



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
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Hyderabad, India - 500081
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www.tanla.com

January 21, 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: Investors Updates and Shareholder Report for the quarter and nine months ended December 31, 2021

With reference to the subject cited, we are enclosing herewith the following;

1. Investor Presentation for the quarter and nine months ended December 31, 2021.
2. Shareholder Report: April - December 2021

Yours faithfully,

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




Seshanuradha Chava
General Counsel and Chief Regulatory Officer
ACS-15519



January 21, 2022

Investor Update

Q3 21-22



Ashok
Everything I do will be about creating great results and making great business!

Safe Harbor

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 20/01/22, 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.



State of the business: leading innovation, growth and value creation

High Growth Best in Class margins and free cash flow profile

4x
Revenues

8x
EBITDA

9x
PAT

1004
Gross Margin%
Basis points increase

883
EBITDA%
Basis points increase

815
PAT%
Basis points increase

in 5 years from FY2017-21

Accelerated Innovation

wisely

- 3 patents awarded
- Exclusive multiyear partnership with VIL
- Co-sell partnership with Microsoft

TRUBLOQ

- World's first block chain enabled CPaaS stack
- Trusted by over 50,000 enterprises

CPaaS Market leader in India

800B
Interactions/year

42%
Revenue market share

63%
DLT volume market share

Enterprise segment market leader

30%+

Market share in India



Choice of leaders across industry

9/10

Banking
E-commerce

8/10

Financial services
Information
Technology

7/10

Healthcare Consumer goods
Social Media Retail

1300

Customers across segments

60%+

of total revenues contributed by 50 of our top 100 customers, retained for more than 5 years

Powering digital communications for the world's largest vaccination drive for covid-19 on CoWin platform through NIC & NHP, India with record-breaking performance of 30,000 TPS

Listed in Indices



dun & bradstreet

featured in Next top 100 companies in India

Gartner

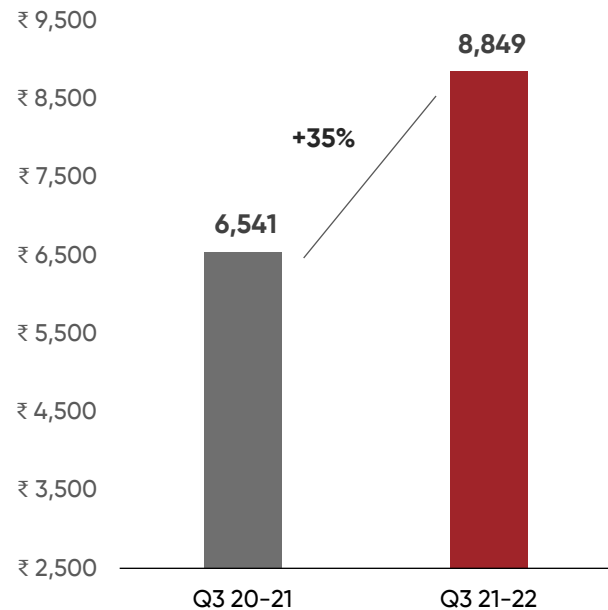
recognizes Tanla In the latest CPaaS market guide as a key global solution provider in the developer market

Solid performance across all metrics

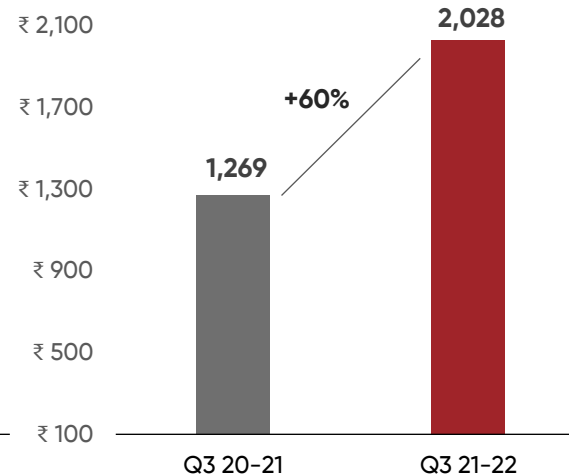
Key financial metrics

(₹ million)

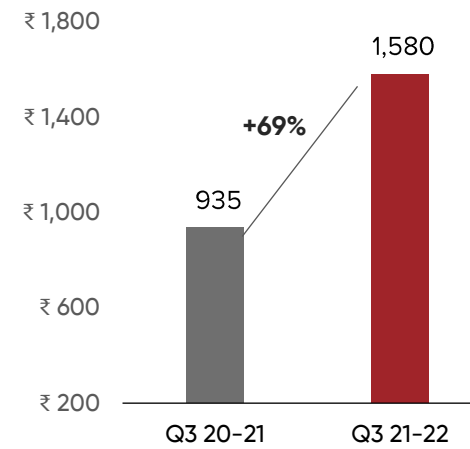
Revenue grew 35%
year-over-year to
₹8,849 million



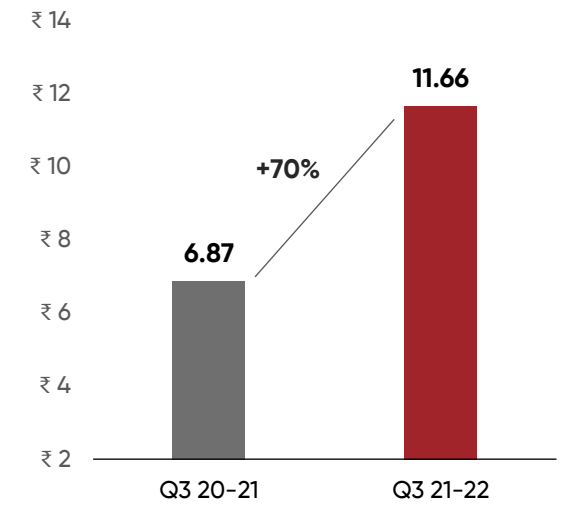
EBITDA grew 60%
year-over-year to
₹2,028 million



PAT grew 69%
year-over-year to
₹1,580 million



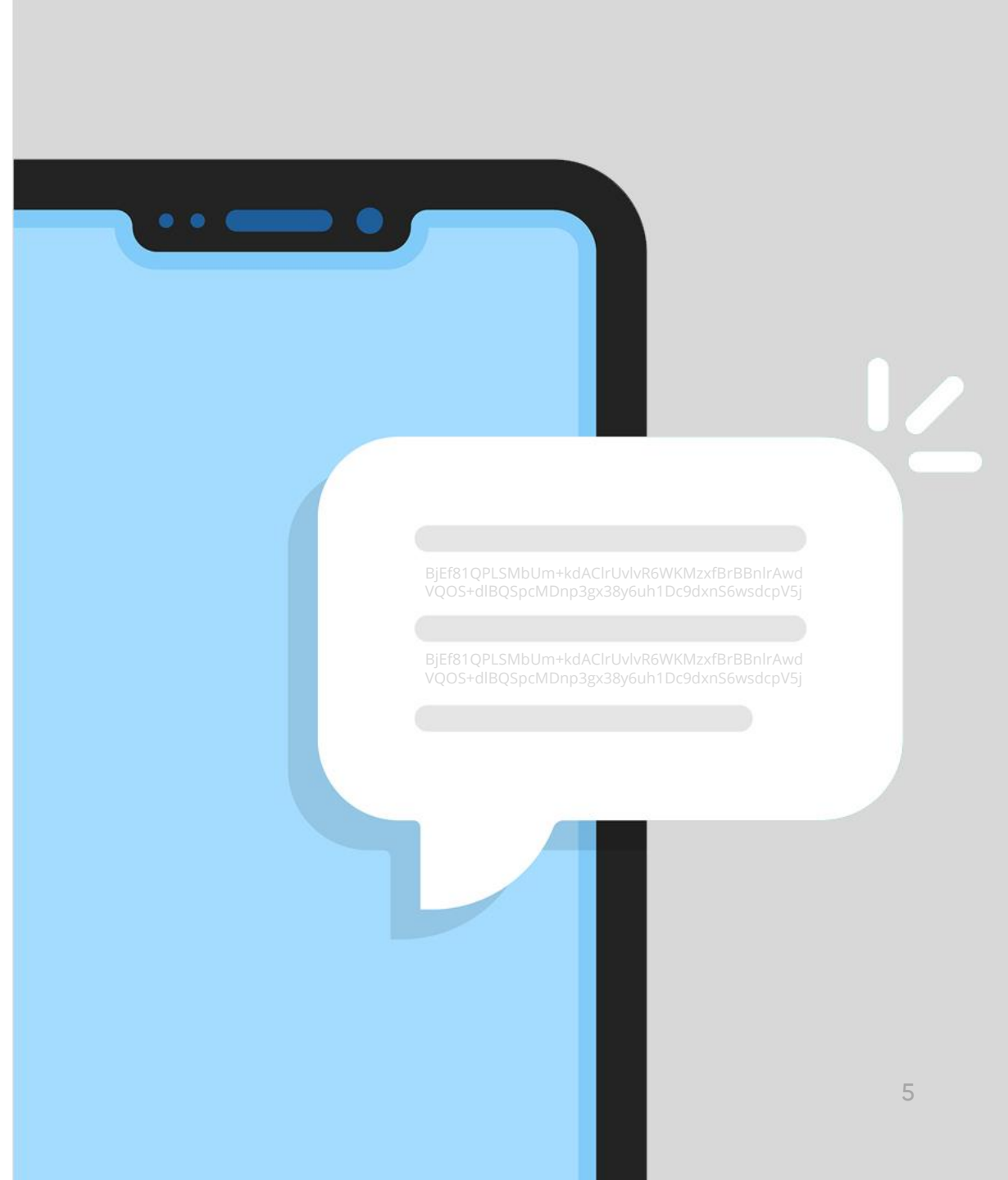
EPS grew 70%
year-over-year to
₹11.66





CPaaS platform offering a digital marketplace for enterprises and suppliers, with a global edge-to-edge network delivering private, secure and trusted experiences

- **Onboarded 2 of the top 10 Indian banks for secure and critical notification service.**
- Successfully integrated and started processing messages for a large registrar and transfer agency that constitutes over 70% of India's average assets under management.
- **Exclusive multi year partnership with Vodafone Idea Limited (Vi)** for deployment of Wisely to secure, encrypt and enhance performance for the entire international messaging traffic on the Vi network
- **2 major features** have been released in the platform
 - AI enabled multi channel delivery engine to reach customers at the right time and the right channel with the right content
 - New app enabling for seamless integration of any enterprise applications.



TRUBLOQ

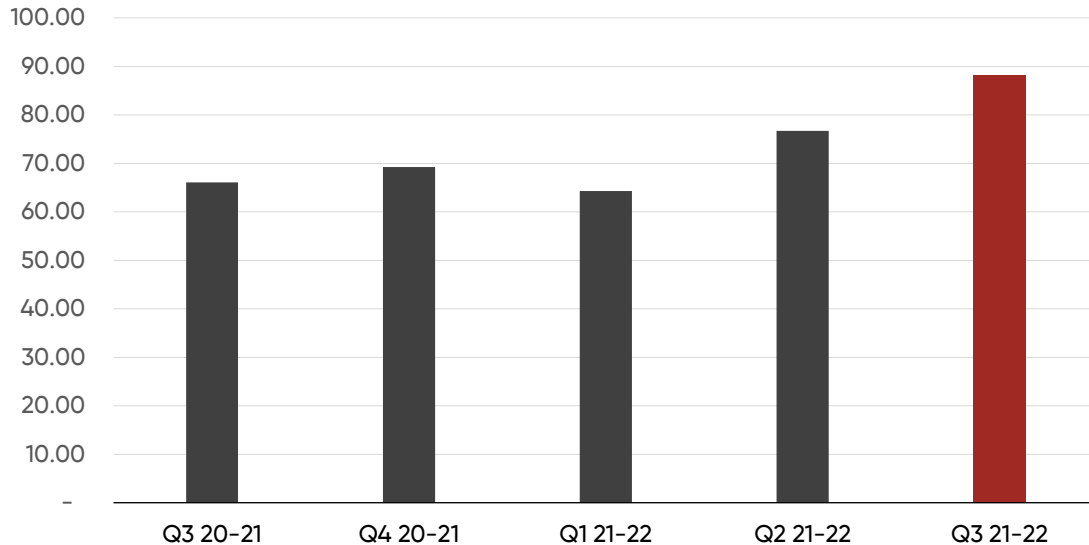
Largest blockchain platform in the world in-terms of scale, transactions, and capacity. Protecting billion+ mobile subscribers from unsolicited commercial communication including spam & fraud

31bn

Transactions in Dec 2021
Daily average of 1bn
Volume market share-63%

- Scrubber portal went live to ease Tele Marketer Operations.
- Consent management module released for mobile users to effectively manage their consents.

No of transactions (bn per quarter)



Q3 21-22 growth in volumes by 33% year-over-year



Welcome back! 9642508509

CONSENT MANAGEMENT | LOGOUT

Consent Management

All SEARCH

<input type="checkbox"/>	CONSENT ID	ENTITY NAME	BRAND NAME	REGISTERED DATE	REVOKED DATE	EXPIRY DATE	STATUS	ACTION
<input type="checkbox"/>	1104163834287811000	UNIMOBILE MESSAGING SOLUTIONS LLP	Unimobile	01-Dec-2021 00:00:00	17-Dec-2021 12:02:10	28-Feb-2022 23:59:59	Revoked	View --
<input type="checkbox"/>	1104163834285111000	UNIMOBILE MESSAGING SOLUTIONS LLP	UniMobile	01-Dec-2021 00:00:00	--	28-Feb-2022 23:59:59	Active	View Click here to Revoke

Showing 1 to 2 of 2 entries

Previous Next

Building better conversations: How Rapido empowers customers through a suite of engagement solutions

- Integrated driver on-boarding process on WhatsApp
- Conversational promotional campaigns to maximize bookings
- 60%-70% increase in number of people who engaged with WhatsApp
- 52% increase in App downloads and 56% re-activation among the dormant segments



Dhani Loans and Services, a leading next gen online financial services company built a great customer engagement with SMS & Voice

dhani loans & services

- High volume campaigns with 24X7 support
- Scalable infrastructure: Increase daily traffic to 20-24mn with 80% average successful deliverables
- Spot early warning and potential brand crisis
- Increase in customer retention



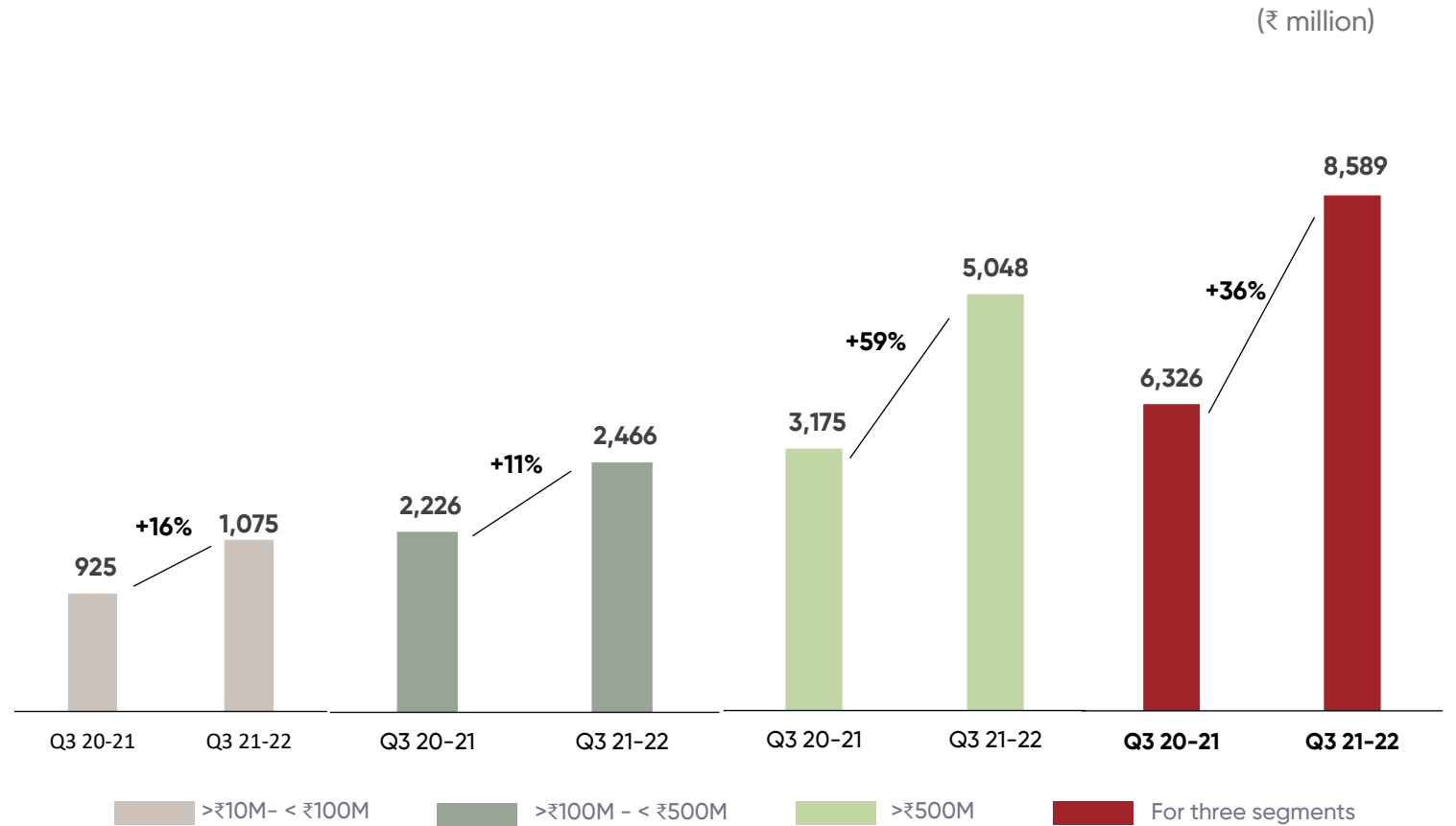
Tanla's solutions help one of the largest PSU bank to deliver meaningful experiences and better engagement for its customers

- Launched "Virtual Connect" on WhatsApp which is their "Always on" service for information and service on demand
- This has been made available in 4 different Indian languages and another 4 will be launched soon
- Customer interactions grew by 10x over 2 months, reducing call volumes at the call centre



Revenue expansion across customers segments

- Customers with revenue > ₹10M+ have grown 36% YoY
- Customers with revenue > ₹500M contributed 57% in Q3 21-22 as against 49% in Q3 20-21



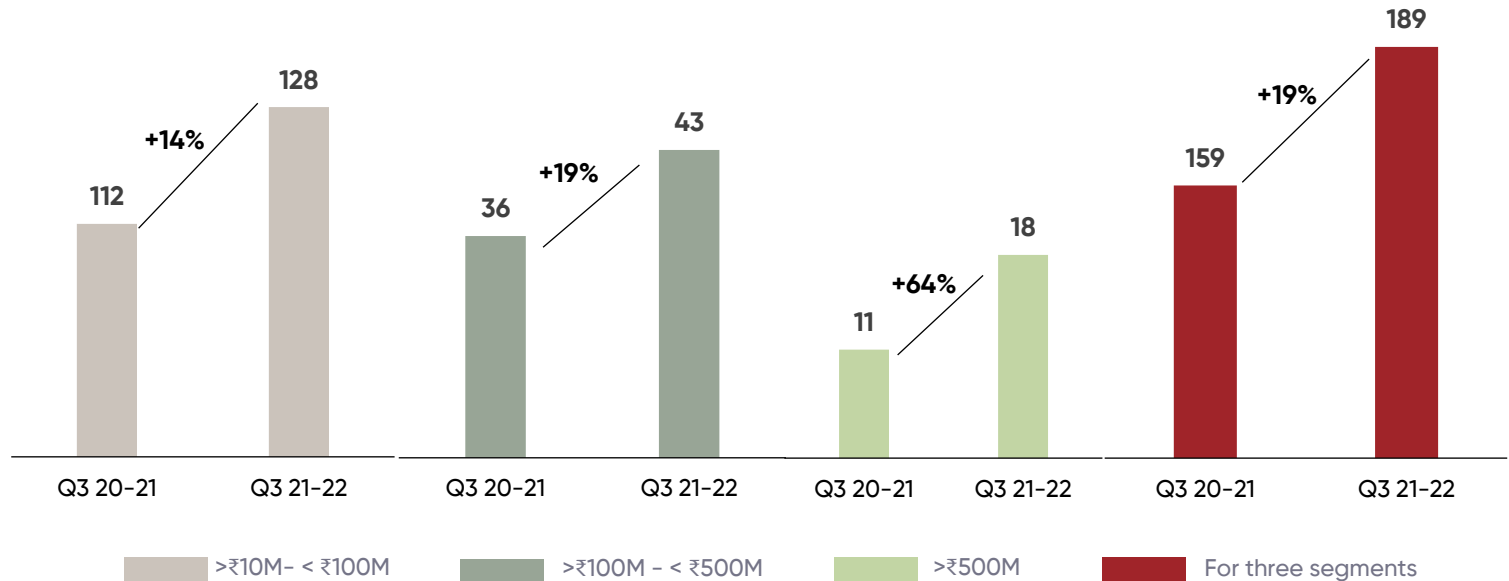
Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)



Deepening existing customer relationships

(No of customers)

- 189 customers with annual revenue of ₹ 10M+ up from 159 customers in Q3 20-21
- 18 customers with revenue > ₹ 500M up from 11 in Q3 20-21
- Increase in count due to smaller customers scaling to ₹10M+ revenue



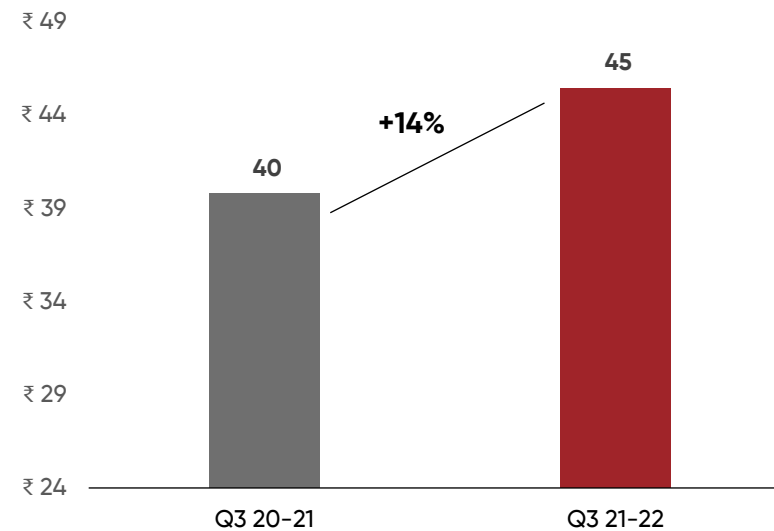
Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)



Average ₹10M+ customers continue to grow

(₹ million)

Average revenue from ₹ 10M+ customers at ₹ 45 million, growth of 14% YoY



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



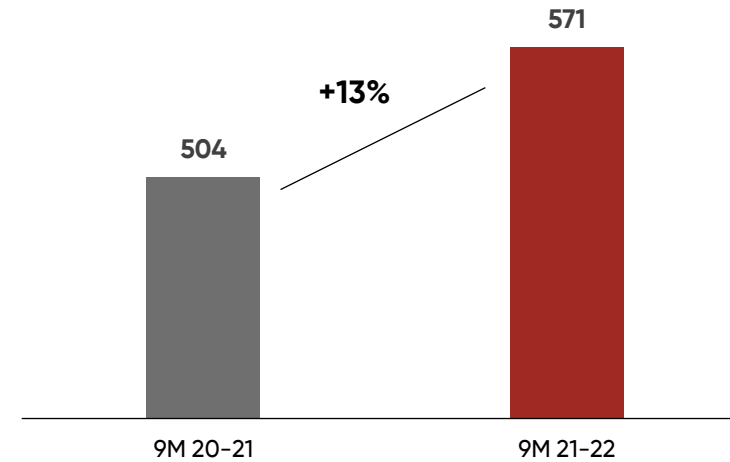
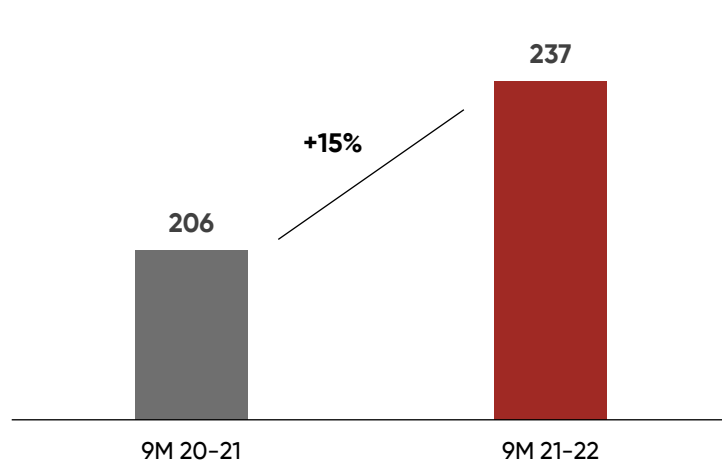
New customers addition driving growth momentum

(No of customers)

(₹ million)

In 9M 21-22, we added 237 new customers as against 206 additions in 9M 20-21

Revenue from new customers for 9M 21-22 at ₹ 571 million as against ₹ 504 million in 9M 20-21



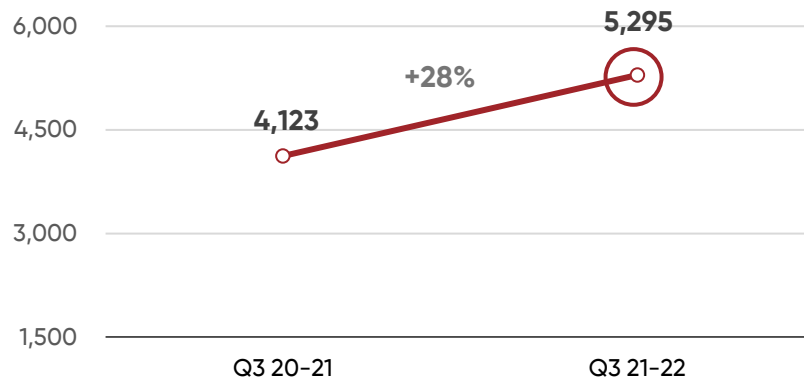
New customers include every unique contracting entity added during the quarter



Reducing customer concentration

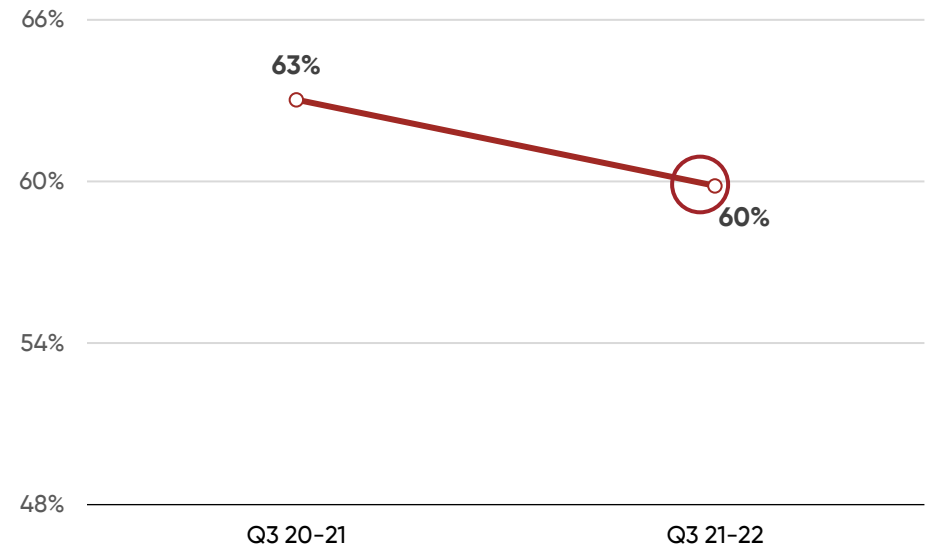
Revenue from our top 20 customers is increasing

(₹ million)



● Revenue

Top 20 customer concentration as a % of revenue is decreasing

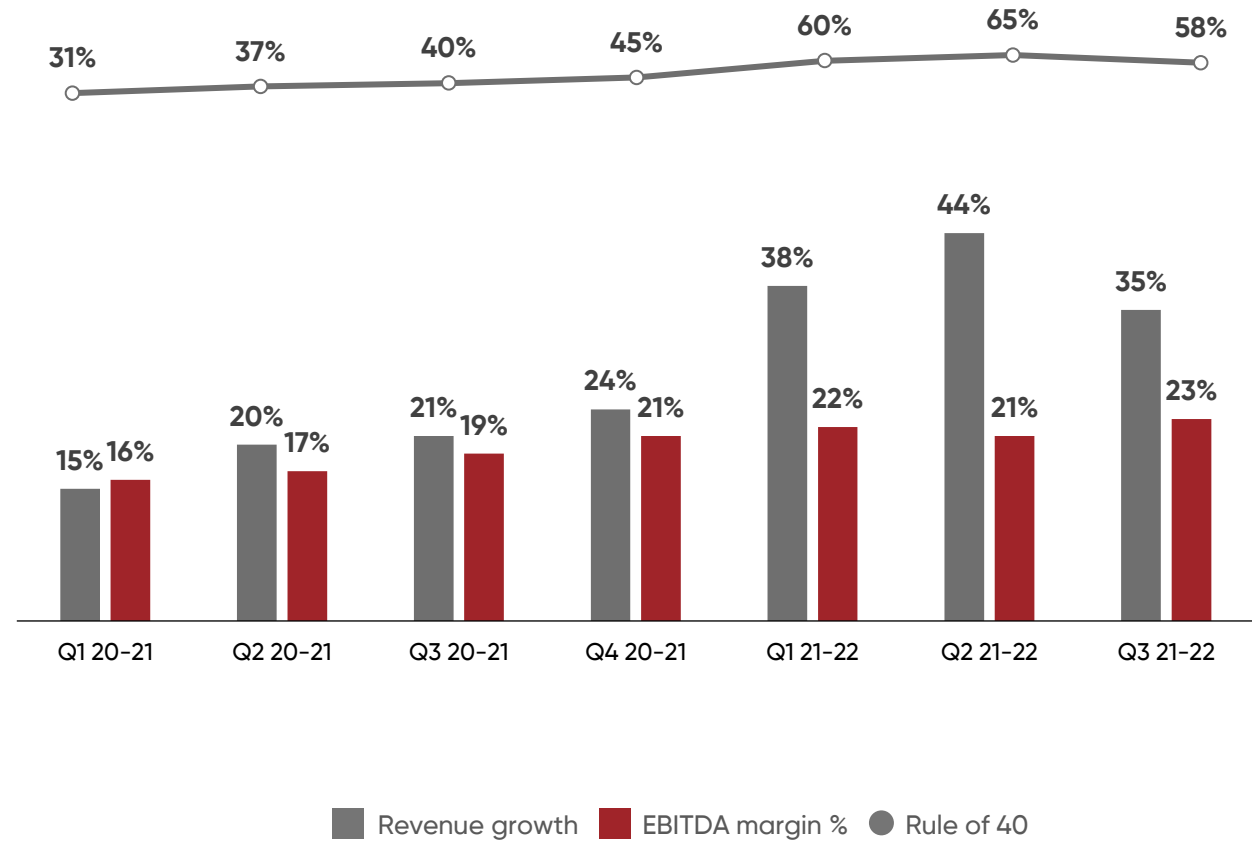


● Percentage of revenue



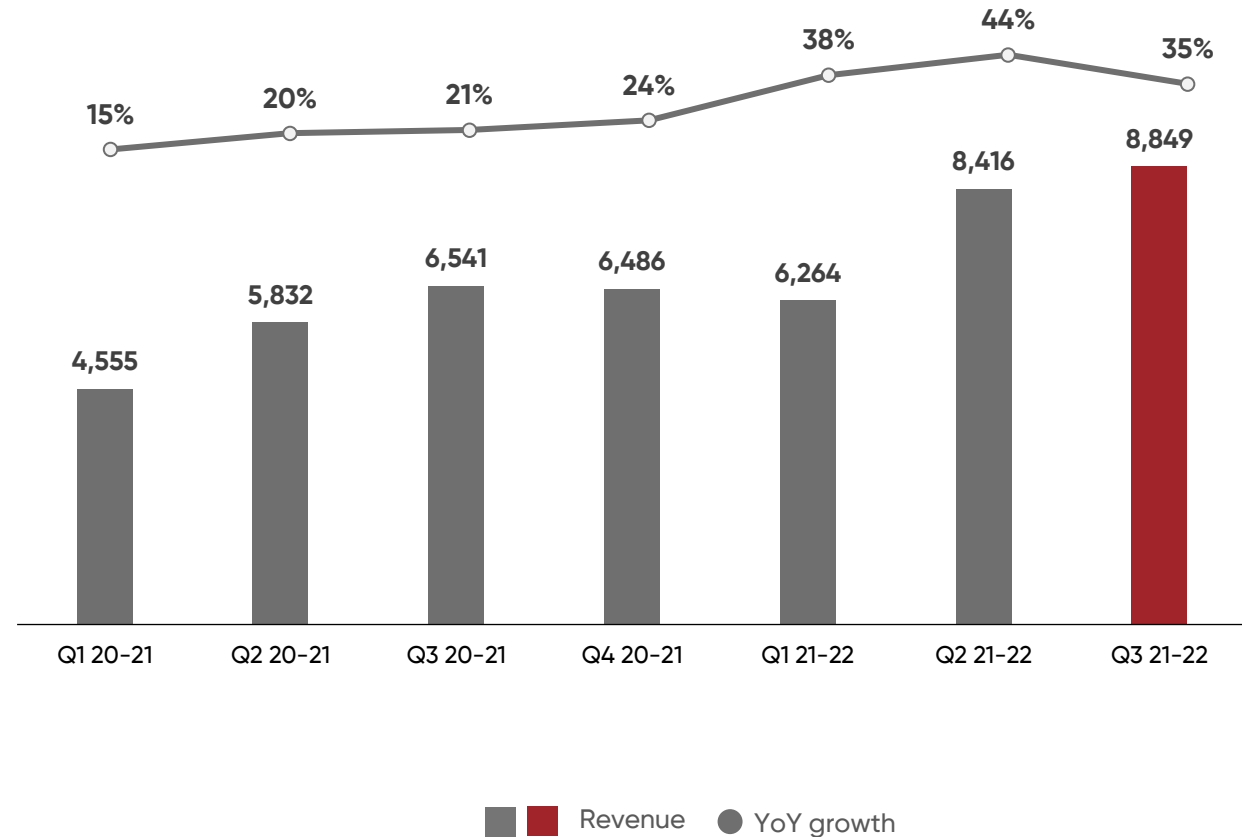
Operating above Rule of 40

- SaaS companies target to operate at Rule of 40 (revenue growth + EBITDA%)
- Consistently operating at levels significantly higher than Rule of 40



Strong consistent Revenue growth

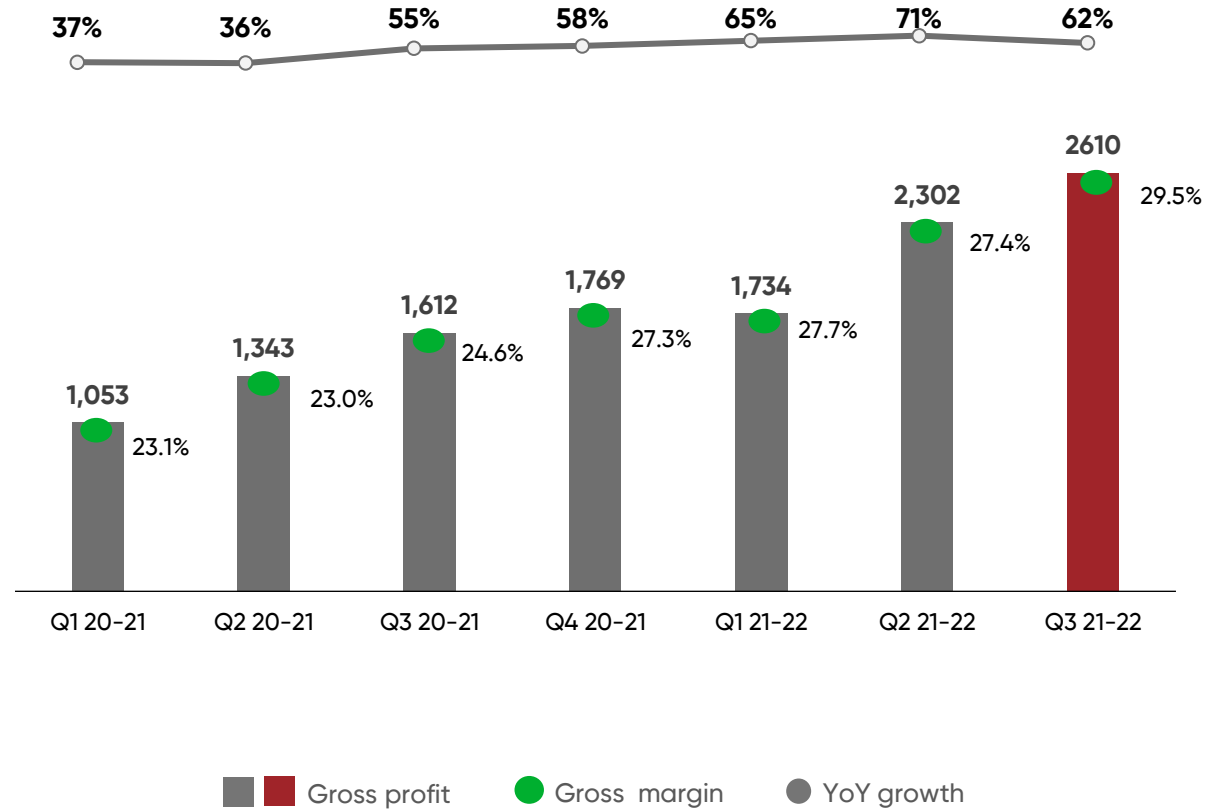
- Revenue growth led by increased volumes, price increase and growth in OTT channel
- Growth driven by BFSI, Wholesale and Government



Continued expansion in Gross Profit

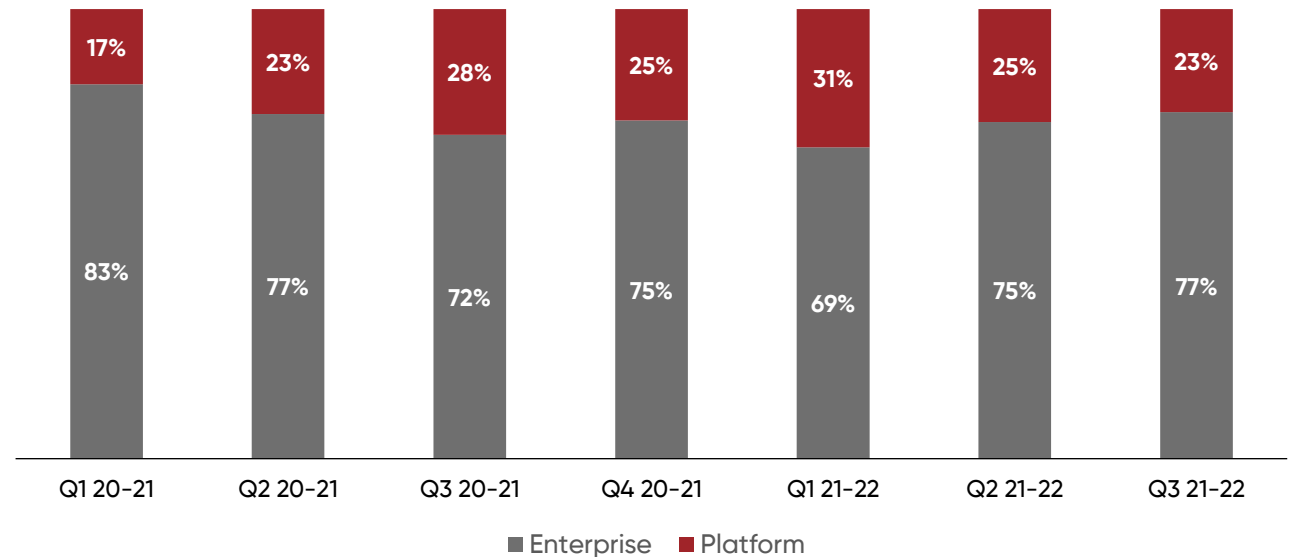
(₹ million)

- Gross Profit growth of 62% YoY
- Gross margin % has improved 486 basis points year-over-year in Q3 21-22
- Platform business gross margin contribution to total at 23% in Q3 21-22



Gross margin mix

- Enterprise business gross margin at ₹ 2012 million in Q3 21-22, up 73% YoY
- Platform business gross margin at ₹ 598 million in Q3 21-22, up 33% YoY



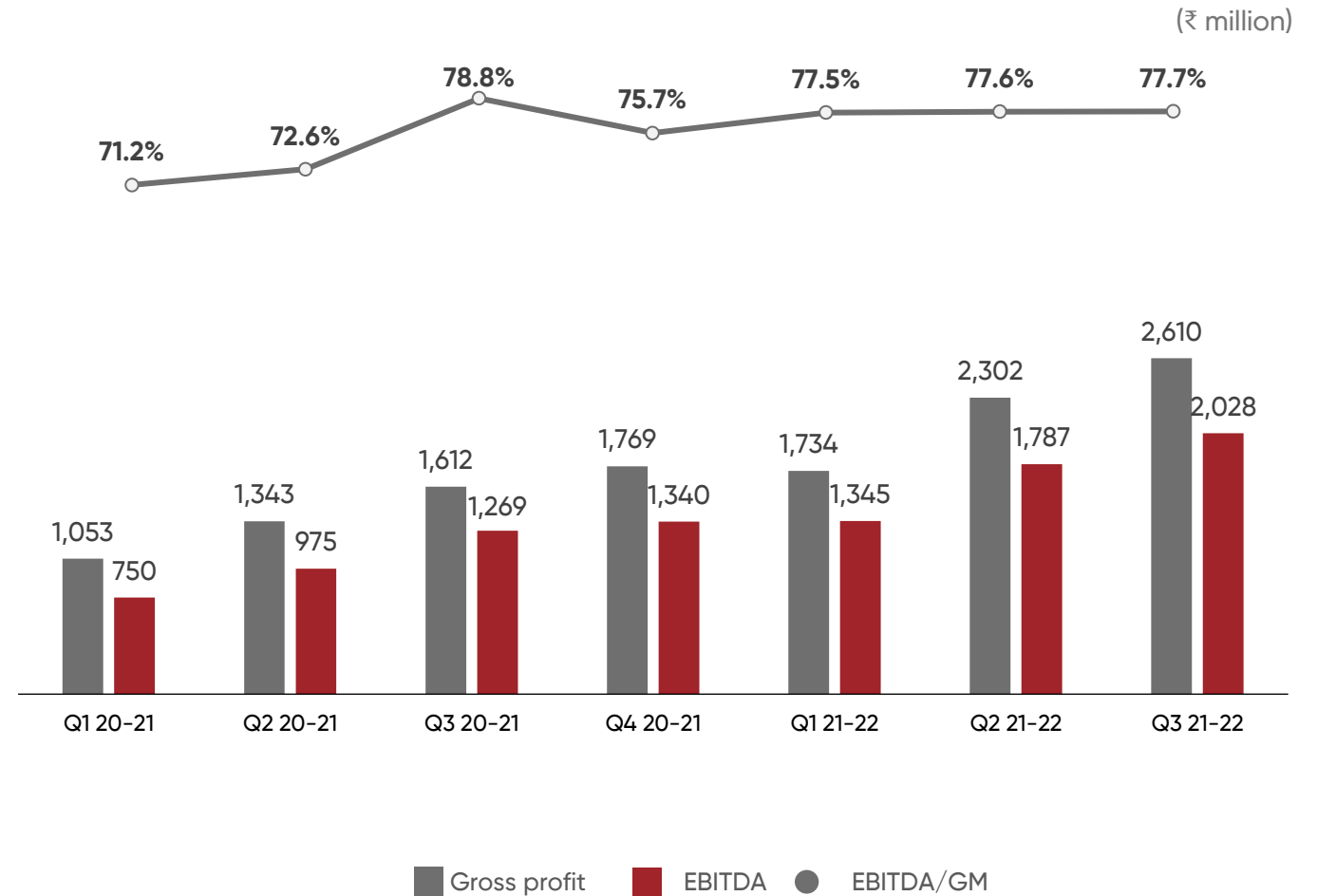
Note:

Platform business refers to revenue generated from "Platform as a service offering" where only cloud and hosting charges is a direct charge on revenue
Enterprise business refers to revenue generated based on total transactions processed at an agreed price per transaction, through multiple channels like SMS, emails, WhatsApp and others. Cost of services for enterprise business mainly consist of transaction fee paid to mobile carriers and other suppliers.



Improving efficiency metrics

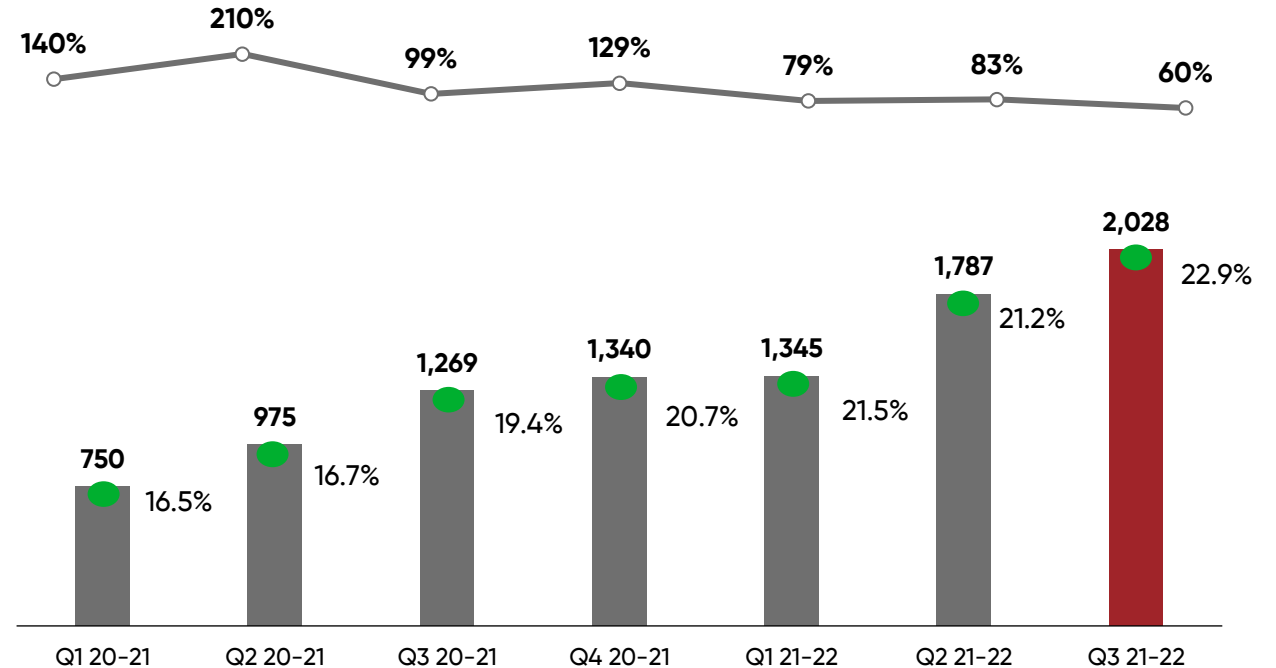
- Consistent conversion of Gross profit to EBITDA
- Salary cost at 14.5% of gross profit in Q3 21-22, as against 12.4% in Q3 20-21
- Other indirect cost at 7.7% of gross profit in Q3 21-22, as against 8.8% in Q3 20-21



Quarterly EBITDA cross ₹ 2Bn

(₹ million)

- EBITDA growth of 60% YoY
- Salary cost has increased to 4.3% of revenue from 3.1% in Q3 20-21, primarily driven by new additions and RSU cost
- Other expenses have remained constant as a % of revenue



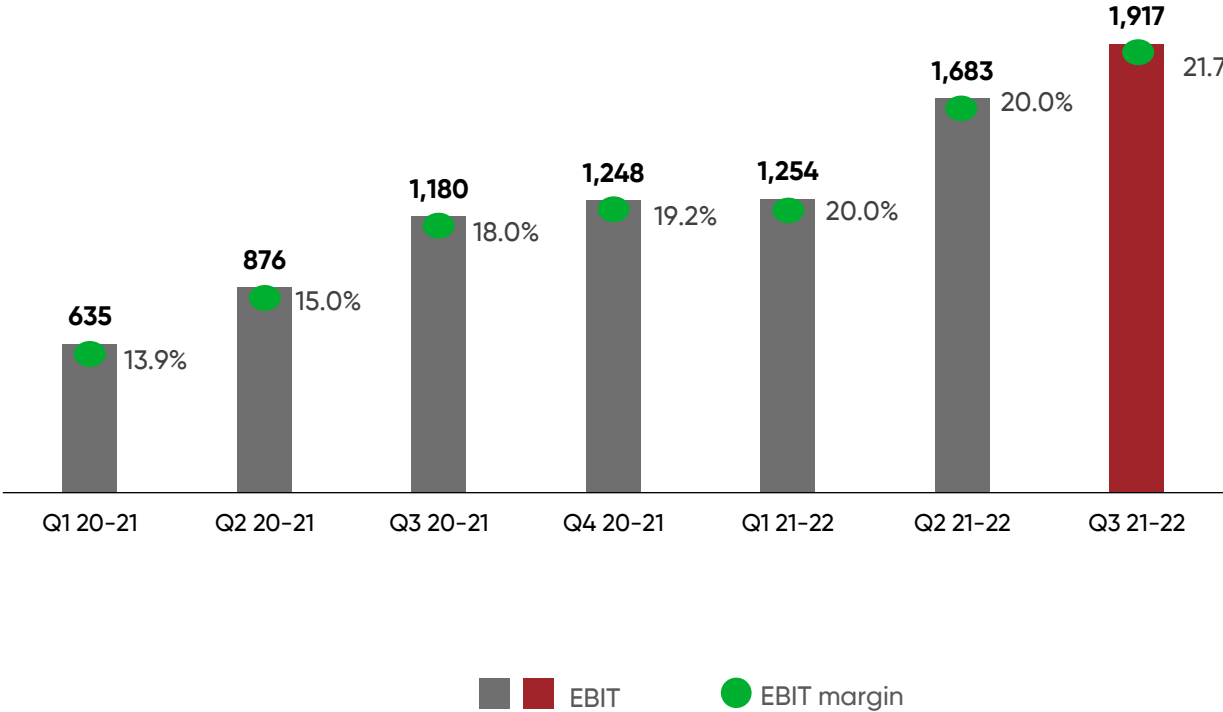
■ EBITDA ● EBITDA margin ● YoY growth



EBIT grew by 62% YoY

(₹ million)

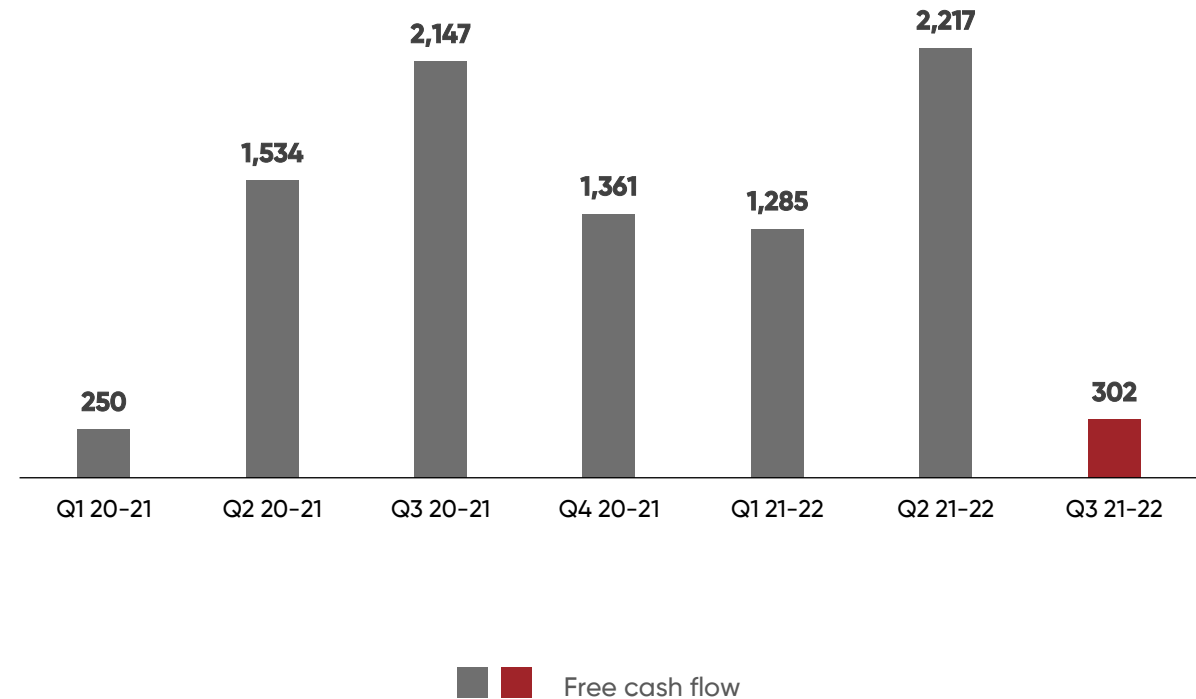
- EBIT has improved 363 bps in Q3 21-22
- Depreciation increased primarily due to capitalization of Wisely



Free cash flow profile

(₹ million)

- Free cash flow at ₹ 302 million for Q3 21-22 is lower on the back of very strong cash flows in Q2 21-22
- Combined free cash flow for 9M 21-22 would be at 95% of profit after tax
- Lower cash flow due to:
 - Increase in DSO from 48 days to 54 days in Q3 21-22 due to spill over of collections
 - Price revision in ILD had a positive cash flow impact in Q2 21-22 and corresponding negative impact in Q3 21-22 due to difference in payment terms between our customers and suppliers

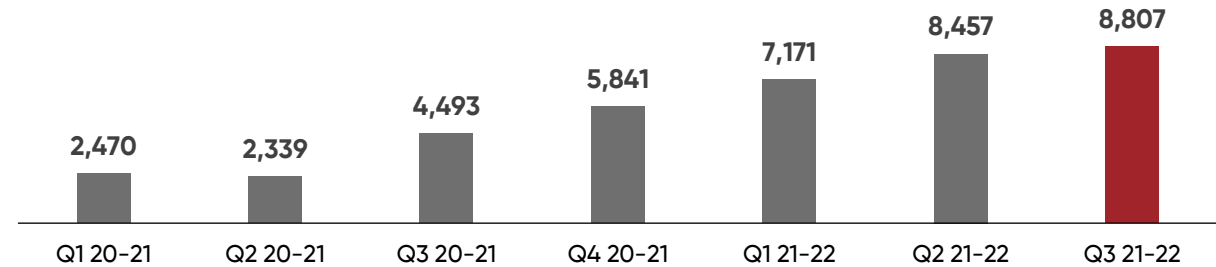


Cash & cash equivalents

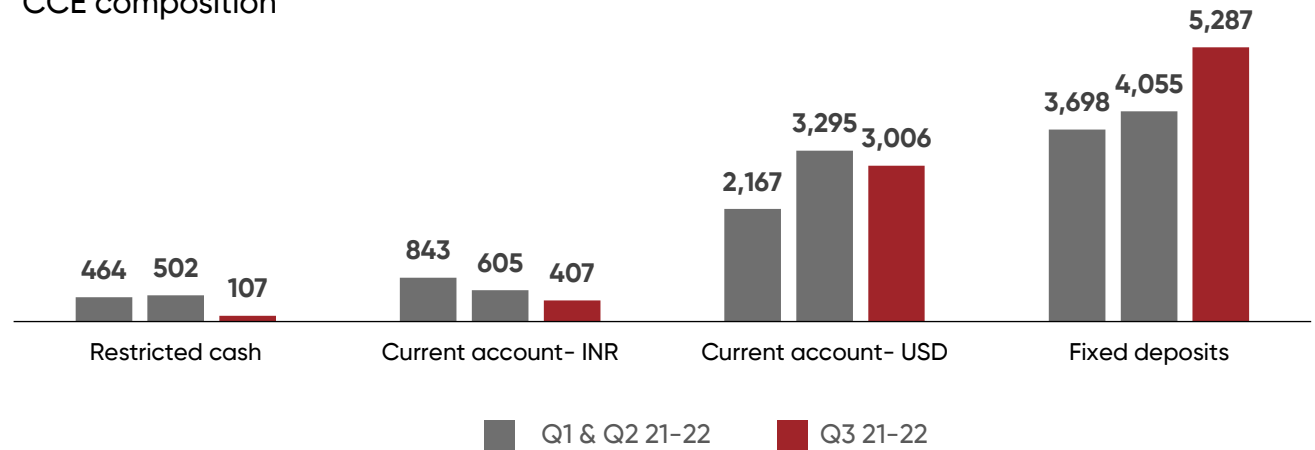
- Restricted cash balance decreased due to revision in cash credit limits held across various banks

(₹ million)

CCE



CCE composition



Restricted cash held as margin money for bank guarantees and cash credit limits
Current account -USD balances are held with overseas subsidiary/branch

Cash & cash equivalents break up

In ₹ millions, unless otherwise stated

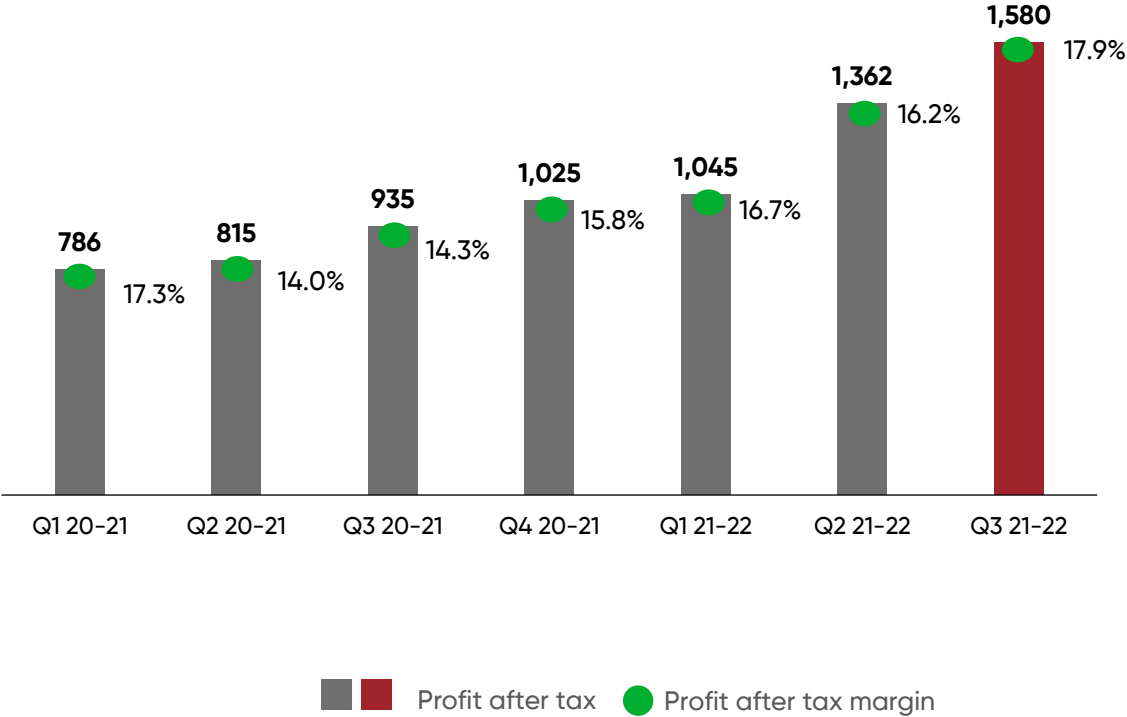
	Current accounts-INR	Current accounts-USD	Fixed Deposits	Restricted cash	Total
HDFC Bank	349	358	2,601	78	3,386
HDFC Limited	-	-	1,600	-	1,600
LIC Housing Limited	-	-	200	-	200
State Bank of India	7	-	418	-	425
Axis Bank	36	-	345	-	381
Kotak Mahindra Bank	14	-	95	-	109
Citibank	-	492	-	2	494
DBS Bank (Singapore)	-	2,156	-	27	2,183
Others	1	-	28	-	29
Total	407	3,006	5,287	107	8,807



Profit after tax grew by 69% year-over-year

(₹ million)

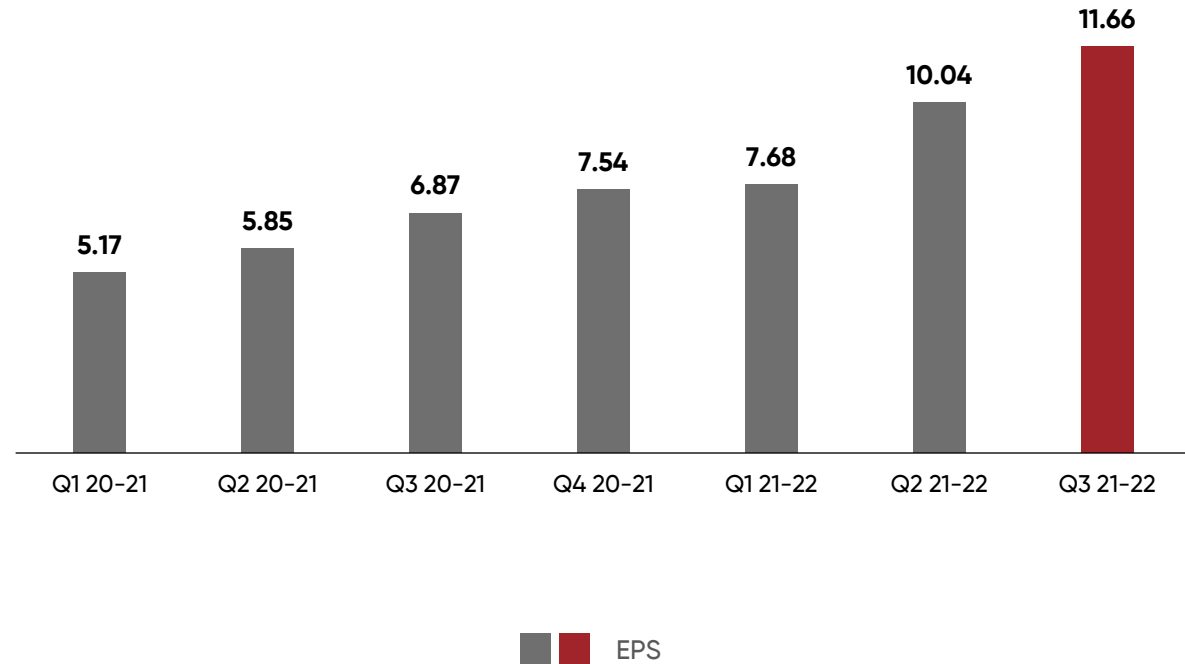
- Profit after tax at ₹ 1,580 million in Q3 21-22, up 69% from Q3 20-21
- Profit after tax margin improved by 356 basis points to 17.9% in Q3 21-22



EPS grew 70%

(₹)

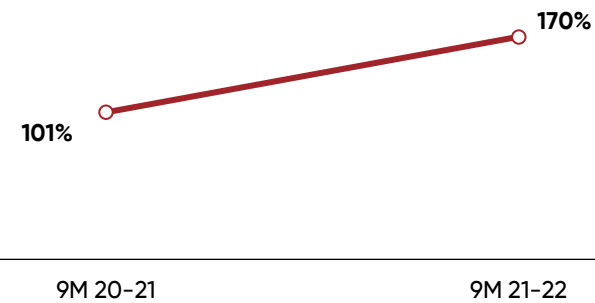
- Earnings per share at ₹ 11.66 in Q3 21-22, up 70% from Q3 20-21
- EPS growth driven by combination of PAT growth and lower equity shares due to buyback



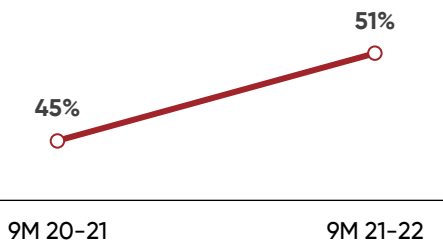
Strong ROCE

- ROCE at 170% excluding cash
- Reflects cloud focused innovation led business model

ROCE (excluding CCE)



ROCE(including CCE)



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



Strong balance sheet

₹ 12,057 million

Strong Equity and Reserves

₹ 8,807 million

Robust build up of cash & cash equivalents

170%

ROCE (excluding cash & cash equivalents)

Debt free



ESG achievements in Q3 21-22

Environmental



Steps towards creating a greener and cleaner tomorrow

Towards Net-zero

- MoU discussions with department of irrigation, Khammam District, Government of Telangana for plantation in the District.
- Onboarded En3 LEED consultant to advice on obtaining IGBC Green rating for the innovation and experience centre in Hyderabad.

Environmental advocacy

- Tied up with LearnEd, an education service provider to implement Project Green Baton - volunteering 1% of employee time to create awareness and impact activities in students in the age group of 14-25.

Social



Giving back to the society and developing our employees

For our employees

- Capacity building of employees on ESG
- Commence data collection for ESG reporting

For the community

- Tied up with Labour Net – Sambhav, an NGO, for skilling and placement program, identified 100 youth for training post counselling

Governance



Integrating ESG in our business and formally committing to ESG principles

Transparency & Good Governance

- Launched Supplier Code of Conduct (SCoC) towards responsible sourcing; 3 sessions held on sensitization of suppliers on SCoC
- ESG Updates to Stakeholders – Investors Presentation



ESG targets in Q4 21-22

Environmental



Steps towards creating a greener and cleaner tomorrow

Towards Net-zero

- Determine Carbon Neutrality Boundaries
- Sign MoU with Irrigation Dept Khammam for tree plantation around Bethupally lake. Tie up with implementation partner & commence plantation of trees
- Fix targets for the LEED certification in new building and work towards achieving the same

Social



Giving back to the society and developing our employees

For our employees

- Capacity building of employees on ESG
- Commence data collection for ESG reporting
- Open volunteering options in environment & education projects

For the community

- PILLARS initiative to improve learning levels in rural school – Byju’s Digital Classrooms implementation
- 1% of Tanla’s digital platform towards increasing awareness towards cause aligned to UN SDGs
- Complete the skill training of 100 selected youth

Governance



Integrating ESG in our business and formally committing to ESG principles

Transparency & Good Governance

New Policies to be Launched :

- Integrate D&I into Hiring Policy
- Waste Management Policy
- E-waste policy
- Procurement Policy

Stakeholder Engagement Policy

- Launch of Yajus – Our ESG Culture
- Awareness training on principles of BRSR to relevant stakeholders
- ESG updates to stakeholders





Every interaction is an opportunity, and every experience matters

Welcome to the
future of CX.



Appendix



Profit & Loss account: Third Quarter & 9M 21-22

In ₹ million, unless otherwise stated	Q3 21-22	Q3 20-21	Δ %	9M 21-22	9M 20-21	Δ %
Revenue from operations	8,849	6,541	35	23,529	16,929	39
Cost of services	(6,239)	(4,930)	27	(16,882)	(12,921)	31
Gross profit	2,610	1,611	62	6,647	4,008	66
Operating expenses	(582)	(343)	70	(1,486)	(1,014)	47
EBITDA	2,028	1,269	60	5,161	2,994	72
Depreciation & amortization	(111)	(89)	24	(307)	(303)	1
EBIT	1,917	1,180	63	4,854	2,691	80
Finance cost	(3)	(2)	-	(10)	(10)	-
Other income	41	24	69	115	204	(43)
Profit before taxes	1,955	1,202	63	4,959	2,885	72
Tax expense (including deferred tax)	(375)	(267)	41	(972)	(349)	178
Profit after tax	1,580	935	69	3,987	2,536	57
Earning per share	11.66	6.87	70	29.37	17.79	65
Weighted average shares outstanding	136	136	-	136	142	-



Balance sheet- December 31,2021

In ₹ million, unless otherwise stated	Dec 31, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)	In ₹million, unless otherwise stated	Dec 31, 2021 (Unaudited)	Dec 31, 2020S (Unaudited)
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Equity share capital	136	136
Property, plant and equipment	270	289	Other equity	11,921	7,772
Platforms	560	97	Total equity	12,057	7,908
Customer Relationships	288	413	Financial liabilities		
Brands	12	48	Lease liabilities	544	36
Technology	19	47	Other financial liabilities	3	3
Non-Compete	32	38	Provisions	15	50
Goodwill	1,346	1,346	Other non-current liabilities	-	50
Intangible assets underdevelopment	277	325	Total Non Current Liabilities	562	139
Capital work in progress	75	-	Current liabilities		
Right-of-use-lease assets	558	40	Trade payables	6,617	4,780
Financial assets	103	47	Lease liabilities	-	9
Deferred tax assets (net)	370	443	Other financial liabilities	2,858	2,130
Other non-current assets	205	519	Other current liabilities	127	59
Total non current assets	4,115	3,652	Short term provisions	2	11
Trade receivables	5,212	4,260	Liabilities for current tax (net)	219	16
Cash and bank balances	8,807	4,493	Total Current liabilities	9,823	7,005
Other Financial assets	3,851	2,451	TOTAL EQUITY AND LIABILITIES	22,442	15,052
Other current assets	457	196			
Total current assets	18,327	11,400			
TOTAL ASSETS	22,442	15,052			



Condensed Cash flow statement

In ₹ million, unless otherwise stated

	Q3 21-22	Q2 21-22	Q1 21-22
Cash flow before changes in working capital	2,125	1,836	1,381
Changes in working capital	(1,527)	846	137
Cash generated from operations	598	2,682	1,518
Taxes	(180)	(326)	(142)
Cash flow from operating activities	418	2,355	1,375
Net investments in tangible and intangible assets	(116)	(139)	(91)
Interest and other income	41	31	43
Cash flow from investing activities	(75)	(107)	(48)
Issue of Shares	11	-	-
Buyback of shares	-	(819)	-
Dividend paid	-	(135)	-
Interest paid on lease liabilities	(4)	(8)	2
Cash flow from investing activities	7	(963)	2
Cash flow for the period	351	1,286	1,330
Cash and cash equivalents at the beginning of period	8,457	7,171	5,841
Cash and cash equivalents closing balance	8,807	8,457	7,171

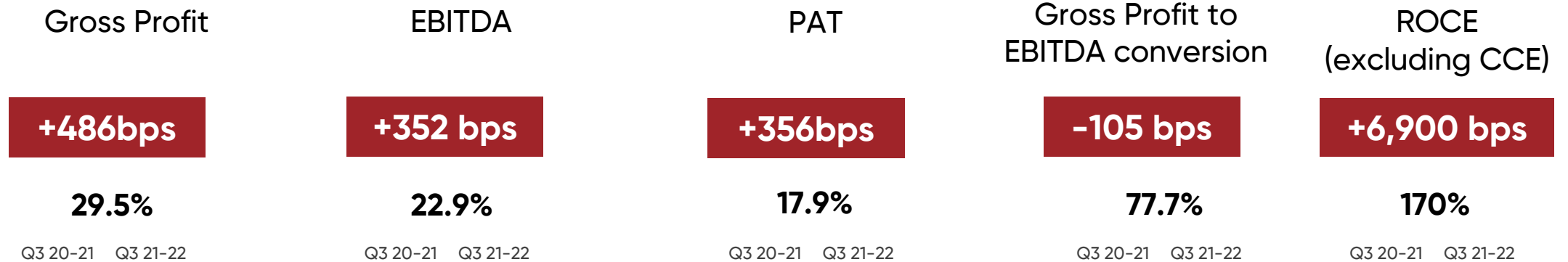


Free cash flow profile

In ₹ million, unless otherwise stated	Q3 21-22	Q3 20-21	Δ %
Operating cash flow	418	2,252	(81)
Capital expenditure	(116)	(105)	+11
Free cash flow	302	2,147	(86)
Free cash flow in percent of total revenue	3.4%	33%	-
Free cash flow conversion rate	15%	169%	-



Key metrics: Third Quarter 21-22





Shareholder Report: April - December 2021

October - December 2021

- Revenue increased by 35% year-over-year to ₹8,849 million.
- Gross profit increased by 62% year-over-year to ₹2,610 million. Gross margin % at 29.5% and improved by 486 basis points year-over-year.
- EBITDA increased by 60% year-over-year to ₹2,028 million. EBITDA % at 22.9 % and improved by 352 basis points year-over-year.
- Profit after tax increased by 69% year-over-year to ₹1,580 million.
- Earnings per share increased by 70% to ₹11.66.
- Free cash flow at ₹302 million and Cash & Cash Equivalents at ₹8,807 million.

April - December 2021

- Revenue increased by 39% year-over-year to ₹23,529 million.
- Gross profit increased by 66% year-over-year to ₹6,647 million. Gross margin at 28.2% and improved by 457 basis points year-over-year.
- EBITDA increased by 72% year-over-year to ₹5,161 million. EBITDA margin at 21.9% and improved by 425 basis points year-over-year.
- Profit after tax increased by 57% year-over-year to ₹3,987 million.
- Earnings per share increased by 65% to ₹29.37.
- Free cash flow at ₹3,804 million.

“Tanla has delivered year-on-year growth for 22 quarters in a row with a very strong performance in the quarter across all metrics, and we are confident this momentum will continue.” - Uday Reddy, Founder Chairman & CEO

Significant events during the quarter

- Tanla and Vodafone Idea Limited (Vi) entered into an exclusive multi-year partnership for deployment of patented block-chain enabled Wisely Platform to secure, encrypt and enhance performance for the entire international messaging traffic on the Vi network.
- Onboarded two of the top ten Indian banks for secure and critical notification service on Wisely.
- Trubloq, our DLT platform crossed 31bn transactions in December 2021, handling more than 1bn transaction a day.
- Tanla has been included in Nifty India Digital Index, newly launched by NSE to track stocks broadly representing digital theme.
- The customer base has expanded with addition of 77 new customers. Revenues from >₹10Mn+ customers grew by 36% year-over-year.
- As part of our net zero journey, we have measured our baseline carbon footprint and are working towards achieving commendable USGBC certifications for our new premises.

Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on 24 January 2022 at 4.30 PM IST. Watch the presentation at <https://www.tanla.com/investors> or call.

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	: +91 22 7115 8042
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United States	: 18667462133
Hong Kong	: 800964448
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Message from Chairman

“Wish you all a very happy, healthy and prosperous New year.

We have delivered year-on-year growth for 22 quarters in a row. Our revenues have gone up 9X during this period. I am proud to say that growth is a habit for Tanla. Q3 21-22 further demonstrated this trend with Revenue and EBITDA growth of 35% and 60% year-over-year. Our quarterly EBITDA crossed the milestone of ₹2 billion in the quarter. Our EPS grew 70% on a year-over-year basis.

We have undisputed market leadership in India. We have looked at global CPaaS peers like Twilio, Sinch and Ring Central and tracking our performance against them. For the comparable quarter ending September 30, 2021, we were ahead on all parameters like organic revenue growth (44% vs 41% of best-in-class global peer), efficiency (78% conversion of GM to EBITDA vs 18% of best-in-class global peer) and returns (EBITDA Margins at 21% vs 4% of best-in-class global peer) except for Gross Margin% (27% vs 73% of best-in-class global peer). We are building a sustainable business model with lot of financial discipline and scalability.

Digitalization is the opportunity of this generation. We have seen an explosion of digital users in India over the past 3 years with transacting users doubling to 170-180Mn. There has been a 3X growth in digital transactions (~120-125MN a day) and daily time spent on the internet on smartphone (5 hours a day) has increased. This irreversible trend has given an incredibly strong momentum to our business and is driving strong growth among our enterprise customers.

Our products are built on new age technology with a demonstrated ability to handle scale. “Trubloq”, our signature Blockchain platform crossed 31bn transactions in December, handling more than 1bn transaction a day with 63% market share. We are constantly building new modules - our Scrubber portal went live to ease Tele Marketer Operations, while consent management module released for mobile users to effectively manage their consents.

I have talked about Wisely, as part of our ‘one platform’ strategy. Customers in India are seeing tremendous value in Wisely and 2 of the top 10 Indian banks have onboarded Wisely for secure and critical notification service. During the quarter, we entered into an exclusive multi-year partnership with Vodafone Idea Limited (Vi) to deploy Wisely to secure, encrypt and enhance performance for the entire international messaging traffic on the Vi network. In my view, this is one of the largest deals in the CPaaS industry globally. We will go live with our solution in Feb 2022. This partnership will help expand our global footprint by addressing the needs of global enterprises not just in India but across the world. We are in the final stages of rolling out our GTM strategy for Wisely globally.



I had talked about 2 partnerships we closed on Wisely last time. We expect to announce the other partnership in Feb 2022.

On capital allocation, we continue to be very disciplined, and our focus is to invest in 4 major areas – platforms and products, brand, talent and customer success.

Our objective is to build a high-quality business with strong fundamentals backed by financial discipline, focus on ESG and create value for all stakeholders. We are seeing recognition of our actions - Tanla has been included in newly launched Nifty India Digital Index. We have expanded our investor base to 90,895 shareholders and am also very happy to welcome Premji Invest as our shareholder during the quarter.

We have started our Annual Operating Plan (AOP) exercise and I am very excited by the opportunity I see in front of us. Our customers show tremendous trust in us and that is reflected in our industry leading Net Promoter Scores. My team is charged up and I am confident the coming year will be the Year of Wisely.

Thank you for your continued support and hope all of you stay healthy and safe.”

Hyderabad, 21 January 2022

Uday Reddy
Founder Chairman & CEO

Tanla Overview

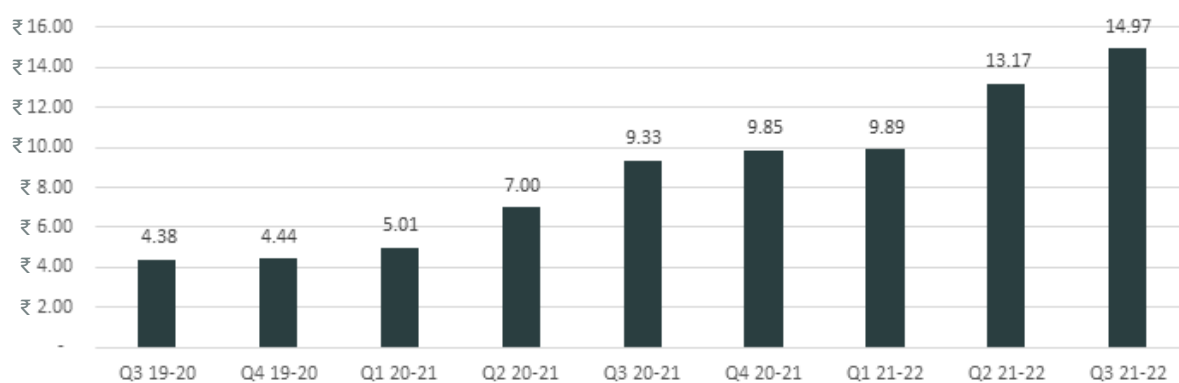
For the list of definitions please refer to page 16

(In ₹ million, unless otherwise stated)	Three months Ended December 31		Nine months Ended December 31			R12M
	21-22	20-21	21-22	20-21	20-21	
	(Unaudited)		(Unaudited)		(Audited)	
Revenue from operations	8,849	6,541	23,529	16,929	23,415	30,015
Gross profit	2,610	1,611	6,647	4,008	5,777	8,416
Gross margin	29.5%	24.6%	28.2%	23.7%	24.7%	28.0%
EBITDA	2,028	1,269	5,161	2,994	4,335	6,501
EBITDA margin	22.9%	19.4%	21.9%	17.7%	18.5%	21.7%
EBITDA/Gross profit	77.7%	78.7%	77.6%	74.7%	75.2%	77.3%
Adjusted EBITDA	2,028	1,269	5,161	3,006	4,346	6,501
Adjusted EBITDA	22.9%	19.4%	21.9%	17.8%	18.5%	21.7%
Adjusted EBITDA/Gross profit	77.7%	78.7%	77.6%	75.0%	74.6%	77.3%
EBIT	1,917	1,180	4,854	2,691	3,939	6,102
EBIT margin	21.7%	18.0%	20.6%	15.9%	16.8%	20.3%
Interest Income	41	14	95	50	68	114
Interest yield	3.8%	3.3%	3.4%	3.8%	3.6%	3.4%
Profit after tax	1,580	935	3,987	2,536	3,561	5,012
Profit after tax margin	17.9%	14.3%	16.9%	15.0%	15.2%	16.7%
Free cash flow	302	2,147	3,804	3,932	5,293	5,165
Earnings per share (In ₹)	11.66	6.87	29.37	17.79	25.27	36.92
EBITDA per share (In ₹)	14.97	9.33	38.02	21.26	31.11	47.86
Adjusted EBITDA per share (In ₹)	14.97	9.33	38.02	21.33	31.18	47.86
Cash and Cash equivalents	8,807	4,493	8,807	4,493	5,841	8,807
ROCE - (Including CCE)	-	-	51%	45%	46%	48%
ROCE - (Excluding CCE)	-	-	170%	101%	129%	48%
DSO days	54	60	54	60	58	57
Average number of employees	629	485	591	464	524	572

Items affecting comparability

(In ₹ million, unless otherwise stated)	Q3 21-22	Q3 20-21	9M 21-22	9M 20-21	20-21	R12M
Buy back costs	-	-	-	12	12	-
Employee stock purchase scheme	-	-	-	-	-	-
Provision towards MF investment	-	-	-	-	-	-
MWC Barcelona	-	-	-	-	-	-
Total items affecting comparability in EBITDA	-	-	-	12	12	-

Adjusted EBITDA per share



Quarterly Trends

Revenue (In ₹ million)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Platform	236	209	185	327	477	463	555	624	658
Enterprise	5,154	5,012	4,370	5,505	6,064	6,023	5,709	7,792	8,191
Total	5,390	5,221	4,555	5,832	6,541	6,486	6,264	8,416	8,849

Gross profit (In ₹ million)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Platform	230	200	176	313	451	437	533	578	598
Enterprise	810	920	877	1,030	1,161	1,332	1,201	1,724	2,012
Total	1,040	1,120	1,053	1,343	1,612	1,769	1,734	2,302	2,610

Gross margin	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Platform	97.1%	95.7%	95.0%	95.6%	94.6%	94.5%	96.2%	92.7%	90.9%
Enterprise	15.7%	18.4%	20.1%	18.7%	19.1%	22.1%	21.0%	22.1%	24.6%
Overall gross margin	19.3%	21.4%	23.1%	23.0%	24.6%	27.3%	27.7%	27.4%	29.5%

Gross Margin for Platform are arrived after deducting cloud hosting charges

EBITDA (In ₹ million)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
EBITDA	637	586	750	975	1,269	1,340	1,345	1,787	2,028
Items effecting comparability	-	63	12	-	-	-	-	-	-
Adjusted EBITDA	637	649	762	975	1,269	1,340	1,345	1,787	2,028
EBITDA margin	11.8%	11.2%	16.5%	16.7%	19.4%	20.7%	21.5%	21.2%	22.9%
Adjusted EBITDA margin	11.8%	12.4%	16.7%	16.7%	19.4%	20.7%	21.5%	21.2%	22.9%
EBITDA/Gross profit	61.3%	52.3%	71.2%	72.6%	78.7%	75.8%	77.5%	77.6%	77.7%
Adjusted EBITDA/Gross profit	61.3%	57.9%	72.3%	72.6%	78.7%	75.8%	77.5%	77.6%	77.7%
EBITDA/per share	4.38	4.01	4.93	7.00	9.33	9.85	9.89	13.17	14.97
Adjusted EBITDA/per share	4.38	4.44	5.01	7.00	9.33	9.85	9.89	13.17	14.97

Items affecting comparability (In ₹ million)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Buy back costs	-	-	12	-	-	-	-	-	-
Employee stock purchase scheme	-	-	-	-	-	-	-	-	-
Provision towards MF investment	-	37	-	-	-	-	-	-	-
Marketing event	-	26	-	-	-	-	-	-	-
Total	-	63	12	-	-	-	-	-	-

Profit/(loss) after tax (In ₹ million)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Profit/(loss) after tax	7	(891)	786	815	935	1,025	1,045	1,362	1,580
Profit after tax margin	0.1%	-	17.3%	14.0%	14.3%	15.8%	16.7%	16.2%	17.9%

Earnings per Share (In ₹)	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Basic EPS	0.05	(6.11)	5.17	5.85	6.87	7.54	7.68	10.04	11.66

Rule of 40	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Revenue growth	91.3%	64.2%	15.5%	19.7%	21.3%	24.2%	38.0%	44.3%	35.3%
EBITDA margin %	11.8%	11.2%	16.4%	16.7%	19.4%	20.7%	22.0%	21.2%	22.9%
Rule of 40	103.1%	75.4%	31.9%	36.4%	40.7%	44.9%	60.0%	65.5%	58.2%

FY20 growth rates have the benefit of Karix acquisition

Free cash flow (In ₹ million)	Q2 19-20	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22
Free cash flow	892	773	(968)	250	1,534	2,147	1,361	1,285	2,217	302

Management Discussion & Analysis

October - December 21-22

Revenue

Revenue grew by 35% year-over-year to ₹ 8,849 million, driven by increased volumes in existing business verticals of BFSI, Wholesale and Government, price change and growth in OTT channels. Platform revenue grew by 38% year-over-year to ₹658 million, led by Trubloq and Wisely. Enterprise revenue grew by 35% year-over-year to ₹8,191 million, through a combination of increased wallet share in existing customers and new customer additions. Contribution from customers with greater than ₹10 million annual revenue increased to ₹8,589 million in Q3 21-22, a year-over-year growth of 36%. We added 77 new customers in Q3 21-22.

Gross profit

Gross profit grew by 62% year-over-year to ₹2,610 million. Platform business grew 33% year-over-year and Enterprise business by 73% year-over-year. Gross margin improved by 486 basis points to 29.5% year-over-year, benefited by change in business composition, and lower mobile carrier cost.

EBITDA

EBITDA grew by 60% year-over-year to ₹2,028 million. EBITDA margin improved by 352 basis points to 22.9% in Q3 21-22 as against 19.4% Q3 20-21. EBITDA to gross profit conversion stood at 77.7% in Q3 21-22 as against 78.7% in Q3 20-21.

(In ₹ million, unless otherwise stated)	Q3 21-22	Q3 20-21	Change %	% of revenue
Sales and Marketing expense	80	61	32%	0.9%
General and Administrative expenses (G&A)	501	282	78%	5.7%
Total	581	343	70%	6.6%

Salary cost has increased to 4.3% of revenue as against 3.1% in Q3 20-21, primarily driven by new additions and RSU cost. We have added 136 net employees across the Company in last twelve months. Other indirect cost remained constant at 2.3% of revenue.

EBIT

EBIT grew by 63% year-over-year to ₹1,917 million and EBIT margin improved by 364 basis points to 21.7% year-over-year. Depreciation at ₹111 million in Q3 21-22 as against ₹89 million in Q3 20-21 and it increased mainly due to Wisely capitalization.

Depreciation, amortization (In ₹ million)	Q3 21-22	Q3 20-21	9M 21-22	9M 20-21	20-21
Amortisation on Platforms	27	5	64	27	30
Amortisation on Customer Relationship	31	39	94	101	124
Amortisation on Trade Name	9	10	26	27	35
Amortisation on Technology	6	16	18	33	44
Amortisation on Non-compete	1	6	4	9	9
Depreciation on tangible assets & right of use assets	37	23	101	106	154
Total Depreciation	111	99	307	303	396

Other income

(In ₹ million, unless otherwise stated)	Q3 21-22	Q3 20-21	9M 21-22	9M 20-21
Average FD balance	4,263	1,700	3,651	1,733
Interest income	41	14	96	50
Interest yield	3.8%	3.3%	3.4%	3.8%

Average fixed deposit balance for the quarter was ₹4,263 million, generating 3.8% average yield on fixed deposits with HDFC Bank, Axis Bank, State Bank of India, Kotak Bank, IDBI bank, HDFC Limited and LIC Housing Limited which is in line with our investment policy. We were able to implement sweep-in-structure for our some of our current accounts during the quarter which helped improve interest yield.

Cash & cash equivalents composition

(In ₹ million, unless otherwise stated)	Q3 21-22	Q2 21-22	Q1 21-22
Restricted cash	107	502	464
INR-Current accounts	407	605	843
Dollar accounts	3,006	3,295	2,167
Fixed deposits	5,287	4,055	3,698
Cash and cash equivalents	8,807	8,457	7,171

Restricted cash are held as margin money deposits given for bank guarantees and cash credit limits. Decrease in restricted cash is due to revision in our cash credit limits held across banks. Balance in dollar accounts is at 34% of the overall CCE. Lower cash flow on our ILD business resulted in reduction in dollar balance. Dollar accounts earns no interest.

Cash & cash equivalents break up (CCE)

(In ₹ million, unless otherwise stated)	Current accounts- INR	Current accounts-USD	Fixed deposits	Restricted cash	Total
HDFC Bank	349	358	2,601	78	3,386
HDFC Limited	-	-	1,600	-	1,600
LIC Housing Limited	-	-	200	-	200
State Bank of India	7	-	418	-	425
Axis Bank	36	-	345	-	381
Kotak Mahindra Bank	14	-	95	-	109
Citibank (Dubai)	-	492	-	2	494
DBS Bank (Singapore)	-	2,156	-	27	2,183
Others	1	-	28	-	29
Total	407	3,006	5,287	107	8,807

Profit after tax

Profit after tax grew by 69% at ₹1,580 million year-over-year, primarily attributed to revenue growth and improved profitability. Profit after tax margin improved by 356 basis points to 17.9% year-over-year. Effective tax rate at 19.2% for Q3 21-22.

Deferred tax asset of ₹ 371 million represents timing differences in depreciation charge between Income Tax Act and Companies Act and will be reversed in future periods.

Tax contribution to exchequer in Q3 21-22 was ₹1,956 million. The contribution includes corporate income taxes and contributions by way of withholding taxes and indirect taxes such as GST in India.

Income tax assessment for FY 19-20 is currently in progress for the Company and its subsidiaries. Refund of ₹120 million is expected based on the assessments completed by 31 March 2022. Further refunds are expected upon completion of pending assessment.

Earnings per share

Earnings per share grew by 70% to ₹11.66 year-over-year. EPS growth driven by combination of PAT growth and lower equity shares due to buyback.

(In ₹)	Q3 21-22	Q3 20-21
Basic earnings per share	11.66	6.87
Weighted average number of shares outstanding	13,55,33,640	13,60,36,000

Cash flow

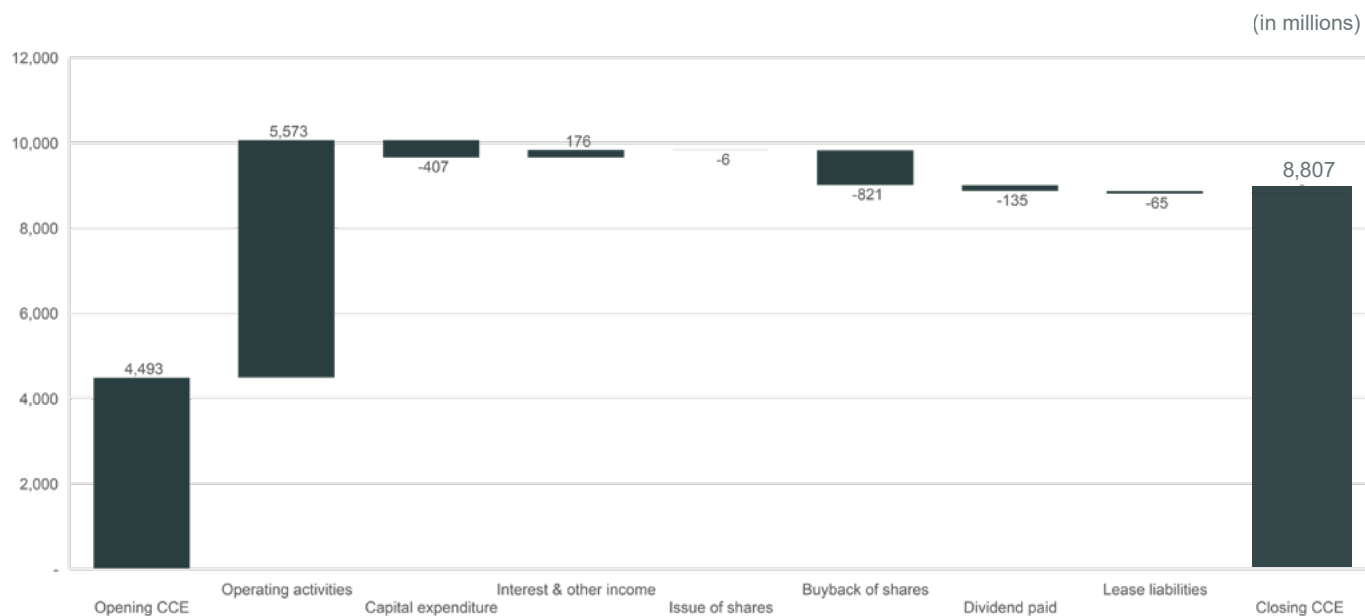
On a year-over-year basis, Cash and cash equivalents (CCE) increased from ₹4,493 million in Q3 20-21 to ₹8,807 million in Q3 21-22. CCE increase is primarily driven by robust growth in revenue and effective working capital management. Cash generated from operations at ₹4,149 million and Free cash flow at ₹3,804 million for 9M 21-22.

Cash collections for Q3 21-22 at ₹8,362 million, as compared to ₹6,057 million in Q3 20-21. DSO days for Q3 21-22 at 54 days as against 60 days in Q3 20-21. We generated ₹418 million as cash from operations and ₹302 million as free cash flow in Q3 21-21. While free cashflow is lower for Q3 21-22, for 9M 21-22 free cash flow would be at 95% of profit after tax.

We generated lower cash flow for Q3 21-22 is on the back of very strong cash flows in Q2 21-22 due to:

- Increase in DSO from 48 days to 54 days in Q3 21-22 due to spill over of collections
- Price revision in ILD had a positive cash flow impact in Q2 21-22 and corresponding negative impact in Q3 21-22 due to difference in payment terms between our customers and suppliers. This has resulted in reduction of our dollar account balance.

Cash movement for year-over-year is explained below:



Customers

Revenue expansion across customer segments driven by volume growth, new customer additions and deepening of existing customer relationships.

- Customers with revenue greater than ₹500 million contributed 57% in Q3 21-22 as against 49% in Q3 20-21.
- Revenue from new customers for the nine-month period was ₹571 million in 9M 21-22 as against ₹504 million in 9M 20-21.
- Our top twenty customers contributed ₹5,295 million in Q3 21-22 as against ₹4,123 in Q3 20-21, up 28%, while our customer concentration from top twenty customers reduced from 63% in Q3 20-21 as against 60% in Q3 21-22.
- Average revenue per customer contributing greater than > ₹10M is at ₹45 million for the quarter, up 14% from Q3 20-21.

Customer segment	Q3 20-21		Q3 21-22		Growth in count	Growth in revenue
	Count	Revenue	Count	Revenue		
> ₹500M	11	3,175	18	5,048	64%	59%
> ₹100M - < ₹500M	36	2,226	43	2,466	19%	11%
> ₹10M - < ₹100M	112	925	128	1,075	14%	16%
Total	159	6,326	189	8,589	19%	36%

April to December 2021

Revenue

Revenue grew by 39% year-over-year to ₹23,529 million, led by combination of increased volumes our existing business, new customers, change in price, growth in OTT channel, and new use cases. Platform revenue grew by 86% to ₹1,836 million, benefited by creation of new revenue stream- Trubloq. Enterprise revenue grew by 36% year-over-year to ₹21,693 million. Revenue from new customers for the nine-month period was ₹571 million in Q3 21-22 as against ₹504 million in Q3 20-21.

Gross profit

Gross profit grew by 66% year-over-year to ₹6,647 million, Platform business by 82% and Enterprise business by 61%. Gross margin improved by 457 basis points to 28.2% year-over-year on back of increased contribution from our platform business and volume growth in enterprise business.

EBITDA

EBITDA grew by 72% year-over-year at ₹5,161 million. EBITDA margin improved by 425 basis points to 21.9% year-over-year. Salary cost has increased by ₹335 million year-over-year, driven by net additions of employees and RSU cost. Increase in G&A expenses is attributed to provision for doubtful debts of ₹ 59 million (norm-based) and professional expenses.

Profit after tax

Profit after tax increased by 57% at ₹3,987 million. Profit after tax margin improved by 196 basis points to 16.9% year-over-year. Increase in profit after tax is attributable to revenue growth and improvement in profitability. The effective tax rate at 19.6% for 9M 21-22.

Earnings per share

Earnings per share grew significantly by 65% to ₹29.37 year-over-year. EPS growth driven by combination of PAT growth and lower equity shares due to buyback.

Condensed Income Statement

(In ₹ million, unless otherwise stated)	Three months Ended December 31		Nine months Ended December 31		20-21	R12M
	21-22	20-21	21-22	20-21		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Revenue from operations	8,849	6,541	23,529	16,929	23,415	30,015
Cost of services	(6,239)	(4,930)	(16,882)	(12,921)	(17,638)	(21,599)
Gross profit	2,610	1,611	6,647	4,008	5,777	8,416
Operating expenses						
Sales and Marketing	(81)	(60)	(224)	(162)	(218)	(281)
General and administrative	(501)	(282)	(1,262)	(853)	(1,224)	(1,633)
Total operating expenses	(582)	(343)	(1,486)	(1,014)	(1,442)	(1,914)
EBITDA	2,028	1,269	5,161	2,994	4,335	6,501
Depreciation	(111)	(89)	(307)	(303)	(396)	(399)
EBIT	1,917	1,180	4,854	2,691	3,939	6,102
Finance cost	(3)	(2)	(10)	(10)	(11)	(11)
Other income	41	24	115	204	219	131
Profit before tax	1,955	1,202	4,959	2,885	4,147	6,222
Tax expenses	(375)	(267)	(972)	(349)	(586)	(1,210)
Profit after tax	1,580	935	3,987	2,536	3,561	5,012
Earnings per share	11.66	6.87	29.37	17.79	25.27	36.92

Earnings per share

Earnings per share (In ₹)	Q3 20-21	Q3 21-22	9M 21-22	9M 20-21	20-21	R12M
Basic earnings per share	6.87	11.66	29.37	17.79	25.27	36.92

Condensed Balance Sheet

Particulars (In ₹ million)	Dec 31, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	270	289
Platforms	560	97
Customer Relationships	288	413
Brands	12	48
Technology	19	47
Non-Compete	32	38
Intangible assets under development	277	325
Goodwill	1,346	1,346
Capital work in progress	75	-
Right-of-use-lease assets	558	40
Financial assets	103	47
Deferred tax assets (net)	370	443
Other non-current assets	205	519
Total non-current assets	4,115	3,652
Trade receivables	5,212	4,260
Cash and bank balances	8,807	4,493
Other Financial assets	3,851	2,451
Other current assets	457	196
Total current assets	18,327	11,400
TOTAL ASSETS	22,442	15,052
EQUITY AND LIABILITIES		
Equity share capital	136	136
Other equity	11,921	7,772
Total equity	12,057	7,908
Non current liabilities		
Financial liabilities		
Lease liabilities	544	36
Other financial liabilities	3	3
Provisions	15	50
Other non-current liabilities	-	50
Total Non Current Liabilities	562	139
Current liabilities		
Trade payables	6,617	4,780
Lease liabilities	-	9
Other financial liabilities	2,858	2,130
Other current liabilities	127	59
Short term provisions	2	11
Liabilities for current tax (net)	219	16
Total Current liabilities	9,823	7,005
TOTAL EQUITY AND LIABILITIES	22,442	15,052

Condensed change in equity statement

Equity Statement (In ₹ million)	Share capital	Reserves	Retained earnings	Other contributions	Total
Opening balance 01 April 2020	146	6,877	(164)	159	7,017
Profit for the period	-	-	2,536	-	2,536
Other comprehensive income	-	-	-	(51)	(51)
Issue of equity shares	7	194	-	-	201
Shares bought back	(17)	(1,644)	-	-	(1,661)
Dividend declared	-	-	(136)	-	(136)
Others	-	1	-	-	1
Closing balance 31 Dec 2020	136	5,428	2,236	108	7,908
Opening balance 01 April 2021	136	5,428	3,262	105	8,931
Profit for the period	-	-	3,987	-	3,987
Other comprehensive income	-	-	-	24	24
Issue of equity shares	-	11	-	-	11
Shares bought back	(1)	(818)	-	-	(819)
Dividend declared	-	-	(135)	-	(135)
Others	-	58	-	-	58
Closing balance 31 Dec 2021	136	4,679	7,113	129	12,057

Condensed Statement of Cash Flow

Cash flow (In ₹ million)	Q3 21-22	Q3 20-21	9M 21-22	9M 20-21	20-21
Cash flow before changes in working capital	2,125	1,296	5,342	3,053	4,381
Changes in working capital	(1,527)	956	(545)	1,133	1,790
Cash generated from operations	598	2,252	4,797	4,186	6,171
Taxes	(180)	-	(648)	-	(561)
Cash flow from operating activities	418	2,252	4,149	4,186	5,610
Net investments in tangible and intangible assets	(116)	(105)	(345)	(255)	(317)
Interest and other income received	41	8	115	159	219
Cash flow from investing activities	(75)	(96)	(229)	96	(98)
Issue of shares	11	-	11	201	184
Buyback of shares	-	-	(819)	(1,659)	(1,661)
Dividend paid during the year	-	-	(135)	(136)	(136)
Payment and Interest paid on lease liabilities	(4)	(2)	(10)	(10)	(65)
Cash flow from financing activities	7	(2)	(953)	(1,603)	(1,677)
Cash flow for the period	351	2,154	2,966	2,488	3,836
Cash and cash equivalents at the beginning of period	8,457	2,339	5,841	2,006	2,006
Cash and cash equivalents closing balance	8,807	4,493	8,807	4,493	5,841

Key Ratios

Key financial ratios	Q3 19-20	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 20-22	Q2 21-22	Q3 21-22
Rule of 40	103.1%	75.4%	31.9%	36.4%	40.7%	44.9%	60.0%	65.5%	58.2%
Revenue growth	91.3%	64.2%	15.5%	19.7%	21.3%	24.2%	38.0%	44.3%	35.3%
Gross margin	19.3%	21.4%	23.1%	23.0%	24.6%	27.3%	27.7%	27.4%	29.5%
EBITDA margin	11.8%	11.2%	16.4%	16.7%	19.4%	20.7%	21.5%	21.2%	22.9%
EBIT margin	-	-	13.9%	15.0%	18.0%	19.2%	20.0%	20.0%	21.7%
Net profit margin	0.1%	-	17.3%	14.0%	14.3%	15.8%	16.7%	16.2%	17.9%
Free cash flow	773	(968)	250	1,534	2,147	1,361	1,285	2,217	302
DSO	65	60	59	59	60	58	58	48	54
ROCE (Including CCE)	20.3%	(25.0%)	31.0%	42.0%	47.0%	46.0%	50.0%	54.0%	51%
ROCE (excluding CCE)	25.9%	(35.8%)	44.8%	63.1%	101.0%	129.0%	169.0%	247.0%	170%

Equity Capital

Tanla is listed on two national exchanges, the NSE and BSE and included in prestigious indices such as the Nifty 500, BSE 500, Nifty Digital Index, FTSE Russell and MSCI.

Share capital

The Company has only one class of shares – equity shares of par value of ₹1/- each. The authorized share capital of the Company is 20,00,00,000 equity shares. As on December 31, 2021, paid-up share capital was ₹ 1,357 million.

Shareholders

As of 31 December 2021, Company has about 90,895 shareholders as compared to 55,913 shareholders as on 31 December 2020. Promoters and employees hold 49.7% of the total equity. Institutional investors (FII and DII) have significantly increased from 13.6% to 18.1% over the past twelve months. Premji Invest is added in our list of marquee investors.

Shareholder Distribution by Category

Movement in shareholder pattern for last five quarters

Shareholder category	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Promoters	40.9%	41.2%	42.3%	42.5%	43.7%
Employees	6.7%	6.4%	5.4%	5.9%	6.0%
Retail	38.8%	34.7%	34.1%	32.9%	32.2%
FII	13.0%	17.1%	16.5%	16.8%	15.3%
DII	0.6%	0.6%	1.8%	1.9%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Key Policies

Basis for preparation of financial statements

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 as amended, issued by Ministry of Corporate Affairs ('MCA'). Accounting policies have been consistently applied to all the years presented 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.

Revenue recognition

Revenue are derived from our Enterprise and Platform business. Revenue from Enterprises are computed based on total transactions processed through our platforms at the agreed fixed value per transaction. Platform revenue are computed by way of revenue share measured as a rate applicable to transaction processed on their network from mobile carriers and other suppliers. Revenue is recognized upon provision of service to customers that reflects the consideration we expect to receive in exchange for those service.

Depreciation and Amortization

Fixed assets including IT assets are depreciated over their estimated useful lives using the straight-line method. Intangible assets created at time of acquisition based on purchase price allocation methodology. Intangible assets are amortized over their estimated useful lives using the straight-line method.

Capitalization of Platforms: Research and development cost are aimed at developing new and innovative products, expanding features for our existing platforms and products. Development cost comprises of third-party product development and other direct related cost associated with it. Internal cost which are revenue expenditure in nature are not capitalized. Development cost incurred are capitalized on product go-live.

Provision for bad and doubtful debts

We have an Audit Committee approved policy on norm-based provision for bad and doubtful debts. Debtors are assessed at end of each reporting period and provided for based on bad and doubtful debt policy which is norm based (50%- debtor aged between 180-270 days and 100% for greater than 270 days for Enterprises and 100% for greater than 365 days for Government). Provisions created shall be higher of Expected Credit Loss (ECL) or provision determined by the policy.

Investment policy

We have an Audit Committee approved policy on investments. Investments can be in form of liquid funds- fixed deposits/term deposits with banks, housing finance companies and saving scheme/securities/bonds issued by the central government. Investments are mainly in Fixed deposits with banks and housing finance companies having a credit rating of "AAA". Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Governance policies:

Code of Conduct:

This code of conduct on the website is for Directors and Senior Employees- the code of conduct generally applicable to all employees in on the HRMS tool.

Supplier code of conduct:

We believe in conducting business with ethics and integrity, treating all people with dignity and respect, supporting our communities and honoring the laws & regulations of the countries in which we operate. We will endeavor to choose reputable business partners who conduct their business in a manner that shows high ethical standards, safe and healthy work environments, protection of human rights and dignity, protection of environment and compliance with the law. The SCoC outlines our expectations regarding the workplace standards and the business practices of our suppliers and those in their supply chain.

Whistle Blower Policy:

This policy is formulated with a view to provide a mechanism for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the company's code of conduct.

Code for Insider Trading:

All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations. The Compliance Officer shall report on insider trading to the Board of Directors and to the Chairman of the Audit Committee, if any, at such frequency as may be stipulated by the Board of Directors.

Risk Management policy:

We are affected by general economic, financial, and regulatory developments at the domestic and international level, as well as by conditions specific to certain countries or regions. We have put in place a structure, procedures, and control systems to detect risks and implement appropriate measures to prevent and mitigate them. The Risk Management Committee reviews the efficiency of the internal control systems and submits a report to the Board and the shareholders.

Related Party Transaction Policy:

approved by the Audit Committee, are reported on a half-yearly basis to the Stock Exchanges. Our related party transactions are limited to inter-company transactions with our subsidiaries.

Definitions

Platform business segment

Platform business segment refers to all revenue generated from "Platform as a service offering" where only cloud and hosting charges is a direct charge on revenue.

Enterprise business segment

Enterprise business refers to revenue generated based on total transactions processed at an agreed price per transaction, through multiple channels like SMS, emails, WhatsApp and others. Cost of services for enterprise business mainly consist of transaction fee paid to mobile carriers and other suppliers.

Gross profit

Revenue less cost of services. Cost of services comprises of service transaction fee paid to mobile carriers and other suppliers.

Gross margin

The gross margin reflects percentage of revenue less cost of services.

Sales and marketing expense

Sales and marketing expenses comprise of employee cost and expenses directly associated with sales, marketing, and promotional activities.

General and administrative expense

General and administration expenses comprise of employee cost (excluding the salary cost mentioned above), cloud and data center hosting charges and expenses incurred for day-to-day operations such as rent of facilities, office maintenance, professional fee, and other general expenses.

Operating profit-EBITDA

Earnings before interest, taxes, depreciation, and amortization reflects profit derived based on revenue less of operating expenses. It is reflection of profitability of operating business.

Adjusted EBITDA

Adjusted EBITDA excludes one-time expenses such as one time acquisition, buy back, ESPS and other event related costs.

Operating cash flow

Operating cash flow is a measure of amount of cash generated from business operations.

Free cash flow

Free cash flow is derived by reducing capital expenditure from operating cash flow. It measures how much cash is at disposal after covering cost associated with business operations.

Capex expenditure

Investments in platforms, IT & Networks and facilities during the period. Development cost incurred on intangible assets are capitalized until product starts generating revenue.

Return on capital employed (ROCE)

ROCE including CCE:

EBIT divided by capital employed. Capital employed is derived by reducing current liabilities from total assets.

ROCE excluding CCE:

EBIT divided by capital employed. Cash and cash equivalents (CCE) are not considered while computing capital employed.

Rule of 40

Rule of 40 metric is used to measure performance of SaaS companies. This metric which is a summation of Revenue growth and EBITDA margin is expected to be at or above 40%.

New customer

New customers include every unique new contracting entity added in the year.

Customer segments

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

About Tanla:

Tanla Platforms Limited transforms the way the world collaborates and communicates through innovative CPaaS solutions. Founded in 1999, it was the first company to develop and deploy A2P SMSC in India. Today, as one of the world's largest CPaaS players, it processes more than 800 billion interactions annually and about 63% of India's A2P SMS traffic is processed through Trubloq, making it the world's largest Blockchain use case. Wisely, our patented enterprise grade platform offers private, secure and trusted experiences for enterprises and mobile carriers. Tanla Platforms Limited is headquartered in Hyderabad. Tanla is listed on two national exchanges, the NSE and BSE, and included in prestigious indices such as the Nifty 500, BSE 500, Nifty Digital Index, FTSE Russell and MSCI.

Forthcoming reporting dates

Q4 21-22 - 28 April 2022

Guidance

Tanla does not provide any guidance.

ESG

The purpose of our ESG is to build solutions & services which offer security & transparency, earning the trust of customers, investors and governments while acting responsibly towards employees and communities. We envision in building a resilient organization that engages with the customers, suppliers and employees to provide an unparalleled global communications platform while being steadfast to ethics and integrity that result in a better future and a committed triple bottom line of People Planet and Profit. To build strong ESG principles and process a wide range of initiatives are being implemented under ESG- achieving net zero neutrality by 2025.

Board of Directors

Mr. Uday Reddy
Founder Chairman & CEO

Ms. Amrita Gangotra
Independent Director
Ex CTIO -Vodafone

Mr. Sanjay Baweja
Independent Director
Ex CFO - Flipkart,
Tata Communication Ltd

Mr. Rahul Khanna
Independent Director
Chief Investment officer
Habrok Capital Management LLP

Mr. Rohit Bhasin
Independent Director
Ex-Partner - PWC India

Dr. A. G. Ravindranath Reddy
Non-Executive Director
Corporate consultant

Mr. Sanjay Kapoor
Non-Executive Director
Ex CEO - Airtel

Mr. Deepak Goyal
Executive Director

Auditors

Statutory Auditor
M/s. MSKA & Associates
Amit Agarwal - Partner

Internal Auditor
Deloitte Touche Tohmatsu India LLP
Vishal Shah - Partner

GST Auditor
M/s. MSKA & Associates
Abhinav Shrivastav

Consultants

Process consultants
KPMG in India
Purushothaman KG - Partner
Amit Jain- Director

Secretarial consultants
BSR & CO LLP
Pradeep Narayana - Partner

Tax consultants
PWC in India
Amit Jain - Partner

Digitalization consultants
EY
Prashant Singhal - Partner

Forward-looking statements

This document might contain statements that are forward looking in nature. All statements other than statements of historical fact could be deemed as forward-looking in nature. Such statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. By receiving this document, 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.

Certification

The CEO and CFO certify that financial results do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

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Aravind Viswanathan
Chief Financial Officer