



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
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July 25, 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 June 30, 2022.

With reference to the subject cited, we are enclosing herewith the Investor Updates for the quarter ended June 30, 2022.

Request you to take the same on record and oblige.

Yours faithfully,

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




Seshanuradha Chava
General Counsel and Chief Regulatory Officer
ACS-15519



Q1 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 20/07/22, 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.

Q1 FY23 Results: Snapshot



Revenue

₹ 8,001 Mn

→ 28% Growth



Gross Profit

₹ 1,850 Mn

→ 7% Growth



EBITDA

₹ 1,307 Mn

→ 16% Margin



Free Cash Flow

₹ 718 Mn

→ 71% of PAT



PAT

₹ 1,004 Mn

→ 13% Margin



Earnings Per Share

₹ 7.40



Cash

₹ 9,873 Mn

→ Up by ₹2,702 Mn

Our purpose

***“Empower
consumers
and enable
companies”***



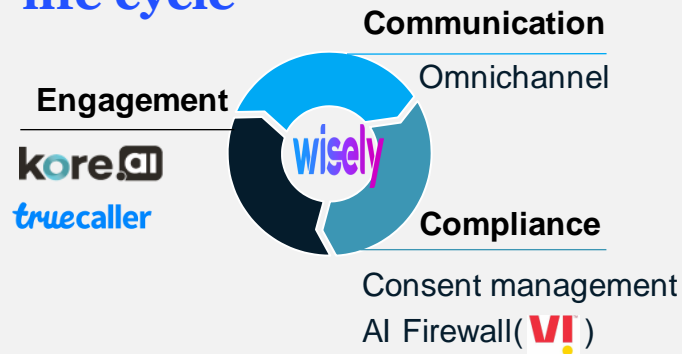
Our strategy is working



Becoming a platform company

35%¹ of our Gross Margin comes from Platforms

Innovation across **entire life cycle**



Delivering customer success

2 product penetration² in our top customers

64 new customers added primarily in our focus segments (Digital Natives, Financial Services)

28% revenue growth driven by deep customer relationships



Expanding globally

Momentum in **Middle East**

▶ Focus on UAE & Saudi Arabia

Organic strategy with focus on cash flows resulting in strong balance sheet

1. Overall gross margin in Q1 FY23 at 23% , Platform business gross margin at 96%
2. Average number of products deployed at each customer



**Becoming a
platform
company**



**Delivering
customer
success**



**Best in-class
financial
performance**

Becoming a platform company drives better quality of business

Outcome

Rationale



Green field opportunities

- Best-in-class product suite with the **ability to create new TAM**
 - Developed **World's largest blockchain** based platform – **Trubloq to address new TAM**



Revenue predictability

- Platform led business **providing strong growth**
 - **Lower volatility in our platform business**



Low customer churn

- Deeply embedded solutions to address the needs of **all buying centers and improve customer stickiness**
 - Platforms deployed with enterprises and service providers for more than a decade



High Gross margin profile

- **IP led business** and premium pricing
 - Platform business operating at **90% + GM**

~12 % of our operating cash flows is towards investments in platform

Wisely gaining momentum as “platform of platforms for digital interactions”

Buying center

VIL

- Exclusive multi-year partnership
- AI/ML based firewall to prevent leakages deployed

Compliance, Legal, IT

Wisely insights

- Insights to global and local enterprises; telcos; regulators with role-based access launched

Compliance, Marketing, Business



Conversational AI

- Leading Gartner magic quadrant product supporting 200+ Fortune 2000 companies
- Traction with leading customers in India and Middle East, especially in Financial Services

Marketing, Sales, Business, Technology

Truecaller

- Launched exclusively on Wisely platform; Robust product roadmap (e.g., Rich Media, read receipts)

Marketing, Sales, Business, Technology

Focus on build & partner vs. buy

Clear roadmap to build new products

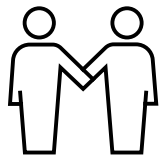
Kore.ai and Wisely bring together unique strengths to deliver impact

kore.ai Market leader in conversational AI.

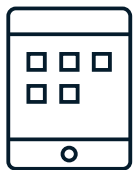


To deliver best in class impact across customers through employee & customer experience optimization¹

Gartner Ranked as **leader in 2022**
IDC **Gartner Magic Quadrant™** across Conversational AI Platforms



Supports **200+** Fortune 2000 companies



~100M+ Consumers
~1M+ Employees

Interact with Kore.ai technology

...
exclusively partners with...
wisely

15-75%

automate Rates based on use case

~30%

reduction in operating costs through contact center automation


~90%

call containment through verticalized NLP based offerings


1. Impact based on Kore's past implementation across customers

Wisely Insights – Recommendation engine proactively being shared with large global enterprises


Key features



Sourced from block chain

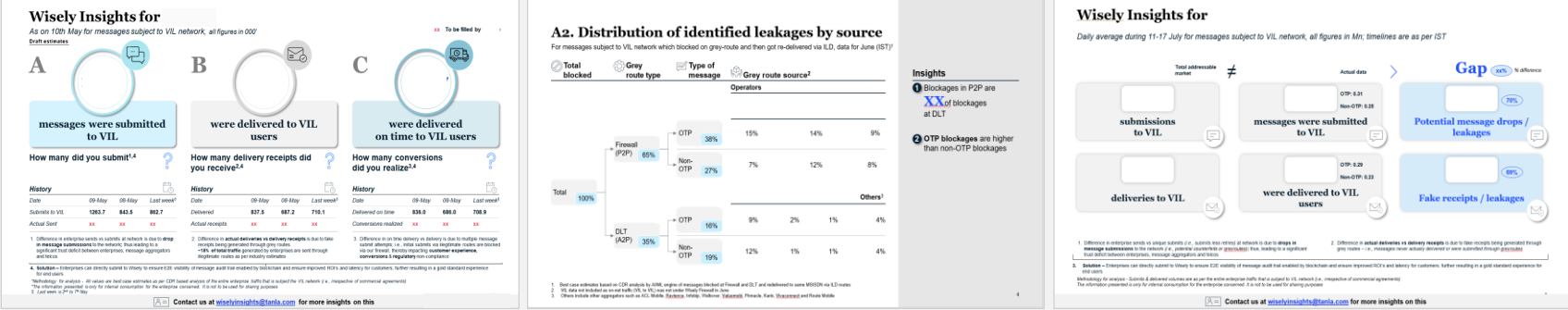


Automated



Role based access

Sample reports



“
These insights have been very helpful in understanding the scale of illegitimate traffic and its adverse impact on regulatory compliance, customer experience and brand equity
Feedback from global tech giant
 ”



**Becoming a
platform
company**



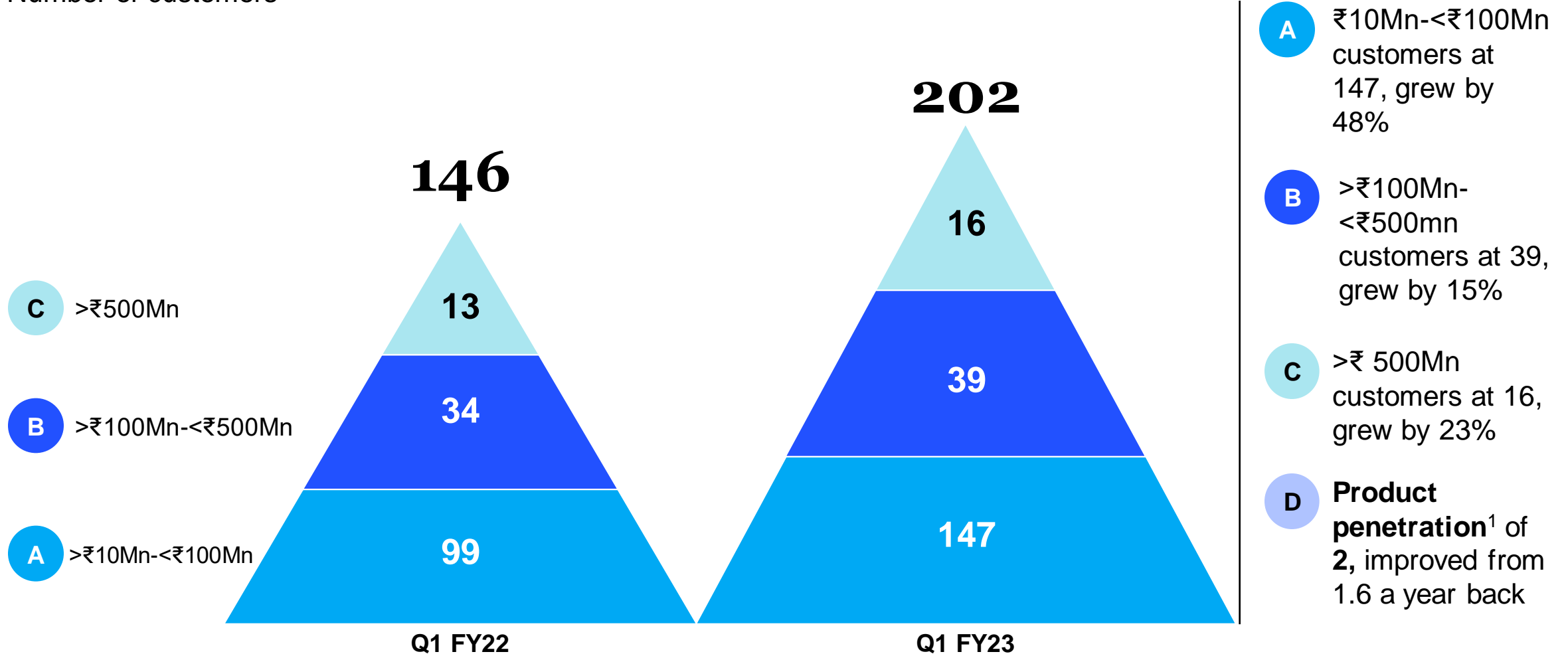
**Delivering
customer
success**



**Best in-class
financial
performance**

Deepening customer relationships

Number of customers

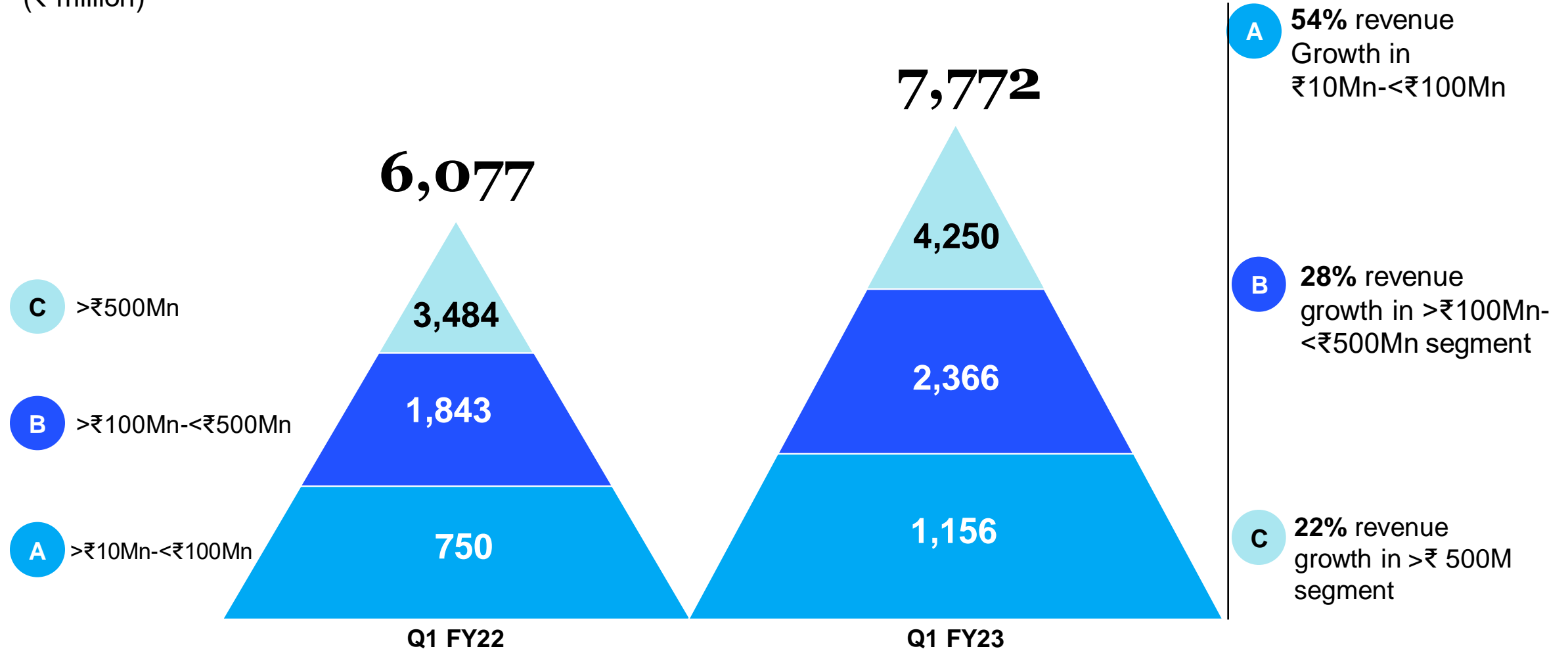


1. Average number of products deployed at each customer

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

Organic growth momentum from existing customers

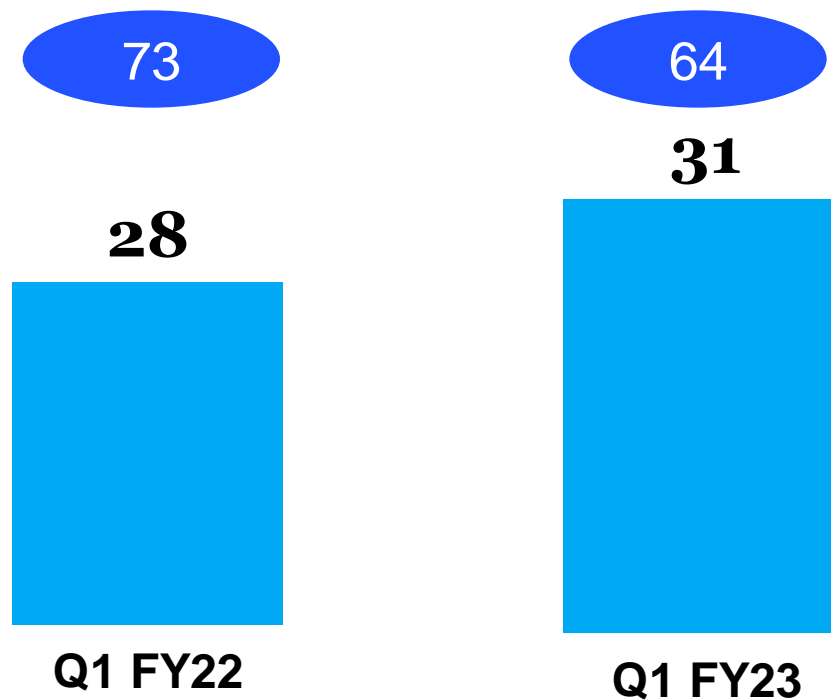
(₹ million)



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

Continued momentum in new customer addition

■ Revenue (₹ million) ● Number of customers



10% increase in revenue from new customer addition (Y-o-y)



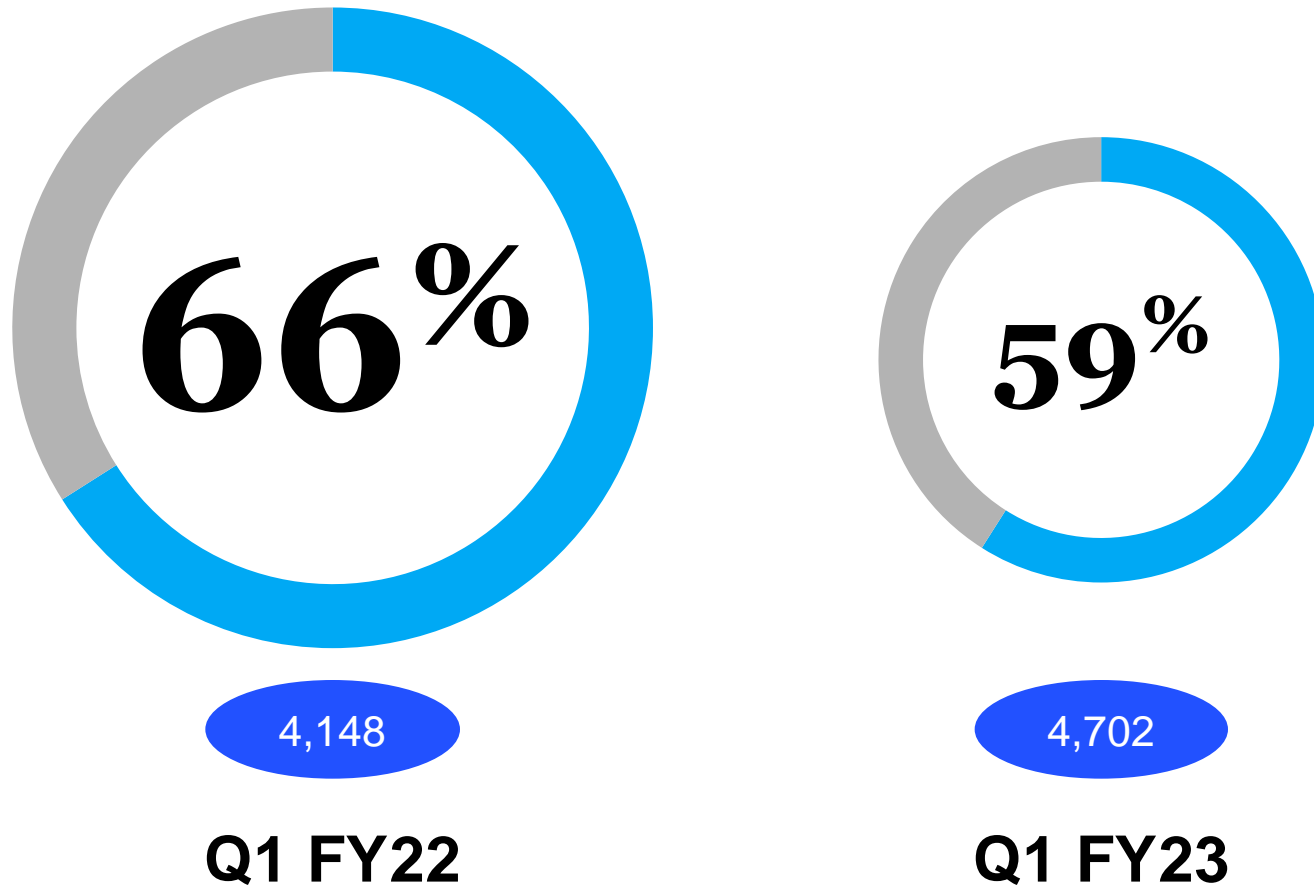
Significant proportion of new customer added in our focus segments (e.g: **digital natives and financial services**)



~40% customers added with **newer solutions beyond SMS**

Decrease in customer concentration

● Revenue from top 20 customers (₹ million)



13% growth in revenue from top 20 customers



16 out of 20 customers of last year continue to be in top 20, 19 customers remain in Top 30 in Q1 FY23



Becoming a
platform
company



Delivering
customer
success



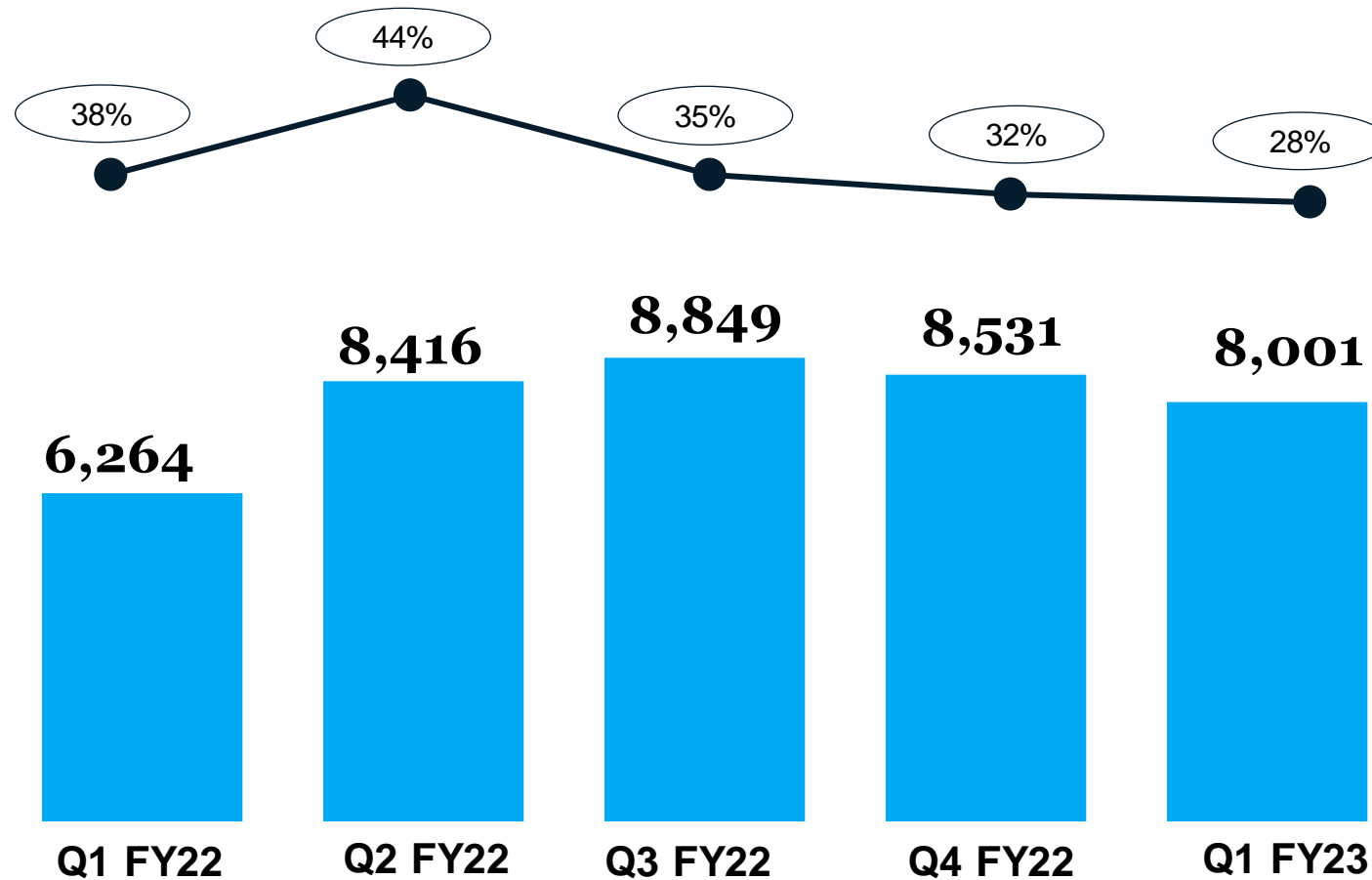
**Best in-class
financial
performance**

Continuing to operate above Rule of 40

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Organic revenue growth	38%	44%	35%	32%	28%
+					
EBITDA Margin	22%	22%	23%	22%	16%
	60%	66%	58%	53%	44%

Revenue growth

(₹ million) — Y-o-Y growth



Revenue growth led by **increased volumes** in domestic business and faster growth in **OTT channels**



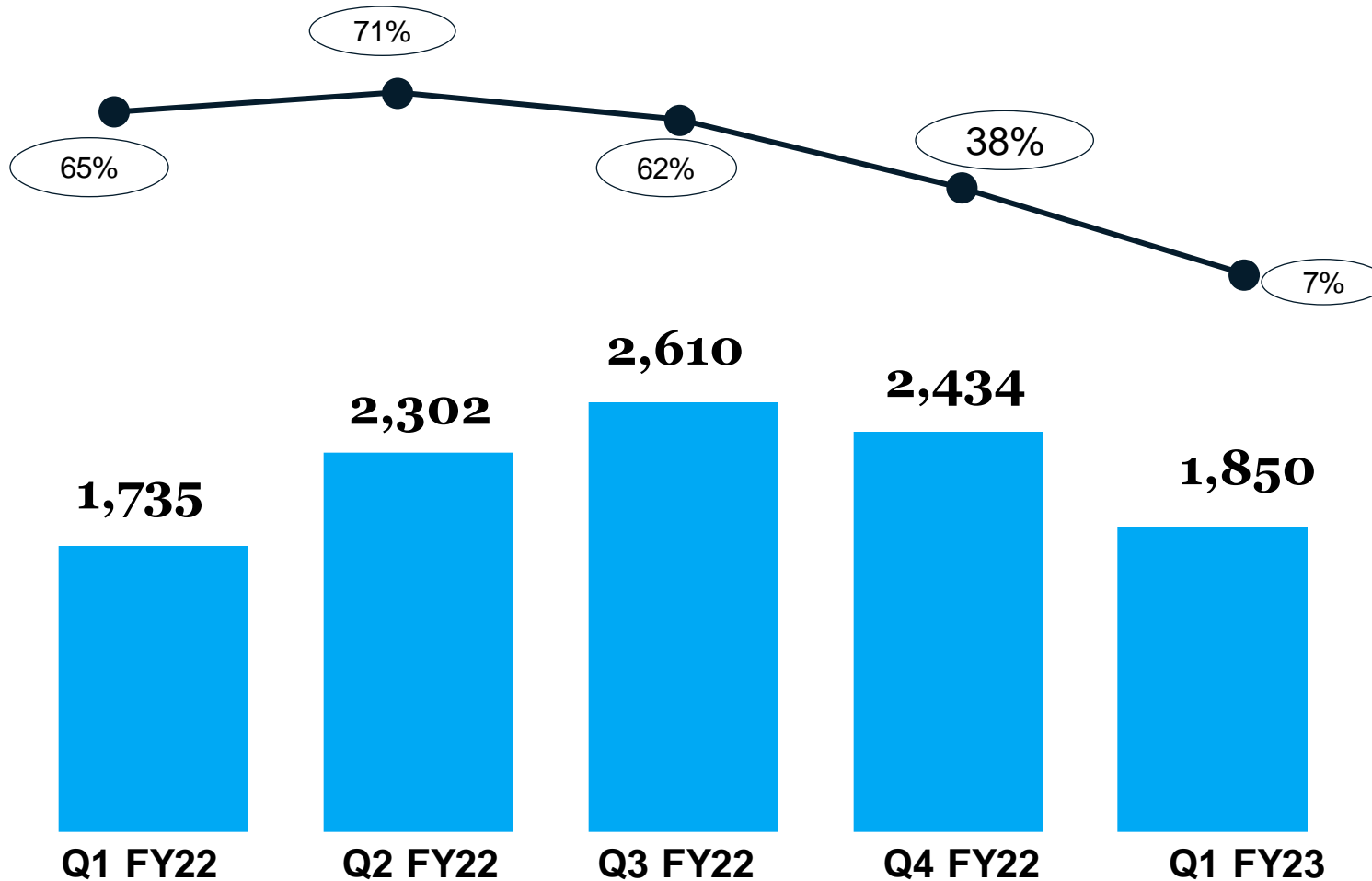
Seasonality affecting sequential growth in Q1



Strong growth in non-SMS solutions; 40% customers added with **newer solutions beyond SMS**

Gross profit

(₹ million) — Y-o-Y growth



Gross profit grew by 7%, y-o-y driven by increase contribution in Platform business



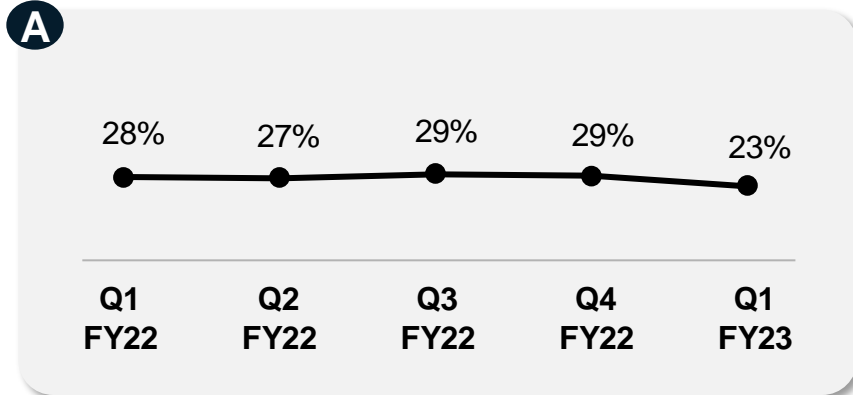
Stability of platform led business - gross profit at ₹653Mn, grew by 22% y-o-y



Enterprise business saw operational **headwinds** such as pricing pressure in select pockets and platform modernization of our legacy systems

Gross margin mix

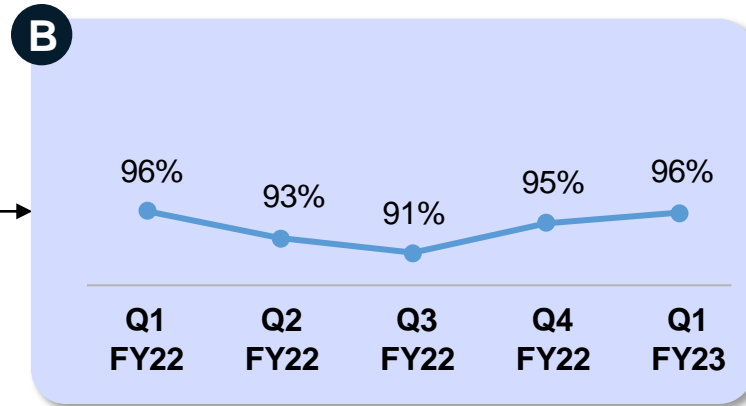
Overall margin



Contribution by platform



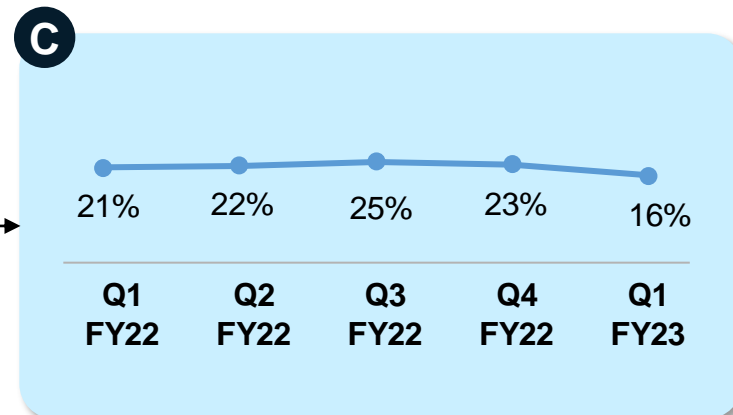
Platform business



A Decrease in gross margin by 457 bps

B Platform business gross margin contribution to total at 35%

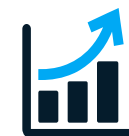
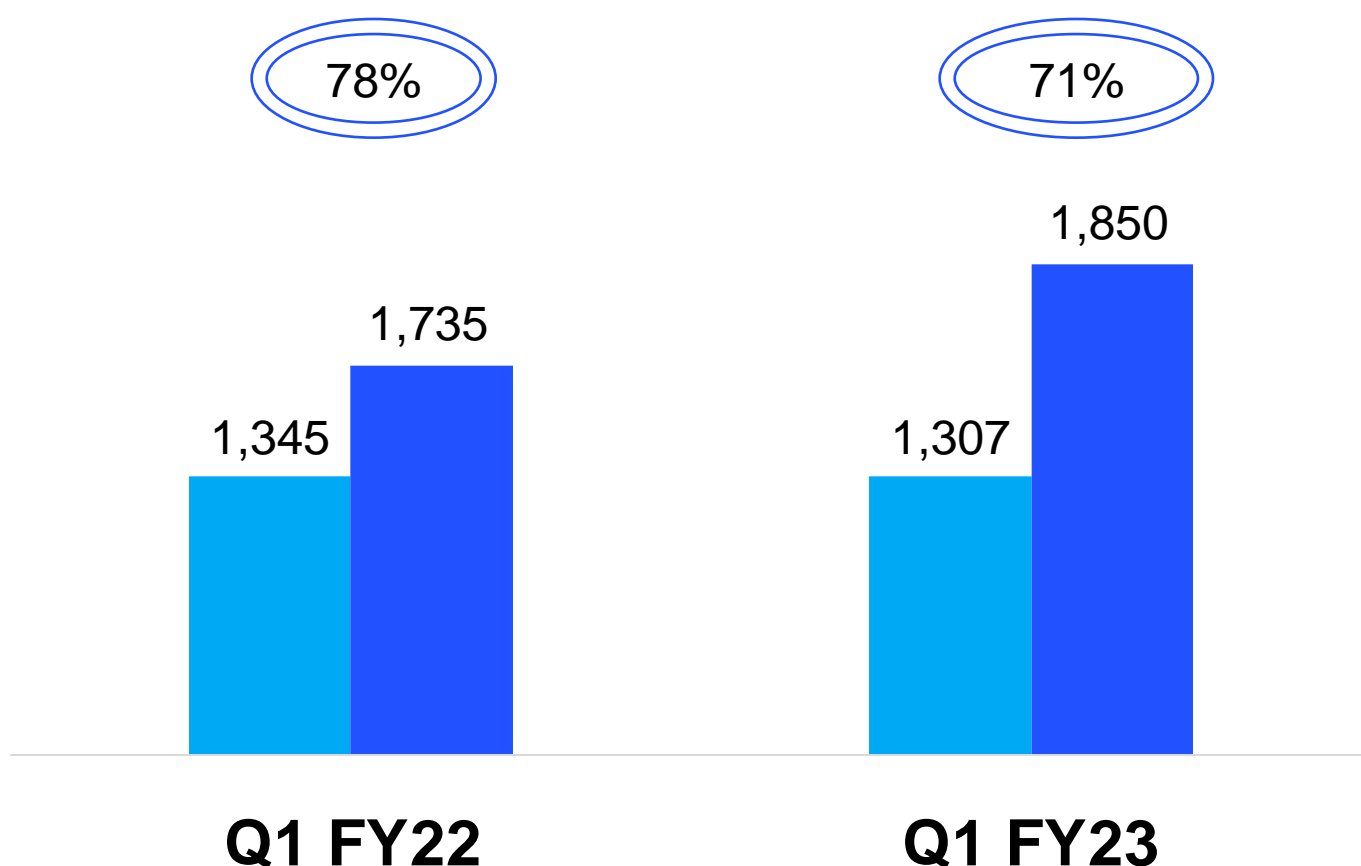
Enterprise business



C Enterprise business gross margin contribution to total at 65%

Sustaining efficiency metrics

■ EBITDA ■ Gross Profit ○ EBITDA to Gross Profit conversion



Salary cost at 18% of gross profit in Q1 FY23, as against 15% in Q1 FY22, impacted by employee additions and RSU cost

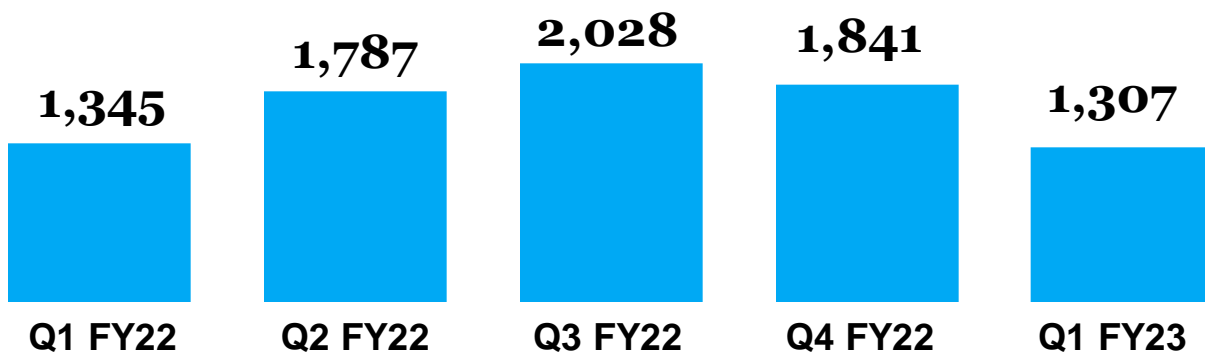


Other indirect cost at 12% of gross profit (up from 8% last year) impacted by exchange rate fluctuation loss of ₹50Mn Q1 FY23

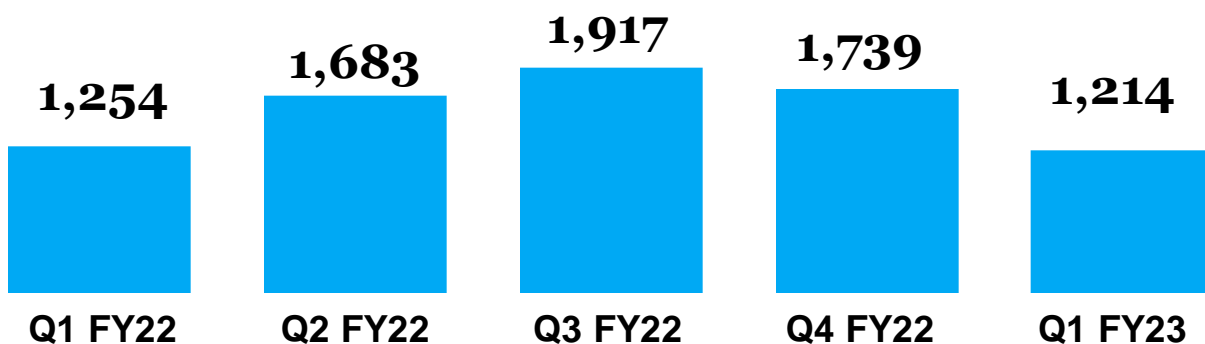
EBITDA and EBIT

(₹ million)

EBITDA



EBIT



EBITDA margin at 16% impacted by operational headwinds such as market disruption, modernization of our legacy systems and foreign currency impact of Euro depreciation



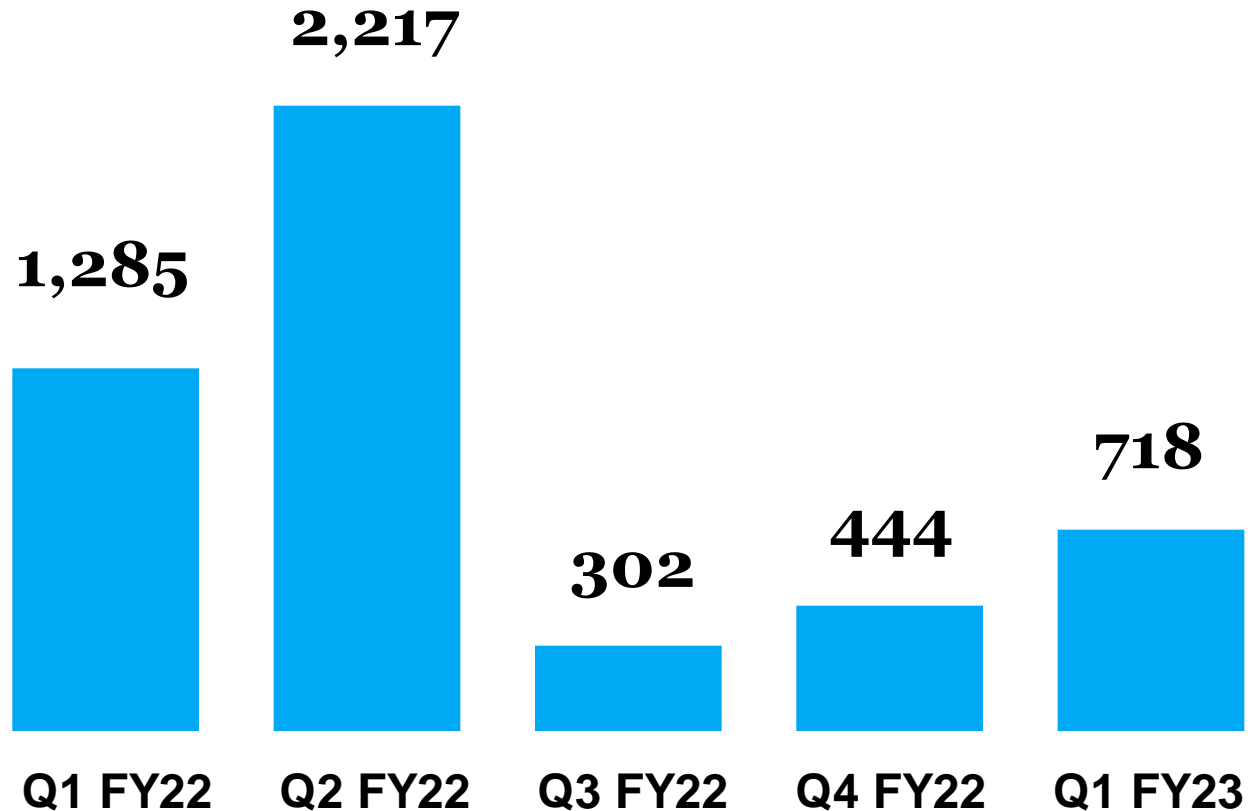
Salary cost increased by ₹72Mn y-o-y, driven by **new hires, RSU cost and salary increase**



Depreciation has remained constant y-o-y

Robust Free Cash Flow generation

(₹ million)



Free cash flow at **71% of PAT** and operating cash flow at **96% of PAT**



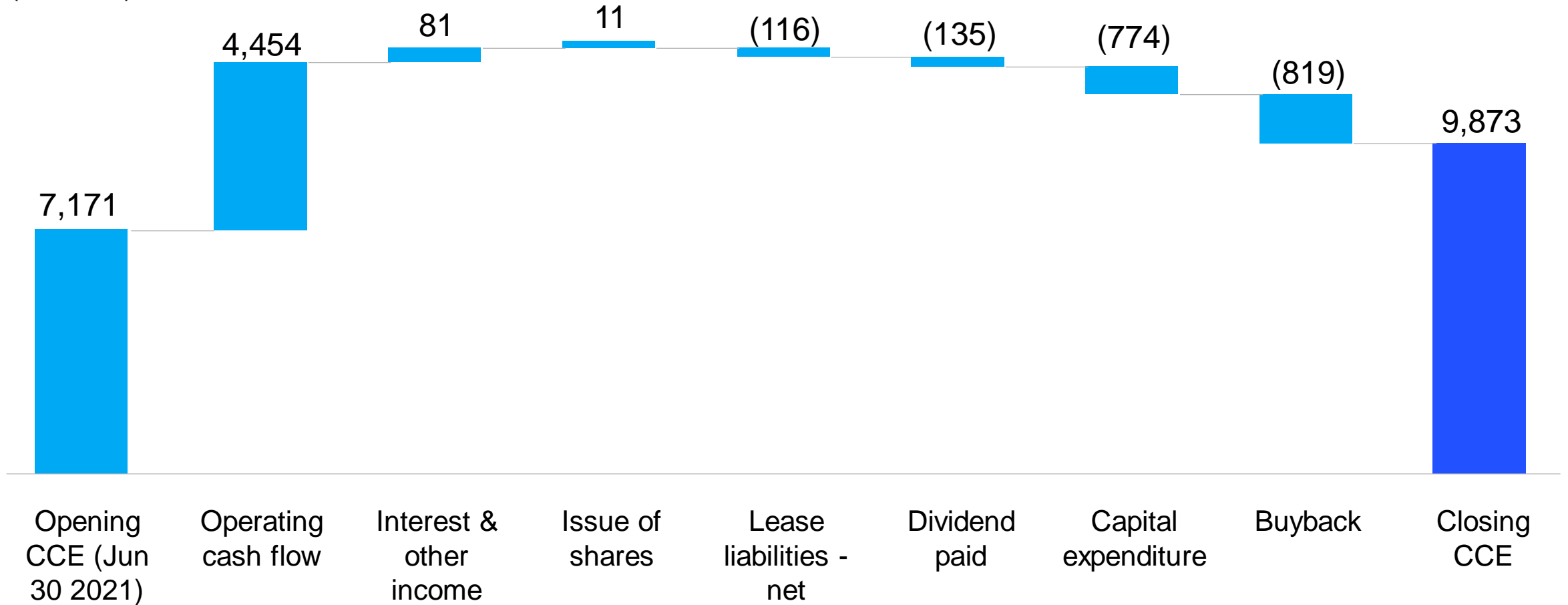
Increase in DSO from 59 days in Q4 FY22 to 74 days in Q1 FY23. Accrued income as % of revenue has decreased by 5%. DSO (including accrued income) increased by 2 days



Investments in platforms remain consistent

Strong Cash Flow generation

(₹ million)



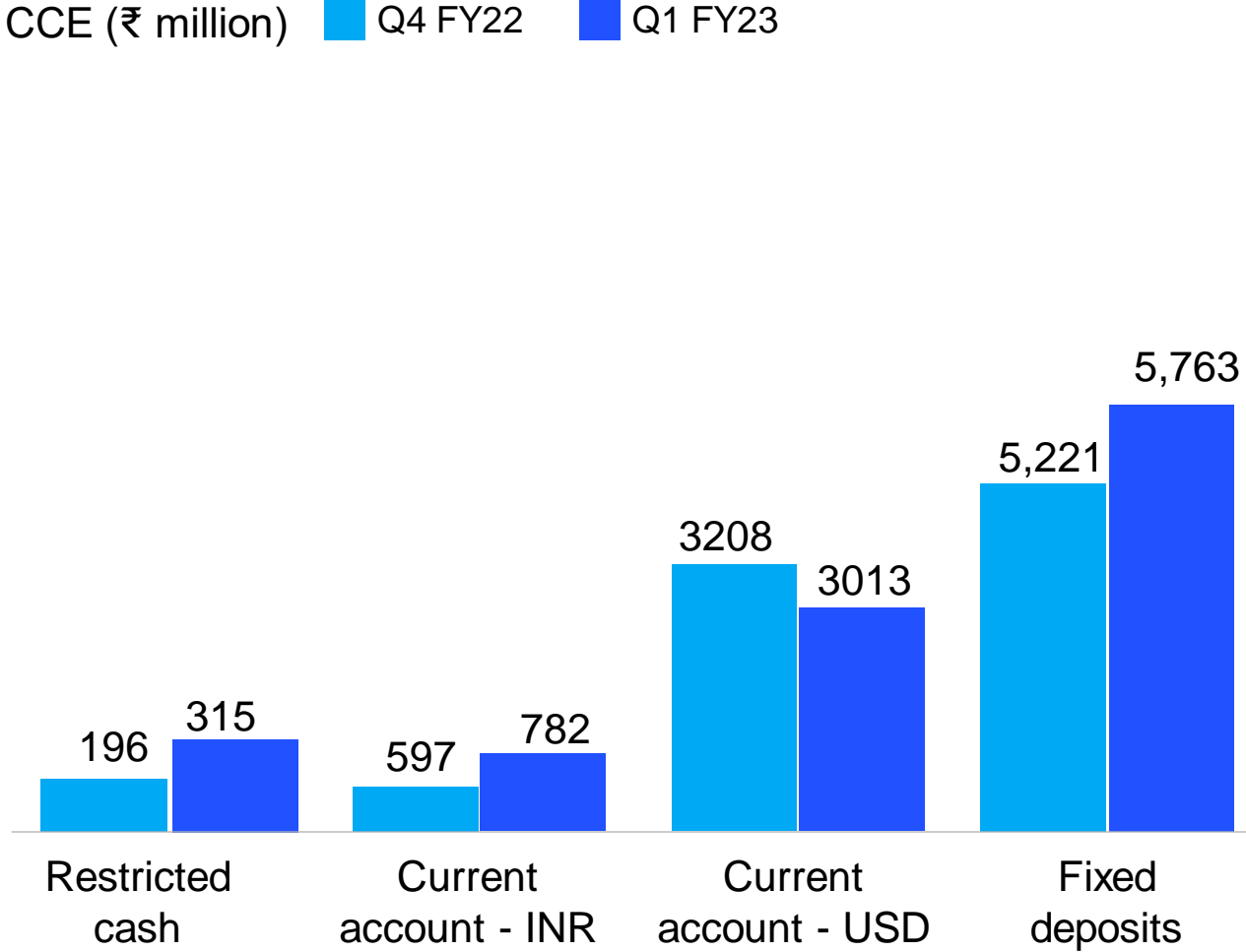
YoY

CCE - cash and cash equivalents

CCE - Includes bank deposits with more than twelve months maturity

Significant cash balance

CCE (₹ million) ■ Q4 FY22 ■ Q1 FY23



Overall **cash balance** increased by ₹2,702Mn y-o-y












High balance in current account due to last day collections



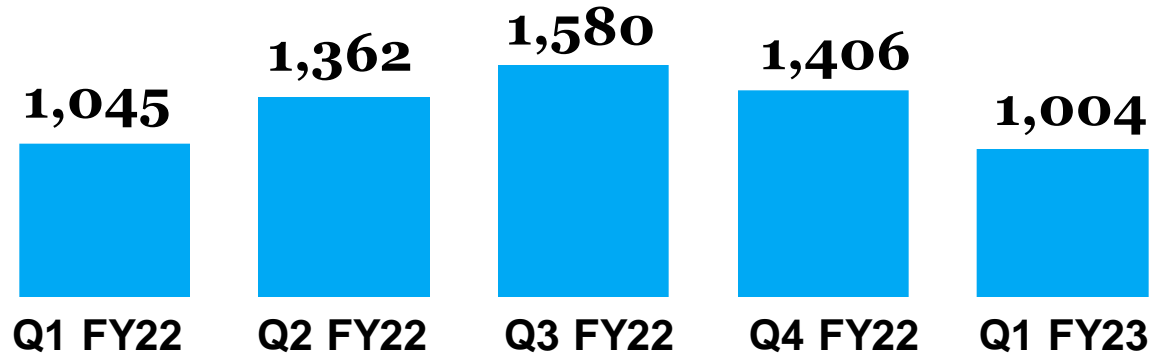
Increase in restricted cash due to renewal of existing contracts with revised limits for BG

Cash & cash equivalents break up

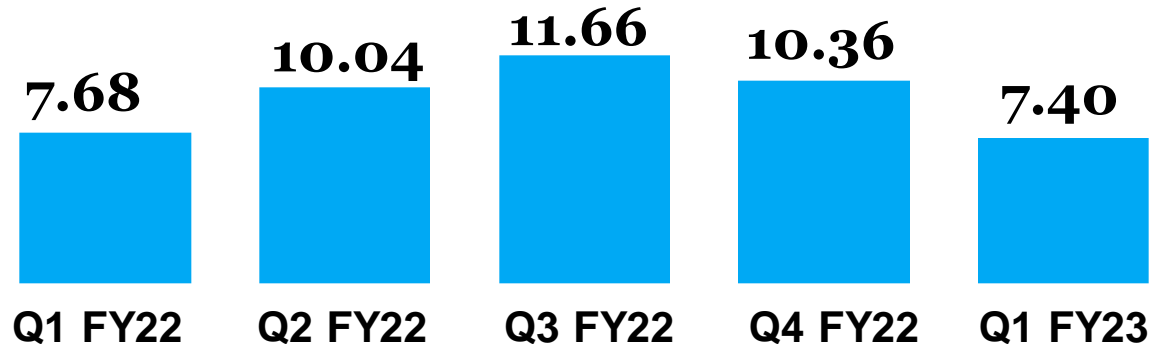
In ₹ million, unless otherwise stated	Current accounts-INR	Current accounts-USD	Fixed Deposits	Restricted cash	Total
	529	20	3,168	284	4,001
 WITH YOU, RIGHT THROUGH	-	-	2,000	-	2,000
 LIC HOUSING FINANCE LTD	-	-	200	-	200
 भारतीय स्टेट बैंक State Bank of India	14	-	133	-	147
	137	-	89	1	227
 Kotak Mahindra Bank	76	-	90	-	166
	-	843	-	-	843
	-	2,150	-	28	2,178
	26	-	54	-	80
Others	-	-	29	2	31
Total	782	3,013	5,763	315	9,873

Profit after tax and EPS

PAT (₹ million)



EPS (₹)

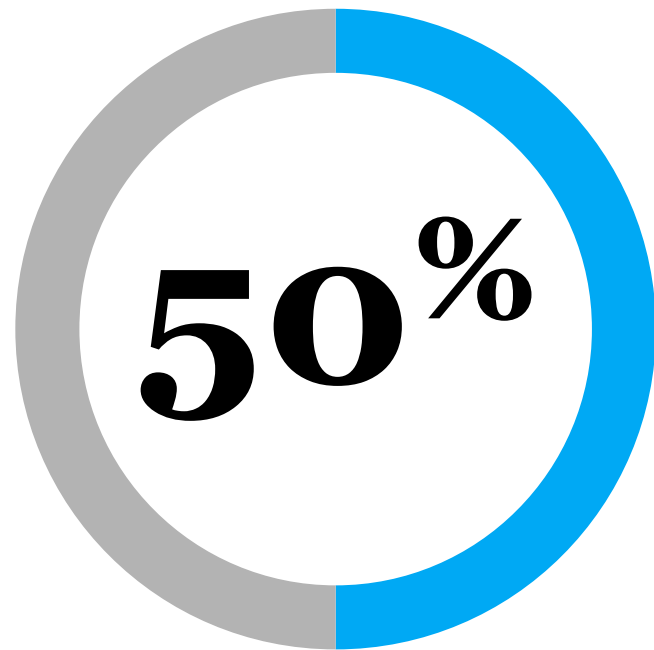


Profit after tax margin at **13%**,
decreased by 413 bps due to
drop in EBITDA

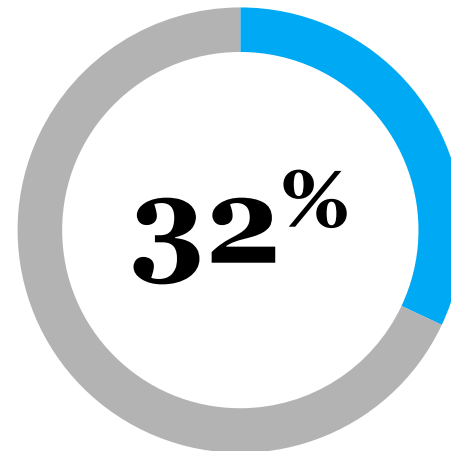


Effective tax rate at **20%**

ROCE



Q1 FY22



Q1 FY23



ROCE at 89%
excluding CCE as
against 169% last year

Strong balance sheet



₹ 14,711 million

Strong Equity and Reserves



₹ 9,873 million

Robust build up of cash & cash equivalents



89%

ROCE (excluding cash & cash equivalents)



Debt free

ESG achievements in Q1FY23



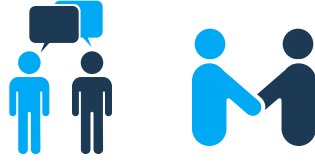
Environmental

Steps towards creating a greener & cleaner tomorrow

Towards Net-zero

Completed study of emissions for all India offices for 21-22

MoU with Telangana State Medical Infrastructure Corporation to plant 25000 trees at Govt medical & Nursing Colleges at Mahbubnagar

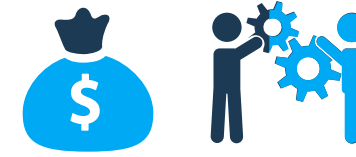


Social

Giving back to the society and developing our employees

For the community

MoU with IIT Madras to support with payment of the tuition and other applicable fees, for 5 students from economically weak background through a merit-based scholarship program commencing from the academic year,2022-23.



Governance

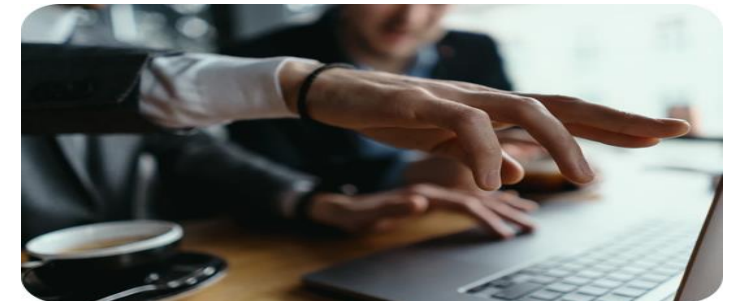
Integrating ESG in our business

Transparency & Good Governance

Enhanced disclosures including management discussion around P&L, Balance Sheet and cash flow on quarterly basis

Participated in the S&P Global CSA assessment for 2022

Wisely insights and network solutions driving better regulatory compliance and empowering consumers



Appendix

Profit & Loss account: Q1 FY23

In ₹ million, unless otherwise stated	Q1 FY23	Q1 FY22	Δ %	Q4 FY22
Revenue from operations	8,001	6,264	28	8,531
Cost of services	(6151)	(4,529)	36	(6,097)
Gross profit	1,850	1,735	7	2,434
Operating expenses	(543)	(390)	39	(593)
EBITDA	1,307	1,345	(3)	1,841
Depreciation & amortization	(93)	(91)	1	(102)
EBIT	1,214	1,254	(3)	1,739
Finance cost	(3)	(2)	99	(3)
Other income	45	43	4	46
Profit before tax	1,256	1,295	(3)	1,782
Tax expense (including deferred tax)	(252)	(250)	1	(376)
Profit after tax	1,004	1,045	(4)	1,406
Earning per share ₹	7.40	7.68	(4)	10.36
Weighted average shares outstanding	136	136	-	136

Unaudited Balance sheet- June 30,2022

In ₹ million, unless otherwise stated	June 30, 2022	June 30,2021
ASSETS		
Non-current assets		
Property, plant and equipment	450	290
Platforms	458	378
Customer Relationships	226	351
Brands	3	30
Technology	8	31
Non-Compete	29	34
Intangible assets underdevelopment	567	164
Goodwill	1,346	1,346
Capital work in progress	277	-
Right-of-use-lease assets	466	36
Financial assets	107	26
Deferred tax assets (net)	398	407
Other non-current assets	437	382
Total non-current assets	4,772	3,475
Trade receivables	6,546	4,022
Cash and bank balances	9,873	7,171
Other Financial assets	3,447	2,583
Other current assets	813	265
Total current assets	20,679	14,041
TOTAL ASSETS	25,451	17,516

In ₹ million, unless otherwise stated	June 30, 2022	June 30,2021
EQUITY AND LIABILITIES		
Equity share capital	136	136
Other equity	14,575	9,860
Total equity	14,711	9,996
Financial liabilities		
Lease liabilities	522	36
Other financial liabilities	4	4
Provisions	69	67
Other non-current liabilities	6	28
Total Non-current Liabilities	601	135
Current liabilities		
Trade payables	6,790	5,022
Lease liabilities	-	9
Other financial liabilities	2,695	2,088
Other current liabilities	90	232
Short term provisions	7	9
Liabilities for current tax (net)	557	25
Total Current liabilities	10,139	7,385
TOTAL EQUITY AND LIABILITIES	25,451	17,516

Condensed Cash flow

In ₹ million, unless otherwise stated	Q1 FY23	Q4 FY22
Cash flow before changes in working capital	1,513	1,907
Changes in working capital	(278)	(675)
Cash generated from operations	1,235	1,232
Taxes	(270)	(516)
Cash flow from operating activities	965	716
Net investments in tangible and intangible assets	(247)	(272)
Interest and other income	17	(8)
Movement in other bank balances	600	(600)
Cash flow from investing activities	370	(880)
Issue of Shares	-	-
Buyback of shares	-	-
Dividend paid	-	-
Interest paid on lease liabilities	(85)	(23)
Cash flow from financing activities	(85)	(23)
Cash flow for the period	1,250	(197)
Cash and cash equivalents at the beginning of period	8,623	8,809
Cash and cash equivalents closing balance	9,873	8,623
Fixed deposit balances with maturity greater than one year	-	600

Free Cash flow

In ₹ million, unless otherwise stated	Q1 FY23	Q1 FY22	Δ %	Q4 FY22
Operating cash flow	965	1,375	(30)	716
Capital expenditure	(247)	(91)	171	(272)
Free cash flow	718	1,285	(44)	444
Free cash flow in percent of total revenue	9%	21%	-	5%
Free cash flow as % of PAT	71%	123%	-	32%