5. The Register of Members and Share Transfer Books of the company shall remain closed from 28th September, 2011 to 30th September, 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
6. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Registered Office at least 7 days before the meeting so that the same can be suitably replied to.

Place: Hyderabad
Date: September 05, 2011

By the order of the Board of Directors
for TANLA SOLUTIONS LIMITED
Sd/-
CS Seshanuradha Chava
AGM - Legal & Secretarial

Registered Office:

Tanla Technology Centre,
Hi-tech City Road,
Madhapur, Hyderabad – 500081.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for Item Nos.8, 9, 10 and 11.****Item No.8**

Mr. D. Uday Kumar Reddy was appointed as Chairman & Managing Director on June 01 2005 for a period of 5 years. The Board of Directors in its meeting held on May 14 2010 and the Members in the Annual General Meeting held on September 30 2010 approved the re-appointment Mr. D. Uday Kumar Reddy, Chairman & Managing Director for a period of 5 years from May 15 2010 at a annual remuneration of Rs.48 Lakhs including other allowances/perquisites and benefits.

For the year ended on March 31st, 2010, the Company reported profits of Rs.3 26 49 183, the total remuneration payable to all the Managerial personnel cannot exceed Rs.32 64 918.3/-per anum as per Sec(s) 198 and 269 of the Companies Act 1956. Remuneration Committee has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under provision of Sec 198 and Schedule XIII of the Companies Act, 1956. The Remuneration Committee thus met and passed a resolution approving the salary payable.

Brief resume of Mr. D. Uday Kumar Reddy, Chairman & Managing Director:

Born on March 03, 1967, Mr. D. Uday Kumar Reddy is the Promoter of Tanla Solutions Limited and holds 1 43 96 493 number of equity shares. Mr. Uday has been the Chairman & Managing Director since June 2000. Mr. D. Uday Kumar Reddy is the principal architect of Tanla's leadership, growth and strategy. Under his leadership, Tanla has evolved as a multinational both in its operations and existence. Uday successfully marched Tanla through the acquisition of Tanla Oy, Finland in 2008 & setting up of a JV with Zed Worldwide Holdings in July 2009. Mr. Uday's focus on innovation and the urge to set new milestones in business and technology have been the key drivers of the Company's success, he is significantly active in the M&A community, and has been leading discussions across the globe regarding potential alliances and M&A opportunities.

Mr. Uday holds a MBA from University of Manchester, UK.

Past Remuneration: Mr. Uday Kumar Reddy drew an annual salary of Rs.42 54 400 during the year ended on March 31 2010.

Proposed Remuneration: An annual remuneration of Rs. 48 00 000 for a period of 3 years from October 01, 2010.

There is no pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel except with Ms. D. Tanuja Reddy, the co-promoter of Tanla Solutions Limited.

Our Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. D. Uday Kumar Reddy is interested or concerned in the said resolution.

None of the Directors are related inter-se.

Item No.9

Mr. Amit Gupta was appointed as a Whole Time Director of the Company in November 11, 2005 for a period of 5 years. The Board of Directors in its meeting held on May 14 2010 and the Members in the Annual General Meeting held on September 30 2010 approved the re-appointment Mr. Amit Gupta as Director- Finance, for a period of 5 years from April 01 2010, at a annual remuneration not exceeding Rs.30 Lakhs including other allowances/perquisites and benefits.

For the year ended on March 31st, 2010, the Company reported profits of Rs.3 26 49 183, the total remuneration payable to all the Managerial personnel cannot exceed Rs.32 64 918.3/-per anum as per Section 198 and 269 of the Companies Act, 1956. Remuneration Committee has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under provision of Sec 198 and Schedule XIII of the Companies Act, 1956. The Remuneration Committee thus met and passed a resolution approving the salary payable.

Brief resume of Mr. Amit Gupta, Director- Finance:

Mr. Amit Gupta, as Director-Finance, is responsible for the financial management of Tanla. He has global responsibility for managing all financial reporting and planning, global processes, systems, controls and fiscal compliances. He is also a core member of the M&A team. An accomplished leader, Amit has worked across several industries, creating high performance teams and successful businesses. Before joining Tanla, he worked with Ernst & Young and KPMG, specializing in financial planning and IT-based consulting services for Global 2000 companies. Earlier, Amit had jointly founded Smartnet Communication Systems (P) Ltd, which later became a subsidiary of Tanla Solutions Ltd.

Born on May 09, 1973, Mr. Amit Gupta belongs to the Promoter Group of Tanla Solutions Limited and holds 15 41 280 number of equity shares. Mr. Amit Gupta has been holding the position of Director - Finance since April 27 2007, prior to which he was in the position of Director – Reference Architecture. As Director- Finance, he has global responsibility for managing all financial reporting and planning, global processes, systems, controls and fiscal compliances. He is also a core member of the M&A team.

Mr. Amit Gupta is an engineering graduate from IIT, New Delhi.

Past Remuneration: Mr. Amit Gupta drew an annual salary of Rs. 28 65 779 during the year ended on March 31 2010.

Proposed Remuneration: An annual remuneration of Rs. 30 00 000, for a period of 3 years from October 01, 2010.

There is no pecuniary relationship directly or indirectly with the company, or relationship with any of the managerial personnel of Tanla Solutions Limited.

Our Directors recommend that the said resolution may be passed as a special resolution.

None of the Directors except Mr. Amit Gupta is interested or concerned in the said resolution.

None of the Directors are related inter-se.

Item No.10

Mr. Satish Kathiriseti was appointed as a Whole Time Director of the Company in September 9, 2004 for a period of 5 years. The Board of Directors in its meeting held on September 02, 2009 and the Members in the Annual General Meeting held on September 30, 2009 approved the re-appointment of Mr. Satish Kathiriseti as Director- Technical , for a period of 5 years from September 02, 2009, at a annual remuneration of Rs. 43 Lakhs including other allowances/perquisites and benefits.

For the year ended on March 31st, 2010, the Company reported profits of Rs.3 26 49 183, the total remuneration payable to all the Managerial personnel cannot exceed Rs.32 64 918.3/-per anum as per Section 198 and 269 of the Companies Act,1956. Remuneration Committee has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under provision of Sec 198 and Schedule XIII of the Companies Act, 1956. The Remuneration Committee thus met and passed a resolution approving the salary payable.

Brief resume of Mr. Satish Kathiriseti, Director - Technical:

Born on April 23 1970, Mr. Satish Kathiriseti belongs to the Promoter group of Tanla Solutions Limited and holds 13 40 000 number of equity shares. Mr. Satish Kathiriseti has been holding the position of Director – Technical since September 09, 2004.His vast experience helps in bringing together diverse technologies from hardware design, embedded wireless to user interface and accessibility, bringing value to customer needs, and enabling Tanla to emerge as a leading product and solutions company across the Telecom, Wireless, Mobile and Embedded domains.

Prior to joining to Tanla, Mr. Satish was with Serendip Technologies as Chief Technologist, contributing in the areas of telecom voice solutions and unified messaging. He has earlier worked with Intergraph India in the areas of Windows-Unix interoperability and engineering CAD & solid modelling product development.

Mr. Satish Kathiriseti holds a M. Tech from MIT, Chennai.

Past Remuneration: Mr. Satish Kathiriseti drew an annual salary of Rs. 26 66 063 during the year ended on March 31 2010

Proposed Remuneration: An annual remuneration of Rs. 43 00 000 for a period of 3 years from October 01, 2010.

There is no pecuniary relationship directly or indirectly with the company, or relationship with any of the managerial personnel of Tanla Solutions Limited.

Our Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. Satish Kathiriseti is interested or concerned in the said resolution.

None of the Directors are related inter-se.

Item No.11

Mr. Anoop Roy Kundal was appointed as a Whole Time Director of the Company from September 9, 2004 for a period of 5 years. The Board of Directors in its meeting held on September 02 2009 and the Members in the Annual General Meeting held on September 30, 2009 approved the re-appointment of Mr. Anoop Roy Kundal as Director- Operations , for a period of 5 years from September 02, 2009, at a annual remuneration of Rs. 30 Lakhs including other allowances/ perquisites and benefits.

For the year ended on March 31, 2010, as the Company reported profits of Rs.3 26 49 183, the total remuneration payable to all the Managerial personnel as per Sec(s) 198, 269 of the Companies Act,1956, cannot exceed Rs.32 64 918.3/-per anum. Remuneration Committee has been authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on quarterly, half yearly or yearly basis, considering the maximum remuneration payable under provision of Sec 198 and Schedule XIII of the Companies Act, 1956. The Remuneration Committee thus met and passed a resolution approving the salary payable.

Brief resume of Mr. Anoop Roy Kundal, Director - Operations:

Born on February 28, 1972, Mr. Anoop Roy Kundal belongs to the Promoter group of Tanla Solutions Limited and holds 10 04 360 number of equity shares. Mr. Anoop Roy Kundal has been holding the position of Director –Operations since 27th, October 2004. Mr. Anoop Roy Kundal spearheads software development and service delivery. He helped Tanla emerge as a leading provider of IT services and mobile solutions for the evolving mobile ecosystem.

Mr. Anoop Roy Kundal joined Tanla from Smartnet Communication Systems (P) Ltd, which he co-founded and which later became a subsidiary of Tanla Solutions Ltd. Previously, he was in charge of business requirement analysis and project management, involving all aspects of technical design and development for project implementation. With vast experience in object-oriented designs and enterprise software development, Mr. Anoop Roy Kundal has worked on cutting-edge business solutions, employing multi-layered architectural designs and applications development and deployment.

Mr. Anoop Roy Kundal holds a B. Tech from IIT, New Delhi & a Masters in Sociology from Jawaharlal Nehru University.

Past Remuneration: Mr. Anoop Roy Kundal drew an annual salary of Rs. 14 45 400 during the year ended on March 31 2010.

Proposed Remuneration: An annual remuneration of Rs. 30 00 000 for a period of 3 years from October 01, 2010.

There is no pecuniary relationship directly or indirectly with the company, or relationship with any of the managerial personnel of Tanla Solutions Limited.

Our Directors recommend that the said resolution may be passed as a Special Resolution.

None of the Directors except Mr. Anoop Roy Kundal is interested or concerned in the said resolution.

None of the Directors are related inter-se.

Disclosures as required under Part II of Schedule XIII**Resolution passed by the Remuneration Committee:**

The Remuneration Committee passed a resolution in its meeting held on 20th October, 2010 at the Registered Office and also filed e-form 23 as per provisions of Section 192 of the Companies Act, 1956 which has been approved.

Introduction: Tanla Solutions Limited, is engaged in telecom infrastructure and value added business services. Tanla's products & services address the needs of the operators to deliver the services to subscribers. Tanla's mobile products suite not only enable Content providers, Application developers but also Content distributors including handset manufacturers, memory card vendors, and Application stores to market their services. Its mobile payment solution provides multiple payment options to end users (credit/debit card, Premium SMS, WAP billing) across 100 countries.

Telecom products are operated on revenue share model and fixed monthly fee model. Economies of scale enable Tanla gain from these models.

Export performance and foreign exchange collaboration:

Particulars	For the year 2010-11	For the year 2009-10
Income from software products and offshore development services	19 07 09 339	46 57 37 774
Interest received	-	1 89 45 548
Total	19 07 09 339	48 46 83 322

Foreign Investments:

Foreign investments in Tanla Solutions Limited, is represented by the investments held by Foreign nationals and institutions as per the Shareholding Pattern, submitted to the relevant authorities periodically.

Reasons for inadequate profits:

- While the transaction volumes and revenues with Indian operators have grown during the last year in the areas of Telecom Products and Aggregation; however, the overall numbers have dropped drastically due to loss of a key Mobile Payments customer.
- In the international market where Tanla operates, there has been a drop in mobile payments/content/VAS transactional traffic worldwide as a result of the economic recession triggered by the sub-prime crisis. This has resulted in our customers generation less business and thus passing on less business to Tanla, as a part of revenue share agreements with them.
- Change of regulations governing mobile VAS services by PayPhonePlus, telecom regulatory authority in the United Kingdom, has also resulted in drop in the revenues since the new regulations requires that all services(old and new) by any VAS provider would require a prior approval from the regulator, plus an opt-in every month from all service subscribers for renewal of service. This change in regulations combined with the current market conditions resulted in a lower market spend by the content providers leading to decline in overall traffic and revenue.
- All the players in the value chain have been under pressure to increase their margins; this has resulted in some of the players to change their business models. For eg., in some geographies, MNOs and MVNOs have started offering direct commercial and technical connectivity to mobile service providers.

Steps taken for improvement:

The Company is trying to identify new business opportunities to minimize the losses and improve earnings, going forward.

Place: Hyderabad
Date: September 05, 2011

By the order of the Board of Directors
for TANLA SOLUTIONS LIMITED
Sd/-
CS Seshanuradha Chava
AGM - Legal & Secretarial

Registered Office:
Tanla Technology Centre,
Hi-tech City Road,
Madhapur, Hyderabad – 500081.

NOTES :

Area for handwritten notes, consisting of multiple horizontal dotted lines.

TANLA SOLUTIONS LIMITED

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

Regd. Folio / Client ID

No.No. of Shares

[Dotted box for Regd. Folio / Client ID]

[Dotted box for No.No. of Shares]

**Attendance Form
15th ANNUAL GENERAL MEETING**

I certify that I am Member / Proxy for the member of the Company.

I hereby accord my presence at the 15th Annual General Meeting of the Company held on Friday, September 30th, 2011, at 10:30 am at the Registered Office of the Company situated at Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081

Signature of the Member/Proxy

Note:

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the Entrance of the Meeting Hall.
2. This Attendance is valid only in case shares are held on the date of the Meeting.

TANLA SOLUTIONS LIMITED

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

Regd. Folio / Client ID

No.No. of Shares

[Dotted box for Regd. Folio / Client ID]

[Dotted box for No.No. of Shares]

**Proxy form
15th ANNUAL GENERAL MEETING**

I/We of being Member(s) of M/s. TANLA SOLUTIONS LIMITED hereby appoint Mr./ Mrs. of or failing which Mr./ Mrs. as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Friday, September 30, 2011, at 10:30 am at the Registered Office of the Company situated at Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081 and any adjournment thereof.

Signed this day of 2011

Signature of the Member



Note:

(a) The Proxy Form signed across revenue stamp must be deposited at Registered Office of the Company at Tanla Technology Centre, Hi-tech City Road, Madhapur, Hyderabad – 500 081 not less than 48 hours before the meeting.



TANLA TECHNOLOGY CENTRE, HYDERABAD, INDIA
www.tanla.com