



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
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October 20, 2022

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 532790	National Stock Exchange of India Ltd. “Exchange Plaza” Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: TANLA
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Dear Madam/Sir,

Sub: Investor Updates for the quarter ended September 30, 2022.

With reference to the subject cited, we are enclosing herewith the Investor Updates for the quarter and half year ended September 30, 2022.

Request you to take the same on record and oblige.

Yours faithfully,

For **Tanla Platforms Limited**
(Formerly known as Tanla Solutions Limited)

SESHANU
RADHA
CHAVA
Digitally signed by
SESHANURADHA
CHAVA
Date: 2022.10.20
20:12:47 +05'30'



Seshanuradha Chava
General Counsel and Company Secretary
ACS-15519



Q2 FY23 Investor Update

Tanla Platforms Limited



Disclaimer

The CPaaS business is evolving at a fast pace in India with very little information available in the public domain on the overall market. The financial community has always sought a response on the total market size, key drivers of the industry and the competitive landscape in this space. In order to provide more transparency and to help understand our business better, we are providing indicative data around the market size and our relative share (assuming the indicative data). This indicative data has been arrived at basis our detailed internal analysis. This is being done with an intent to provide an indicative picture of the industry and address queries about the CPaaS space. This must not be seen as a positioning statement of the company, and one should not rely on the company's disclosure for their assessment of the market size.

This presentation contains statements that include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, as well as assumptions relating to the foregoing that involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking in nature. Such statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, although not all forward-looking statements contain these identifying words, you can identify forward-looking statements by terminology such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “plan,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar expressions. The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements. It is advisable not to place excessive reliance on any of the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Additionally, these forward-looking statements, involve risk, uncertainties and assumptions based on information available to us as of 17/10/22, including those related to the continued impacts of COVID-19 on our business, future financial performance and global economic conditions. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, the timeframes for and severity of social distancing and other mitigation requirements, the timing of headwinds from COVID-19, the availability of vaccinations, the continued impact of COVID-19 on new or existing customers, business decisions and the length of our sales cycles, renewal timing or billings terms, particularly for customers in certain industries highly affected by COVID-19.

If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. We assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations, except as required by law.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information wherever possible, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to place excessive weightage to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information, wherever referred. Certain statements that might or might not be forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

By receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business. Any logos or trademarks other than Tanla, Karix, Gamooga, Trubloq & Wisely included herein are the property of the owners thereof and are used for reference purposes only.

Q2 FY23 Results: Snapshot



Revenue

₹ 8,510 Mn

→ 1% Growth



Gross Profit

₹ 2,056 Mn

→ 11% De-growth



EBITDA

₹ 1,395 Mn

→ 16.4% Margin



Operating cash flow

₹ 41 Mn

→ 4% of PAT



PAT

₹ 1,104 Mn

→ 13.0% Margin



Earnings Per Share

₹ 8.14



Cash

₹ 8,552 Mn

→ Up by ₹100 Mn



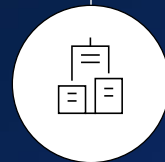
Innovation



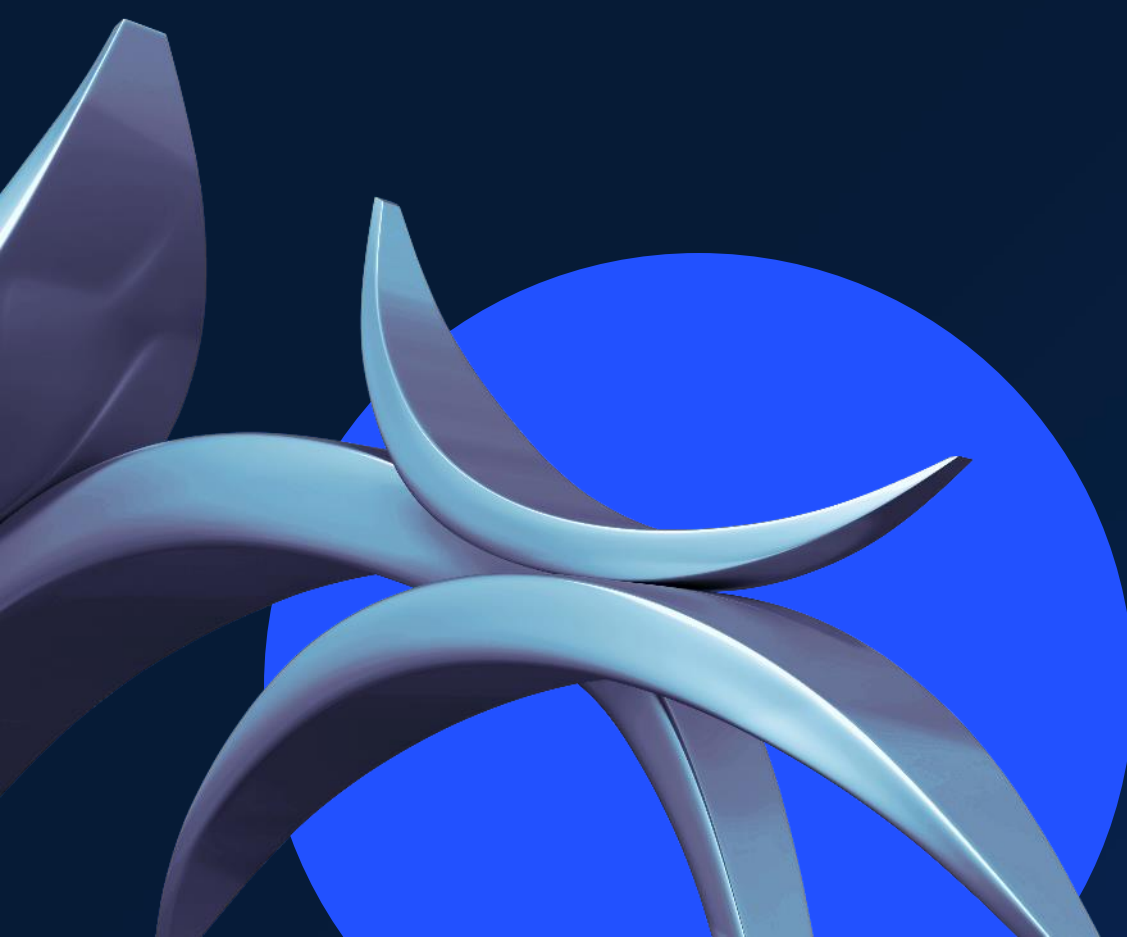
Business



Financials

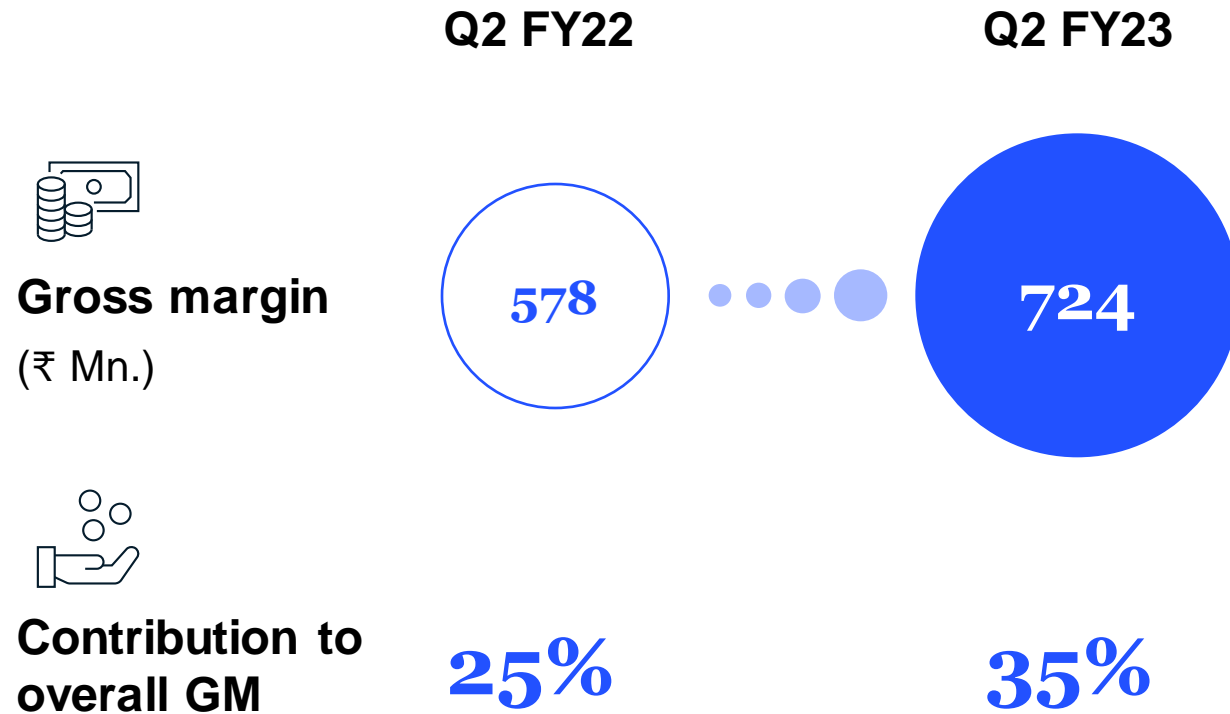


Corporate



Platform Innovation: Evidence of success

Platform business delivered **robust financial performance in Q2 FY23**



... driven by **significant momentum** across key modules



Exclusive multi-year partnership

TRUBLOQ

Largest DLT scrubbing platform in India – 64% volume

truecaller

Exclusive partnership resonating well with customers

Innovation & Experience center

Building best-in-class innovation center in Hyderabad to foster innovation

1. TRUBLOQ

Key Details

Gap to competition



World's first blockchain-enabled compliance platform

Customer adoption



Largest DLT scrubbing platform in India – **64%** volume

100% volume in UAE

Partnership with **7 telcos** across UAE and India

Impact Stories



14% decline in **spam complaints** for the top 3 telcos in India since Sep'20

Evidence of our success

GM growth

29% (Y-O-Y)



Volume

85 bn (Q2)



2. Wisely Communicate:

Our differentiated proposition for enterprises

- 1 End-user data protection** through 100% E2E encryption through **cryptographic algorithms**
 - 2 100% audit trail** of every transaction enabled **via blockchain**
 - 3 Unified marketplace** to aid **price discovery** and **vendor management** (e.g., E-Auction, Rate Card, Budget mgmt.)
 - 4 Real time settlement reports** for **zero dispute settlements**
 - 5 Ready-to-use solutions** to address multiple use cases for enterprises (e.g., Marketing ROI optimization, OTP improvement, etc.)
-

Progress so far



Customers

Scaling up two banking customers

Active discussions with top BFSI customers



Outcome

Customer Success :
Failure rate reduction by 25%



3. Wisely OTT

Customers already closed / in advanced conversations on Truecaller

- Q2 **volume of ~700 Mn** across existing customers customers
- **No. of customers** in pipeline of **40+ customers**

Delivering a market beating proposition with advanced features and functionalities



Superior user experience



Advanced messaging capabilities



Streamlined onboarding and easy to use



Rich performance insights






Supported by multiple interfaces

4. Wisely Network

ILD leakage prevention for Telcos

AI-ML-NLP backed Intelligent solutions

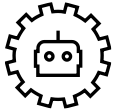
VIL to be a **lighthouse case** for replication of **intelligent Firewall solution** with **prominent telcos globally** for **ILD leakage prevention**

-  AI/ML based firewall to prevent ILD leakages deployed
-  Firewall processing over 35Bn messages across A2P and P2P
-  On track to be ₹1 billion gross margin platform per annum



5. Wisely Engage

Re-imagining our vision for performance marketing



Automated platform

Self-serve campaign management with added intelligence layer



Multiple channels

Large audiences on both **online and offline channels**



Unique data

800+ attributes across online and offline platform



AI/ML backed

Best in class ML driven **personalized engine**



Last mile Attribution

Attribute performance to last level – impression, CTA and conversion

Progress so far

- Features built on **2,000+ attributes** for financial and gaming industries
- Early success in POC with **click through rate jump of 2X**; on-going scale-up



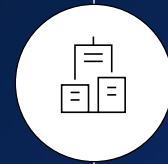
Innovation



Business



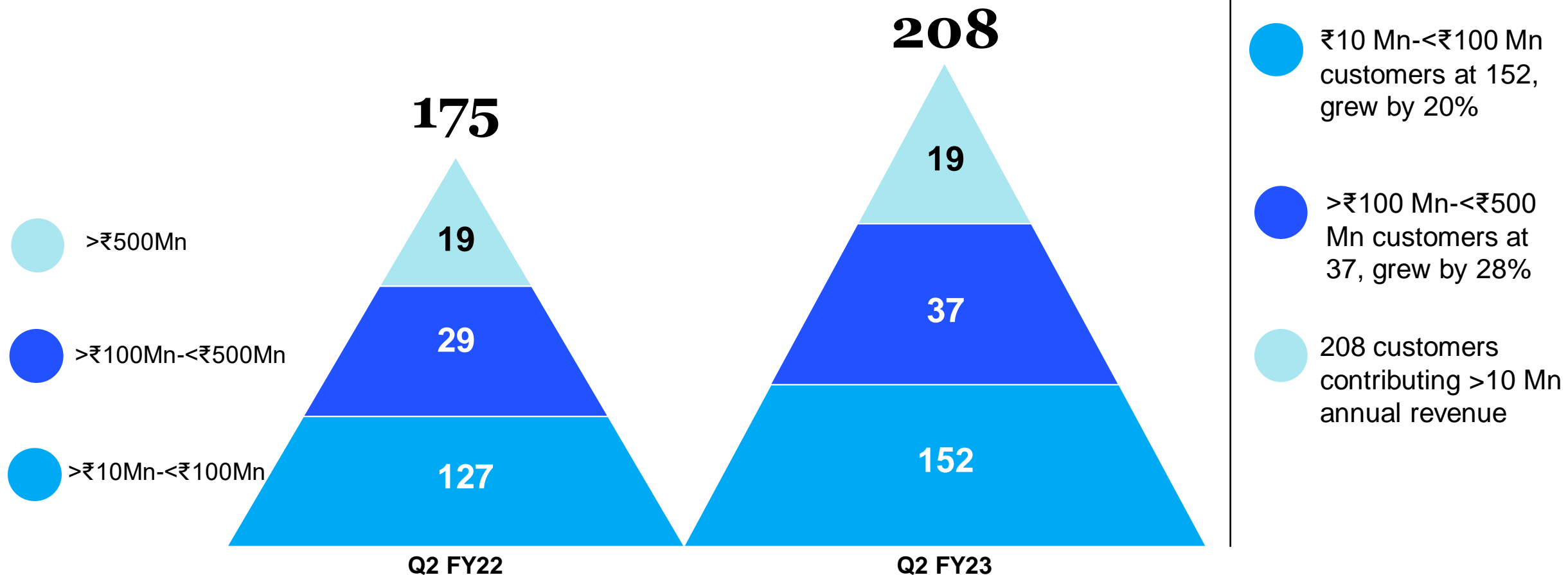
Financials



Corporate

Expanding customer relationships

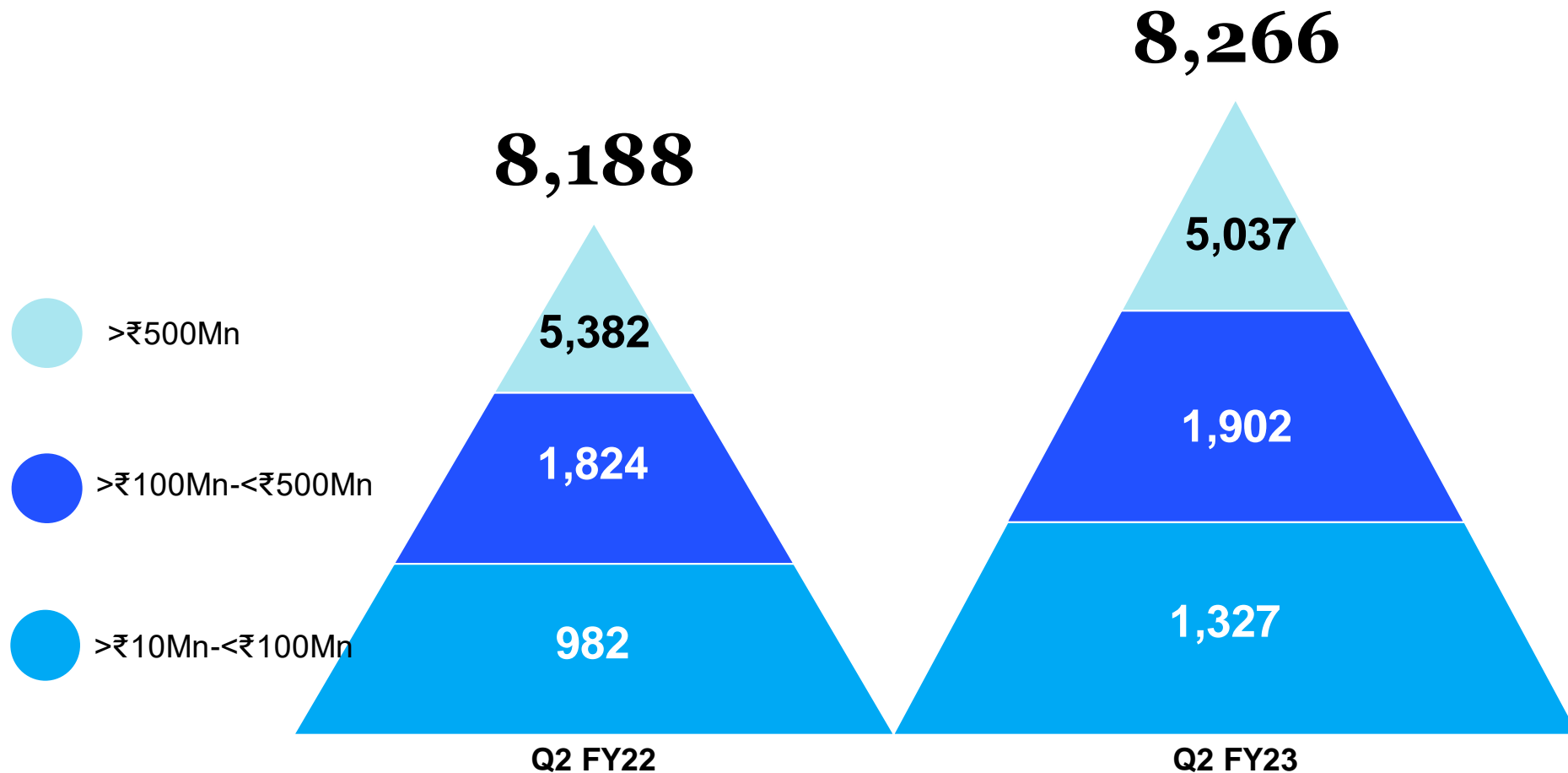
Number of customers



1. Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)

Customer Segments

(₹ Million)



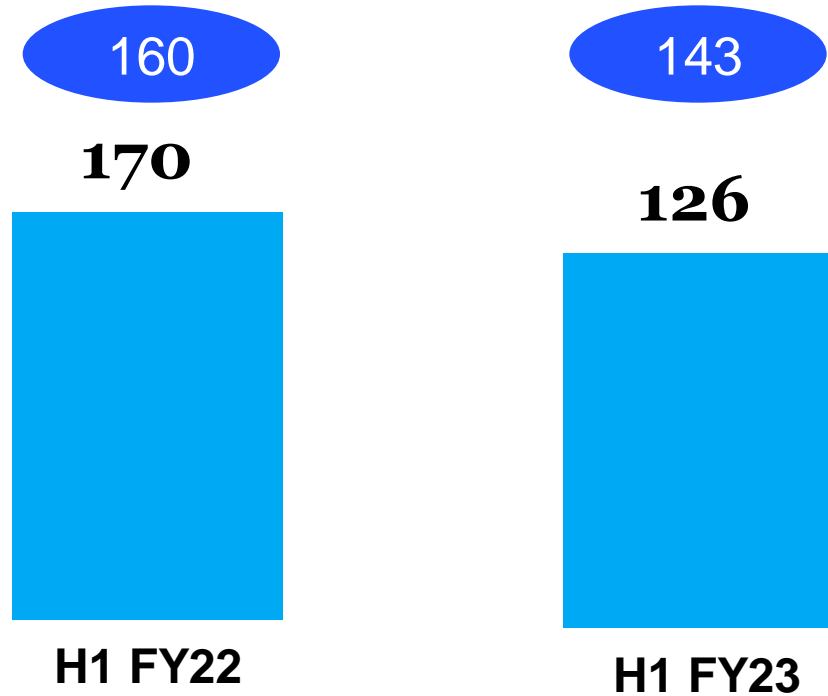
36% revenue
Growth in ₹10 Mn-
<₹100 Mn

Decline in revenue
of customers >₹
500 Mn due to lower
volumes – count of
customers remain
same

**Product
penetration** of 2
improved from
1.6 a year back

New customer addition

■ Revenue (₹ Million) ● Number of customers



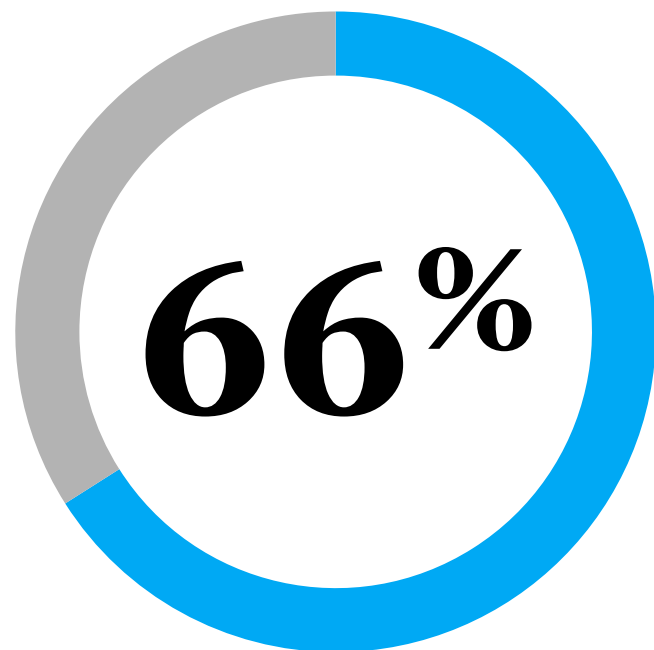
45% of new customers on non-SMS channels like WhatsApp



Targeted focus on new customers in the digital native segment

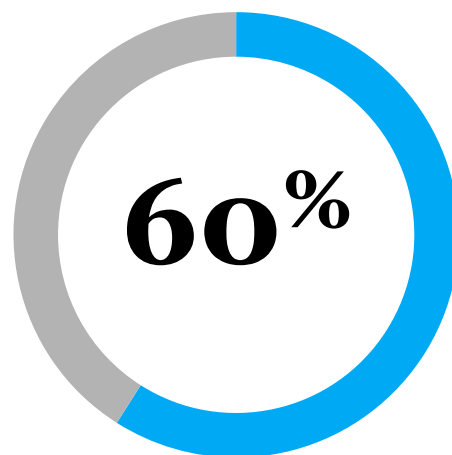
Reduction in customer concentration

● Revenue from top 20 customers (₹ Million)



5,504

Q2 FY22



5,146

Q2 FY23



14 out of 20 customers of last year continue to be in Top 20, 17 remain in Top 30



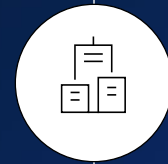
Innovation



Market



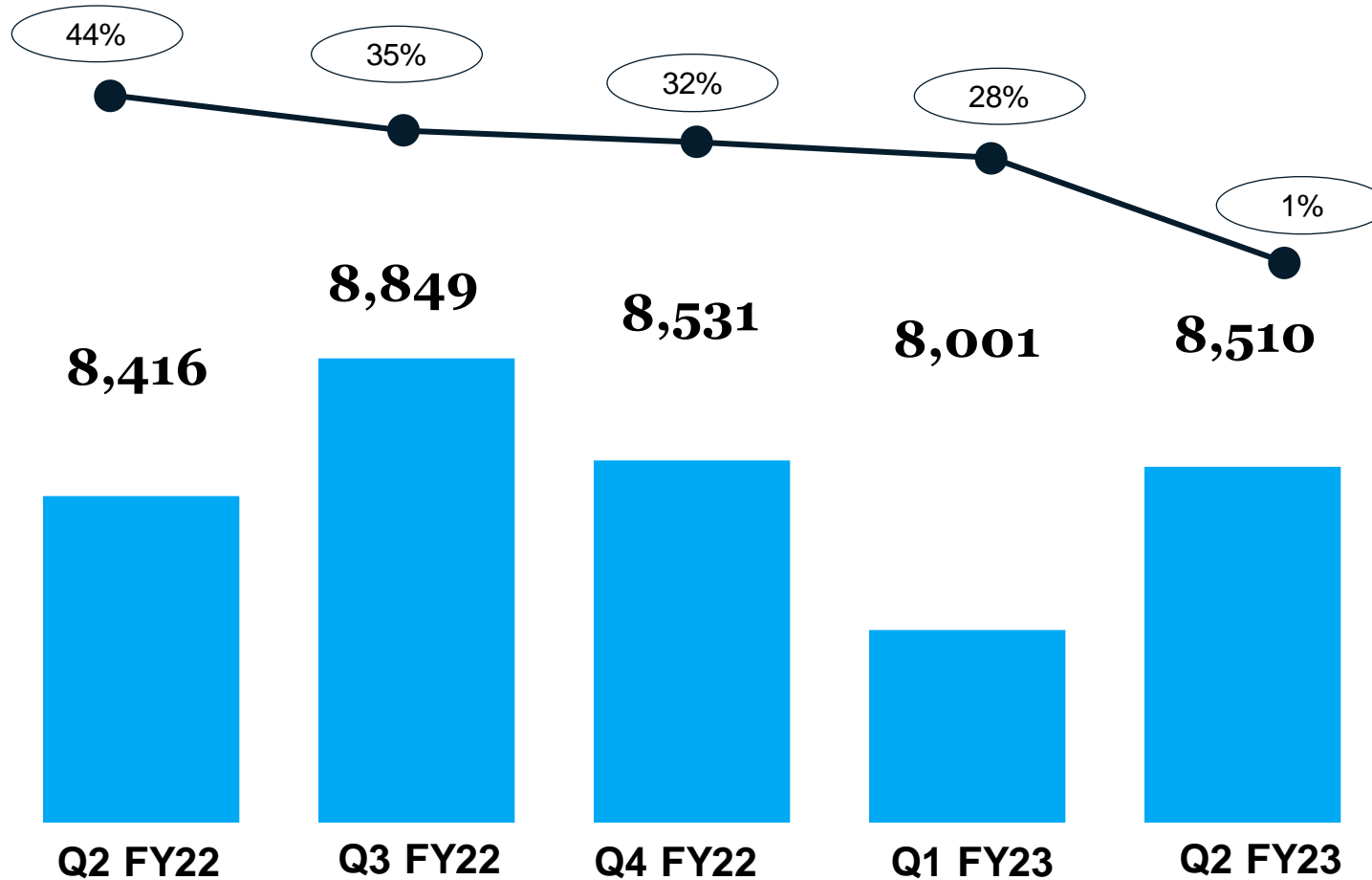
Financials



Corporate

Revenue growth on a sequential basis

(₹ Million) — Y-o-Y growth



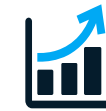
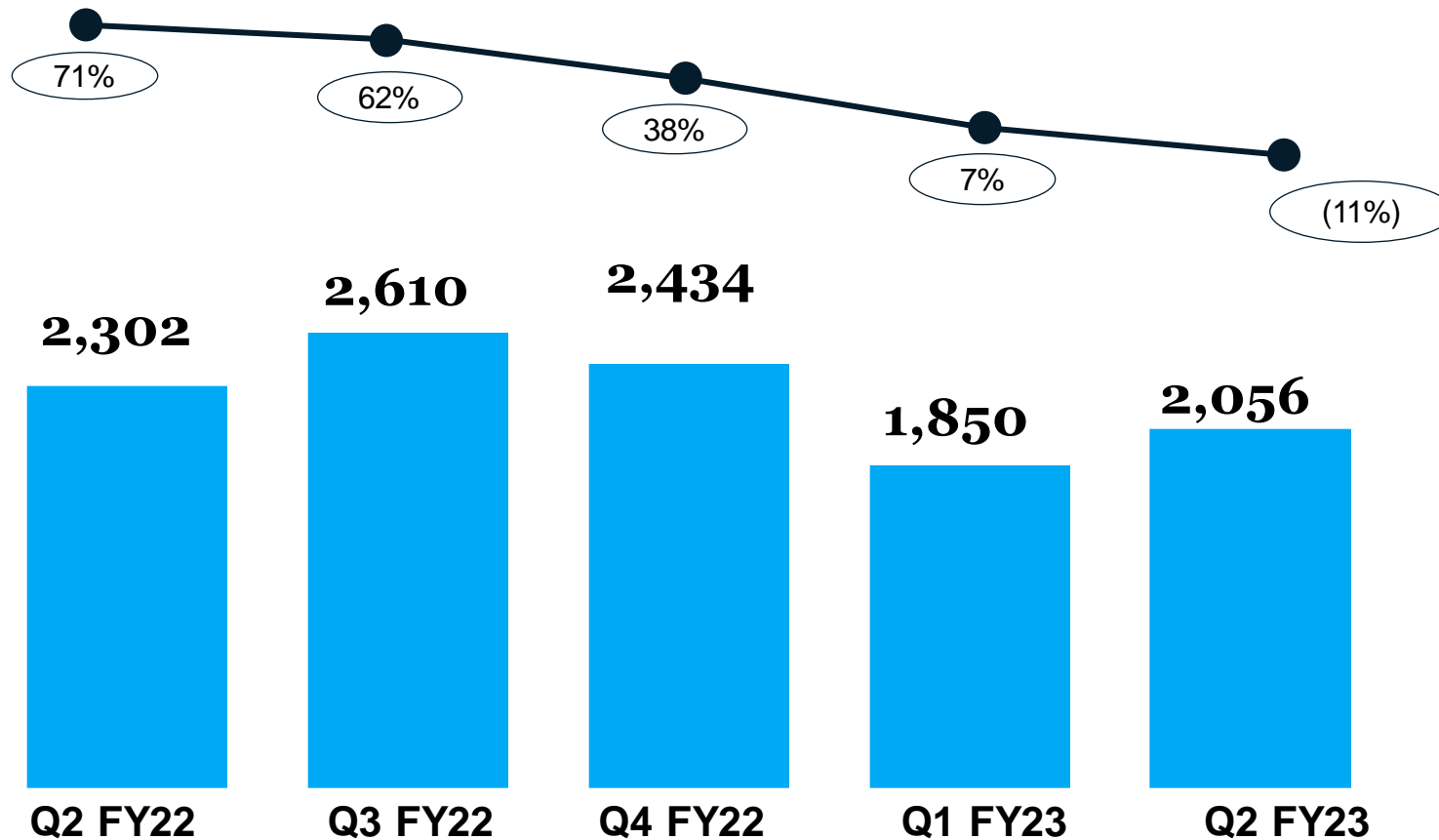
Revenue grew by 1% in Q2 FY23. QoQ revenue grew by 6%



Growth led by Platforms and WhatsApp but impacted by lower revenues from our Top customers in Enterprise business

Gross Margins on improving trajectory from Q1

(₹ Million) — Y-o-Y growth



Improvement in gross margins by 1.1% QoQ



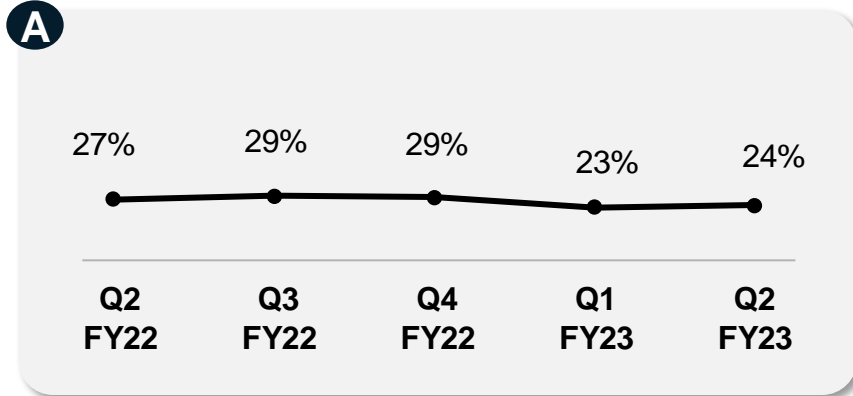
Enterprise business improved gross margins – we are on an improving trajectory



Platform business gross margin grew by 25% at ₹ 724 Mn in Q2 FY23 driven by newer platforms on Wisely

Gross margin mix

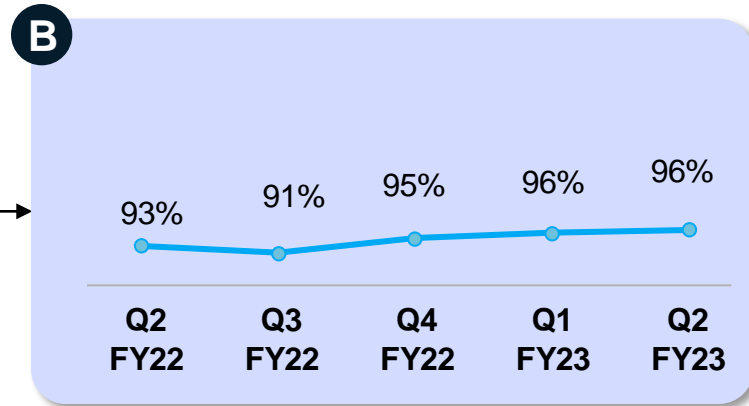
Overall margin



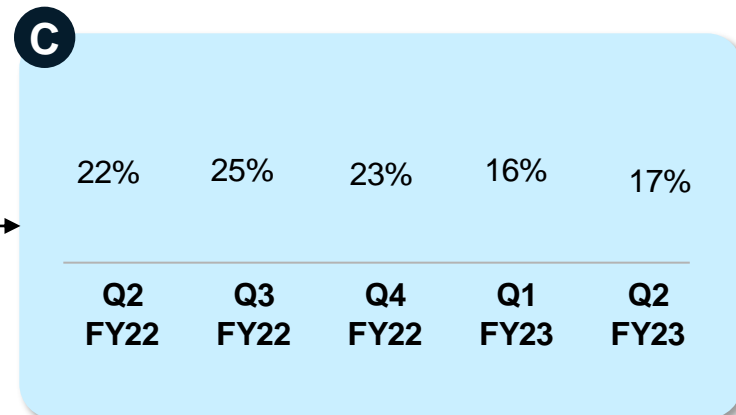
Contribution by platform



Platform business



Enterprise business



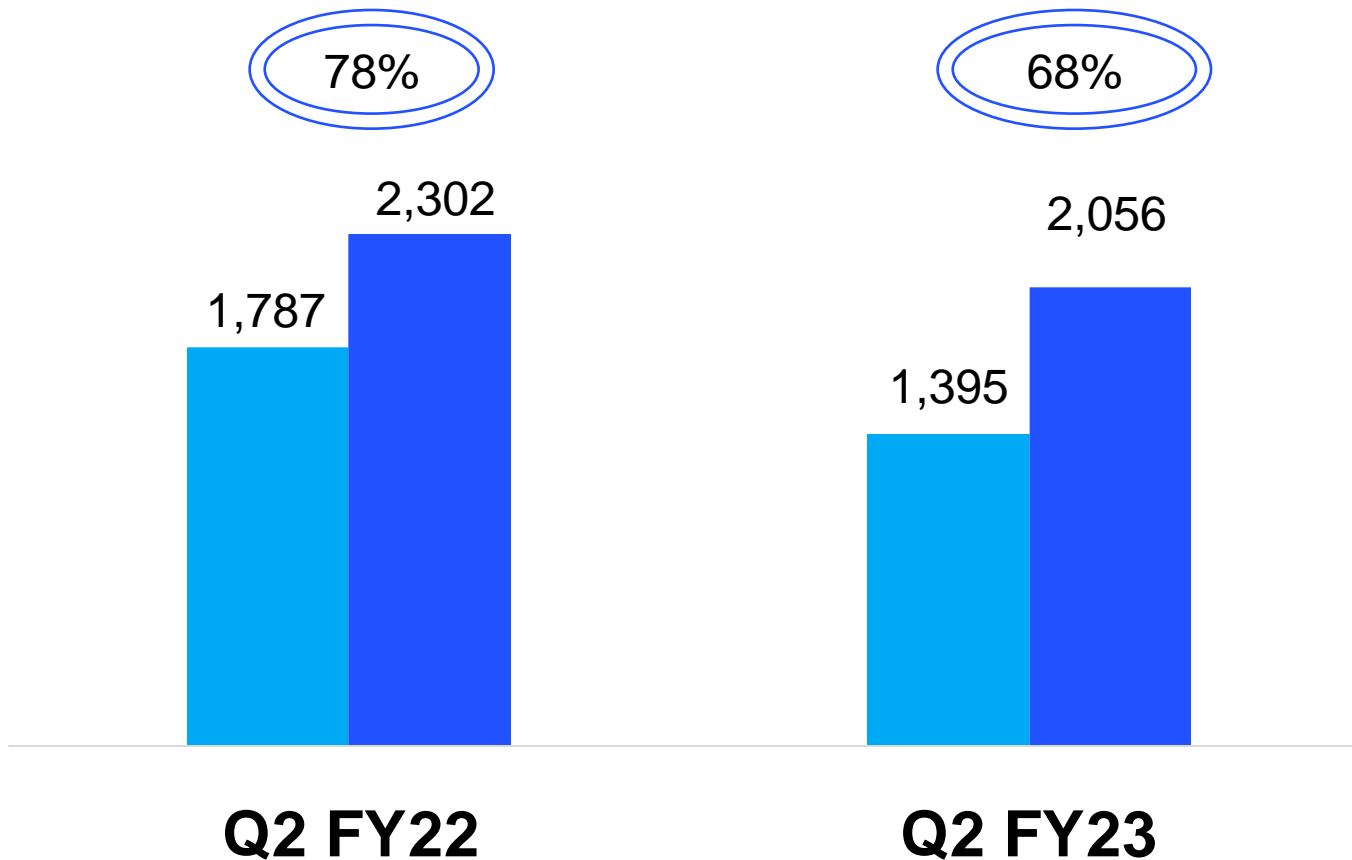
A Decrease in gross margin by 319 bps

B Platform business gross margin contribution to total at 35%, improved by 10%

C QoQ enterprise business gross margin at 17.2% increased by 82 bps

Efficiency metrics

■ EBITDA ■ Gross Profit ○ EBITDA to Gross Profit conversion



Salary cost at 19% of gross profit in Q2 FY23 as against 14% in Q2 FY22 impacted by yearly salary increments and RSU cost

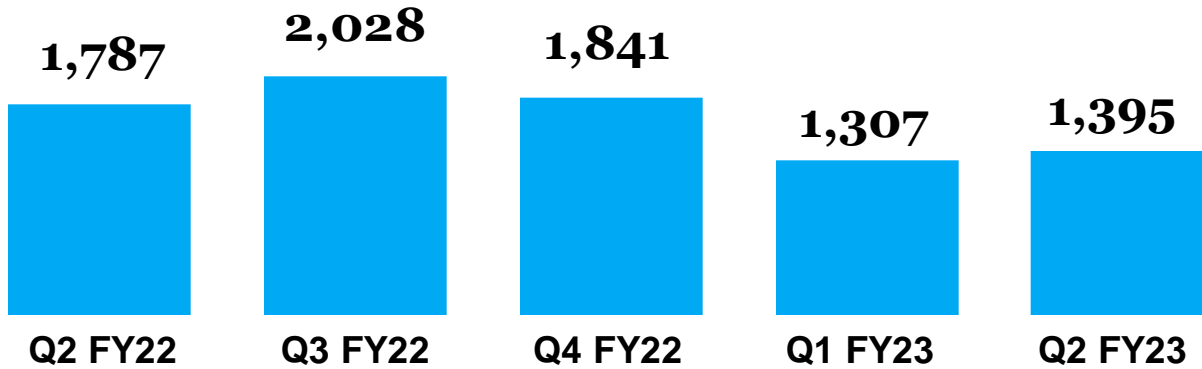


Other **indirect cost** at 14% of gross profit (up from 8% last year) impacted by exchange rate fluctuation loss of ₹68 Mn in Q2 FY23 due to sharp depreciation of EUR

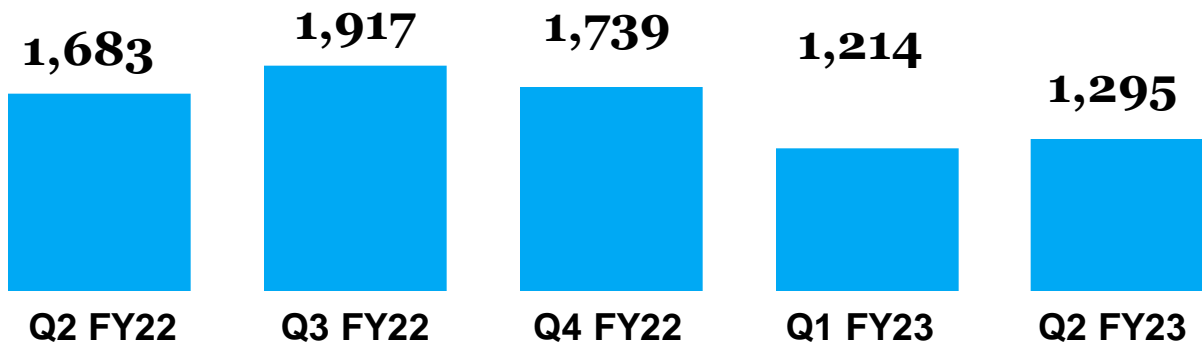
EBITDA and EBIT

(₹ Million)

EBITDA



EBIT



Salary cost increased by ₹ 50 Mn on YoY, driven by salary increments and RSU cost



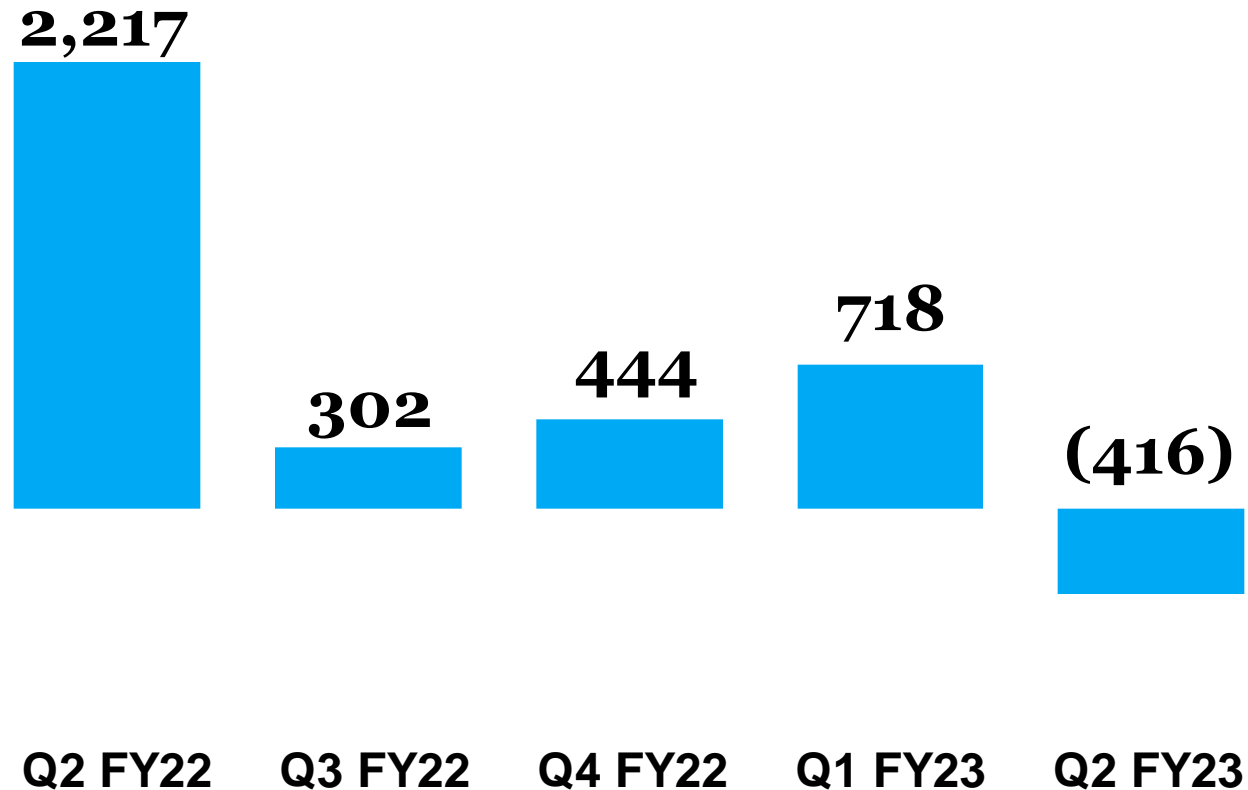
Euro depreciated at 6% on QoQ, resulting in translation loss of ₹ 68 Mn



Platform cost of ₹ 560 Mn capitalized towards Wisely OTT during the quarter, and it will be amortized over 6 years.

Free cash flow

(₹ Million)



Operating cash flow at **4% of PAT**. Lower generation of operating cash flow due to investments made towards strategic partnerships of around ₹680MN



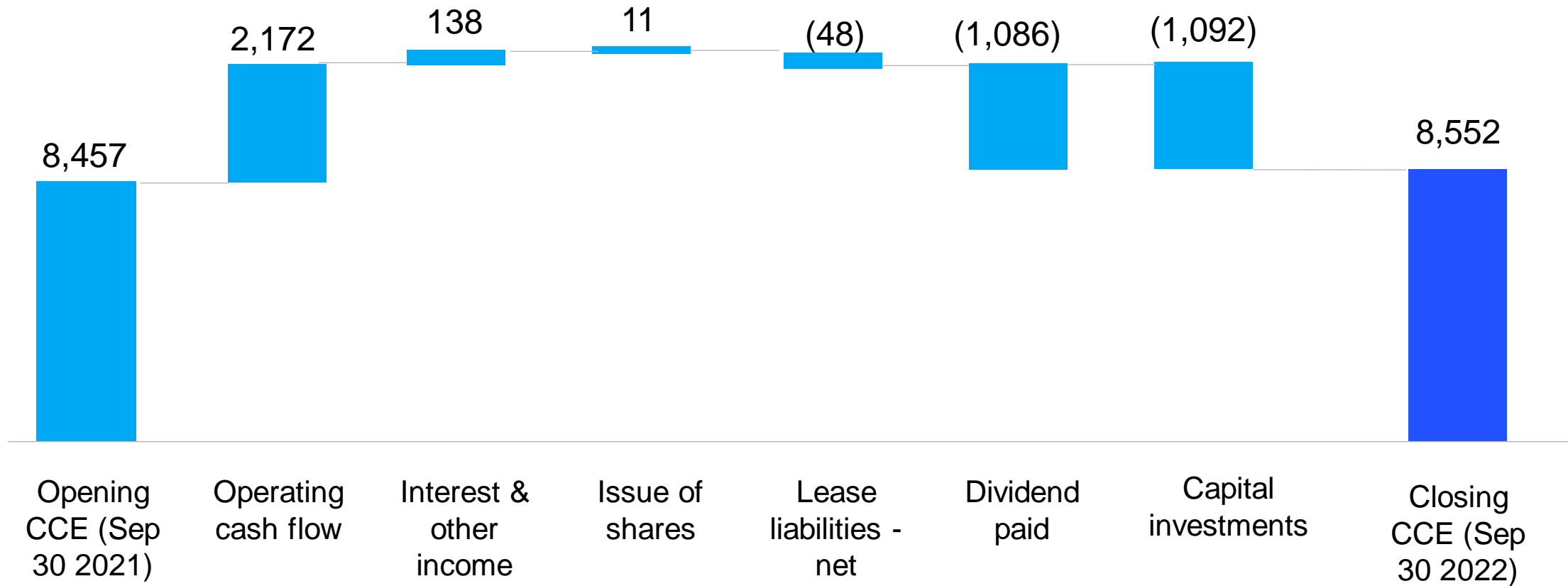
Decrease in DSO days 74 days in Q1 FY23 to 61 days in Q2 FY23



Investments in platforms and tax payouts remain consistent. Higher outflow due to investments in innovation center

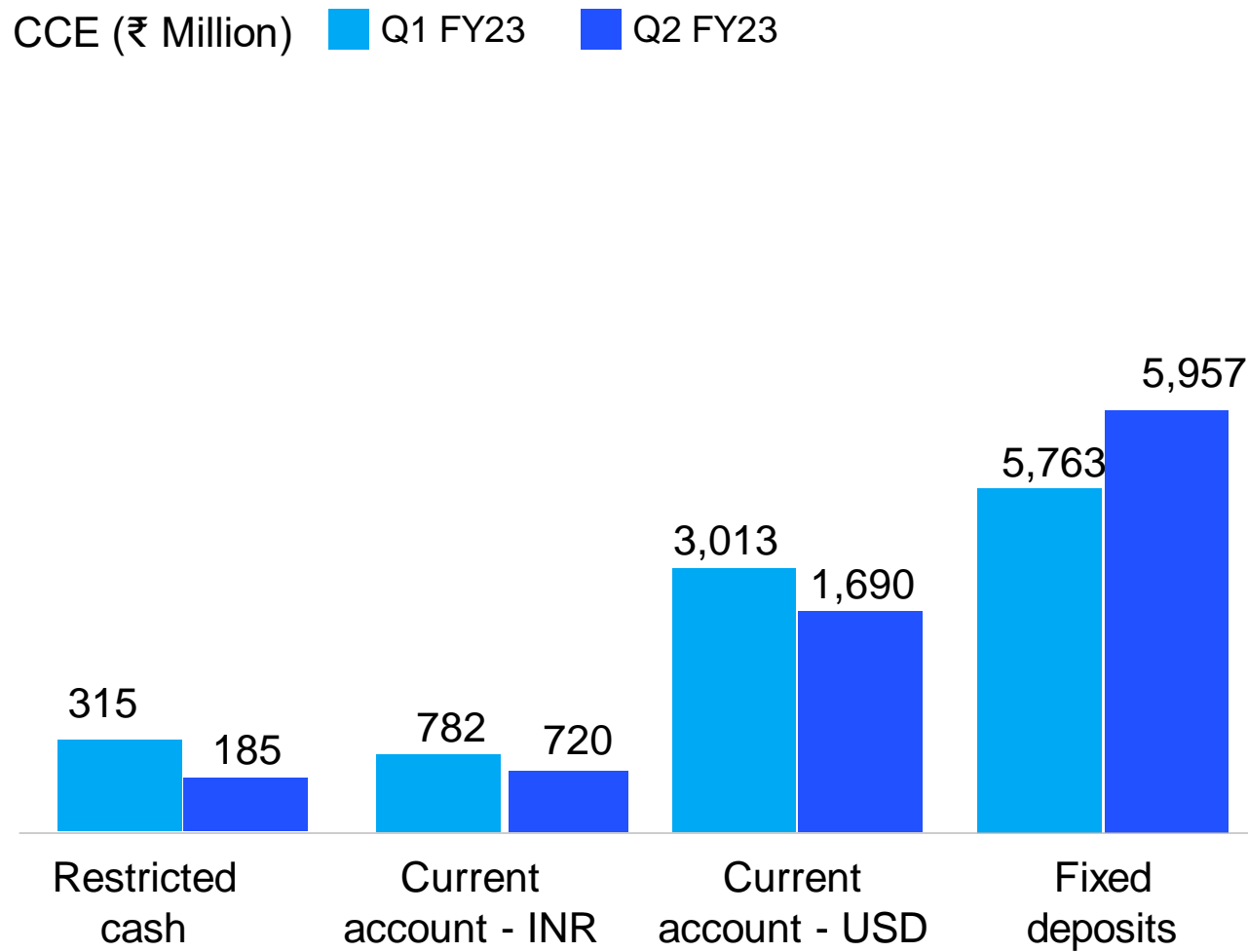
Cash generated utilized for distribution to shareholders & Capital investments

(₹ Million)



YoY
 CCE - cash and cash equivalents
 CCE - Includes bank deposits with more than twelve months maturity

Significant cash utilization towards return to shareholders



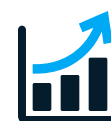
CCE - cash and cash equivalents
 CCE - Includes bank deposits with more than twelve months maturity



Return of cash to shareholder in form of dividend pay-out of ₹1,086 Mn including taxes



Decrease in U.S. Dollar current balance due to payment of dividend by subsidiary to the parent and working capital investments towards strategic partnership











Overall **cash balance increased** by ₹100 Mn YoY to ₹ 8,552 Mn



Decrease in restricted cash due revocation of Bank Guarantees on completion of tenure period

Cash & cash equivalents break up

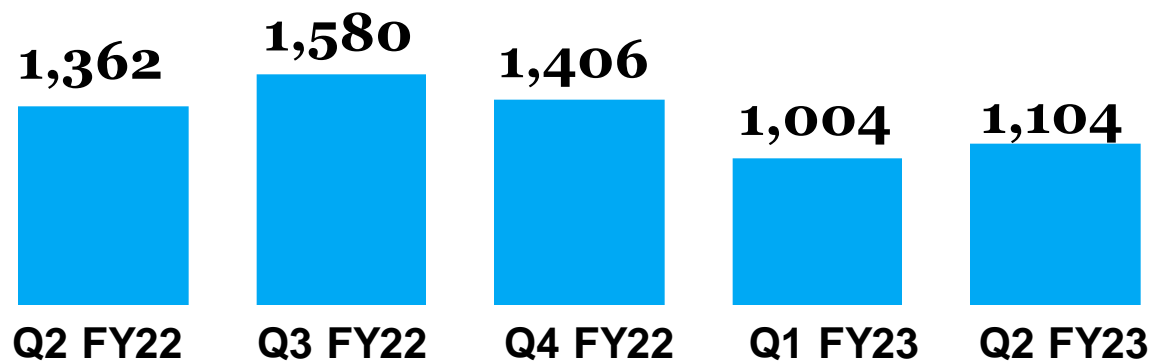
In ₹ Million, unless otherwise stated	Current accounts-INR	Current accounts-USD	Fixed Deposits	Restricted cash	Total
	480	60	3,020	156	3,716
 <small>WITH YOU, RIGHT THROUGH</small>	-	-	2,000	-	2,000
	20	-	295	-	315
	80	-	396	-	476
 <small>Kotak Mahindra Bank</small>	24	-	166	-	190
	-	138	-	-	138
	-	1,492	-	29	1,521
	110	-	54	-	164
Others	6	-	26	-	32
Total	720	1,690	5,957	185	8,552

CCE - cash and cash equivalents

CCE - Includes bank deposits with more than twelve months maturity

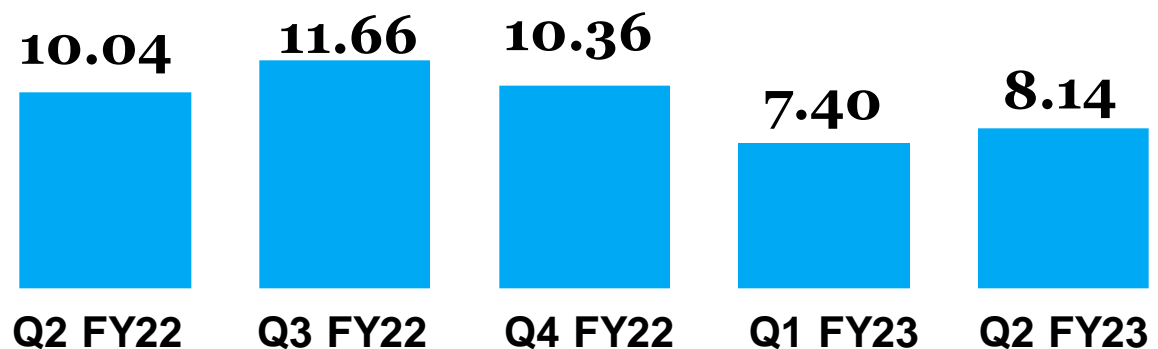
Profit after tax and EPS

PAT (₹ Million)



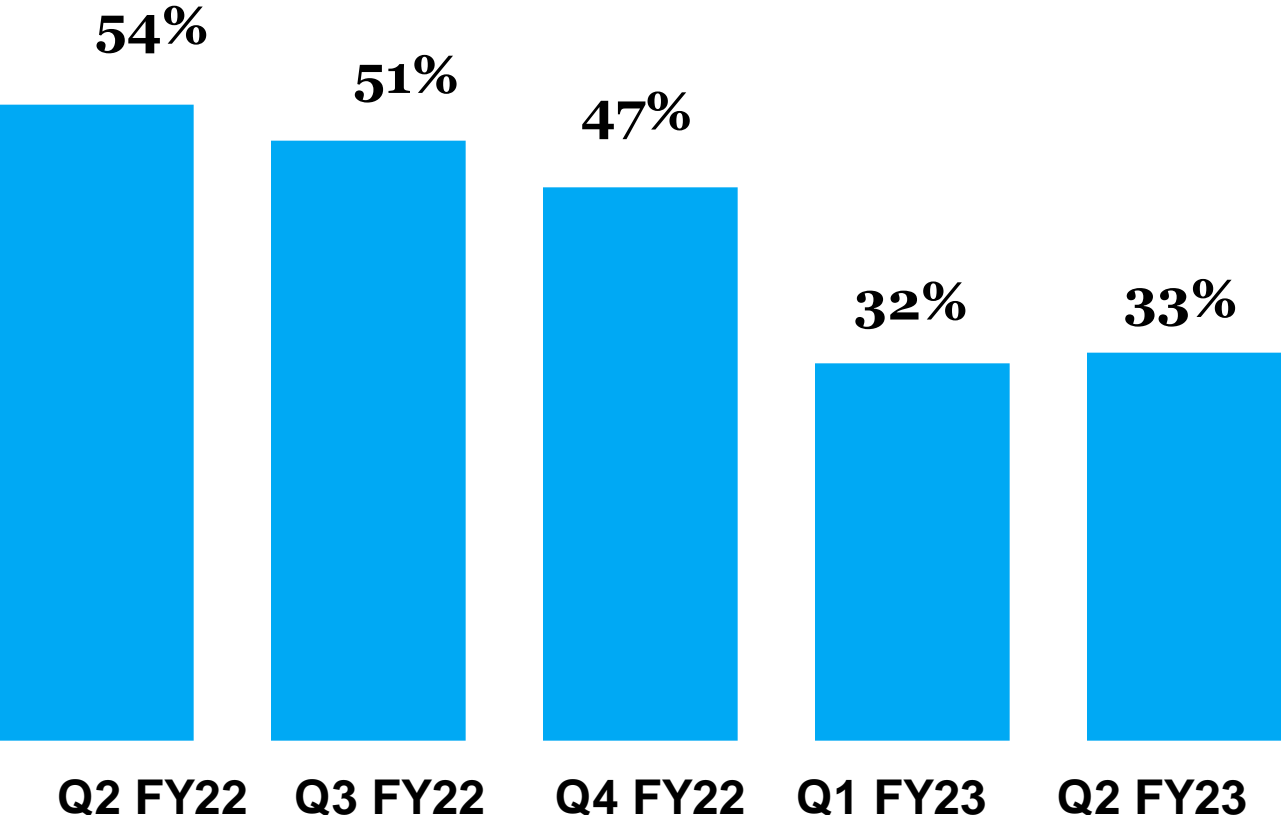
Profit after tax margin at 13%,
decreased by 321 bps due to drop in
EBITDA

EPS (₹)



Effective tax rate at 21%

ROCE



ROCE- Return on capital employed
CCE- Cash & cash equivalents



ROCE at 74% excluding CCE as against 247% last year

Strong balance sheet



₹ 14,867 Mn

Strong Equity and Reserves



₹ 8,552 Mn

Cash & cash equivalents



74%

ROCE (excluding cash & cash equivalents)



Debt free

Rule of 40

	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Organic revenue growth	44%	35%	32%	28%	1%
+					
EBITDA Margin	22%	23%	22%	16%	16%
	66%	58%	53%	44%	17%



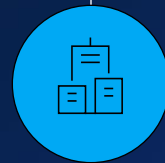
Innovation



Market



Financials



Corporate

ESG Update in Q2 FY23

S&P Global ESG Score 2022

2022 Tanla S&P Global ESG Score : **32 pts**

(Industry Average Score: 18 points)

Percentile: **93-94**



Environmental

Steps towards creating a greener & cleaner tomorrow

Towards Net-zero

- Board Approval of **Environment Policy** – that envisions inclusion of all stakeholders in this journey
- Successfully completed 1 year of **Ban on Single Use Plastic** across all locations . In Year 1 of ban we have curtailed use of 31,386 – single use plastic water bottles



Social

Giving back to the society and developing our employees

Attrition level for H1 FY23 is at 19% (non-annualized)

Disclosures around attrition and other employee matters will henceforth be published on a quarterly basis in the ESG page of our website

Apollo 24x7 Health App: Launched for employees in Sept 2022. 75% of the employees have registered on the app and 50% of the registered employees have availed various benefits

Inclusive Development of Society: In collaboration with National Academy of Construction, Hyderabad and Sambhav, we have announced skill training program for 400 candidates

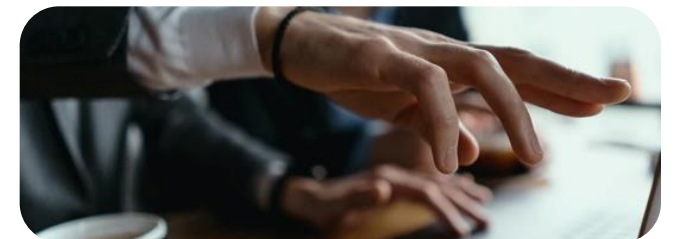


Governance

Integrating ESG in our business

Transparency & Good Governance

- **Shortest trading window** adopted for insiders as per the revised CoC for Insider Trading
- **Dividend policy** allocating 30% of consolidated PAT as dividend payable to shareholders annually announced
- **Buy back** of shares announced:
 - BB Size – ₹1,700 MN;
 - BB Price: ₹ 1,200/eq share
 - BB Volume: not exceeding 14.16L shares



Update on corporate action



Dividend

- Final dividend for FY22 and interim dividend for FY23 has been approved and disbursed to shareholders. Total payouts of ₹1,086 Mn including taxes



Buyback

- The Company proposes to buyback shares at ₹ 1,200 per share for an aggregate amount not exceeding ₹ 1,700 Mn through tender route mechanism. The DLOF was submitted to SEBI on October 17, 2022.



RSU

- Allotment of 34,000 shares to employees pursuant to exercise of options under RSU 2020-21

Appendix

Profit & Loss account: Q2 FY23

In ₹ Million, unless otherwise stated	Q2 FY23	Q2 FY22	Δ %	Q1 FY23
Revenue from operations	8,510	8,416	1	8,001
Cost of services	(6,454)	(6,114)	6	(6,151)
Gross profit	2,056	2,302	(11)	1,850
Operating expenses	(661)	(515)	28	(543)
EBITDA	1,395	1,787	(22)	1,307
Depreciation & amortization	(100)	(104)	(4)	(93)
EBIT	1,295	1,683	(23)	1,214
Finance cost	(4)	(6)	(29)	(3)
Other income	111	31	252	45
Profit before taxes	1,402	1,708	(18)	1,256
Tax expense (including deferred tax)	(298)	(347)	(14)	(252)
Profit after tax	1,104	1,362	(19)	1,004
Earning per share	8.14	10.04	(19)	7.40
Weighted average shares outstanding	135.7	135.7	-	135.7

Unaudited Balance sheet- Sep 30,2022

In ₹ Million, unless otherwise stated	Sep 30, 2022	Sep 30,2021	In ₹ Million, unless otherwise stated	Sep 30, 2022	Sep 30,2021
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Equity share capital	136	135
Property, plant and equipment	492	317	Other equity	14,731	10,286
Platforms	982	587	Total equity	14,867	10,421
Customer Relationships	195	319	Financial liabilities		
Brands	3	21	Lease liabilities	448	359
Technology	7	25	Other financial liabilities	4	3
Non-Compete	27	33	Provisions	23	48
Intangible assets underdevelopment	165	123	Other non-current liabilities	6	5
Goodwill	1,346	1,346	Total Non-current Liabilities	481	415
Capital work in progress	502	-	Current liabilities		
Right-of-use-lease assets	448	349	Trade payables	5,405	6,950
Financial assets	136	73	Lease liabilities	63	18
Deferred tax assets (net)	383	379	Other financial liabilities	3,144	2,390
Other non-current assets	367	168	Other current liabilities	83	271
Total non-current assets	5,053	3,740	Short term provisions	2	12
Trade receivables	5,671	4,429	Liabilities for current tax (net)	338	84
Cash and bank balances	8,523	8,457	Total Current liabilities	9,035	9,725
Other Financial assets	4,212	3,386	TOTAL EQUITY AND LIABILITIES	24,383	20,561
Other current assets	924	549			
Total current assets	19,330	16,821			
TOTAL ASSETS	24,383	20,561			

Condensed Cash flow

In ₹ Million, unless otherwise stated	Q2 FY23	Q1 FY23
Cash flow before changes in working capital	1,449	1,513
Changes in working capital	(1,046)	(278)
Cash generated from operations	403	1,235
Taxes	(362)	(270)
Cash flow from operating activities	41	965
Net investments in tangible and intangible assets	(457)	(247)
Interest and other income	88	17
Movement in other bank balances	-	600
Cash flow from investing activities	(370)	370
Issue of Shares	0	-
Buyback of shares	-	-
Dividend paid	(1,086)	-
Interest paid on lease liabilities	64	(85)
Cash flow from financing activities	(1,022)	(85)
Cash flow for the period	(1,351)	1,250
Cash and cash equivalents at the beginning of period	9,873	8,623
Cash and cash equivalents closing balance	8,552	9,873
Fixed deposits with maturity greater than one year	29	-
Cash and cash equivalents closing balance	8,552	9,873

Free Cash flow

In ₹ Million, unless otherwise stated	Q2 FY23	Q2 FY22	Δ %	Q1 FY23
Operating cash flow	41	2,356	(98)	965
Capital expenditure	(457)	(139)	228	(247)
Free cash flow	(416)	2,217	(118)	718
Free cash flow in percent of total revenue	-	26%	-	9%
Free cash flow as % of PAT	-	162%	-	71%