



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
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October 21, 2021

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 |
|---|---|

Dear Madam/Sir,

Sub: Investors Updates for the quarter and half year ended September 30, 2021

With reference to the subject cited, we are enclosing herewith the following for the quarter and half year ended September 30, 2021;

1. Investor Presentation.
2. Half Yearly Report.

Yours faithfully,

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



Seshanuradha Chava
General Counsel and Chief Regulatory Officer
ACS-15519

The world's leading brands trust Tanla

Q2 21-22

Investor Update

October 21, 2021



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 20/10/21, 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
- Co-sell partnership with Microsoft

TRUBLOQ

- World's first block chain enabled CPaaS stack
- Trusted by over 44,000 enterprises
- 63% volume market share

CPaaS Market leader in India

800B

Interactions/year

42%

Revenue market share

63%

DLT volume market share

41%

NLD volume market share

75%

ILD 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

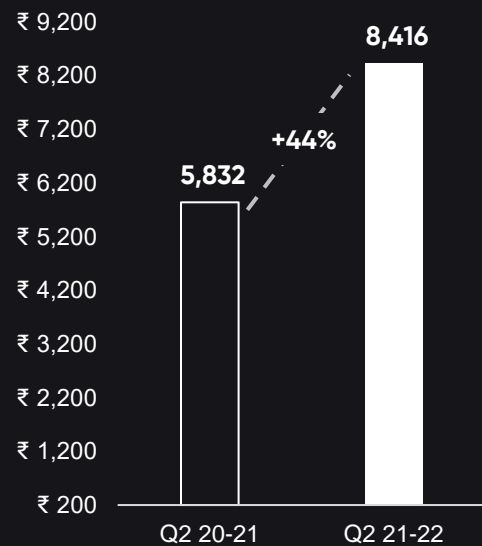
Gartner

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

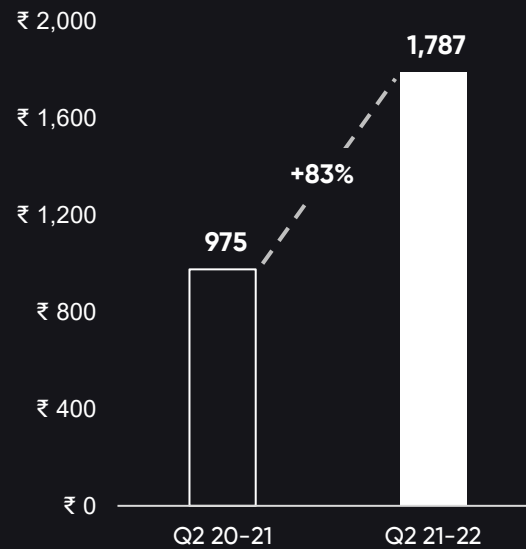
Acceleration across all dimensions

Key financial metrics

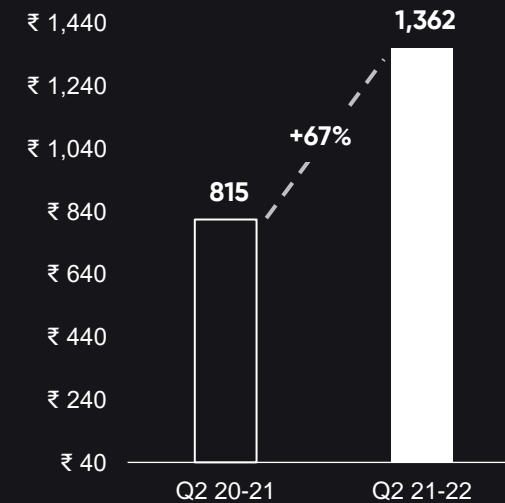
Revenue grew 44% year-over-year to ₹8,416 million.



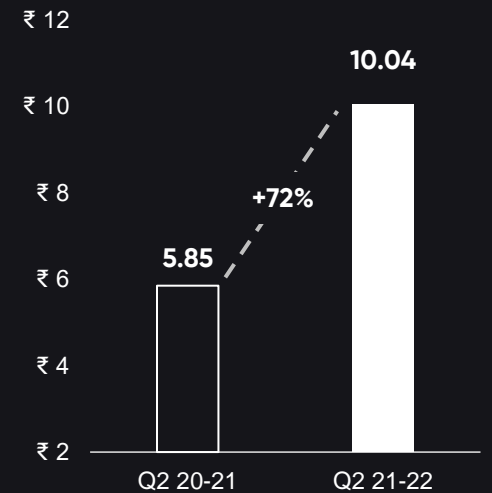
EBITDA grew 83% year-over-year to ₹1,787 million.



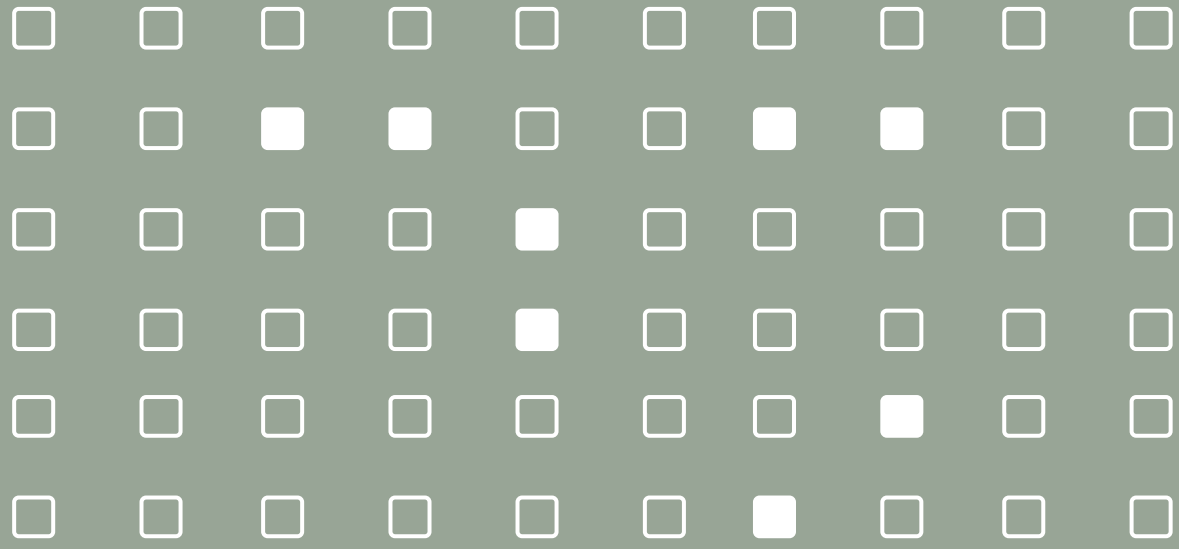
PAT grew 67% year-over-year to ₹1,362 million.



EPS grew 72% year-over-year to ₹10.04.



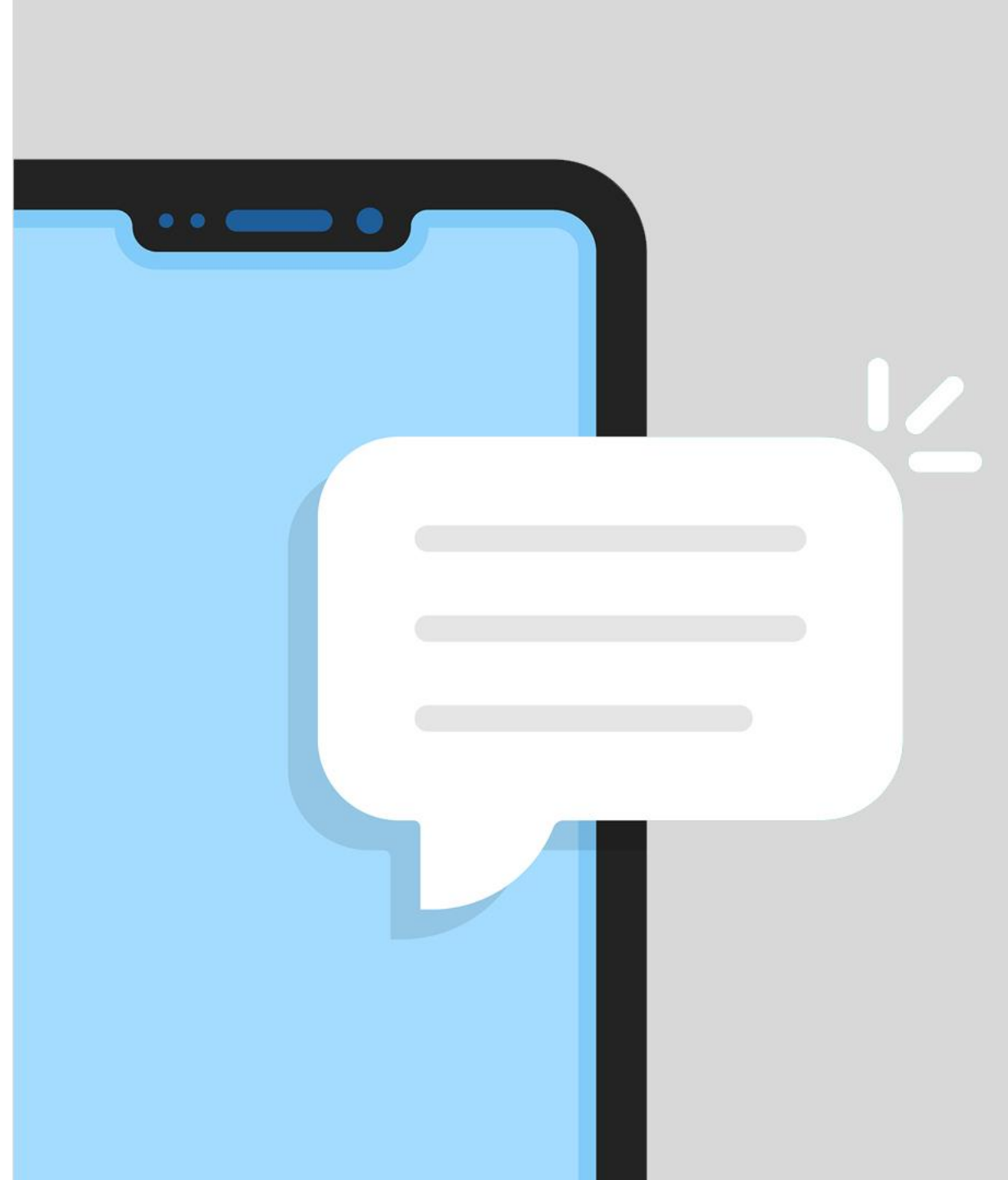
PLATFORM UPDATES





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

- **Closed two new partnerships on Wisely Platform.**
- **3 major features** have been released in the platform
 - Enhanced behavioral marketing insights on campaigns triggered
 - A new version of tools to enable businesses to seamlessly integrate into Wisely
 - Integrated ERP and CRM system to provide better control and governance
- On-boarded top international **strategy consulting firm** to help shape wisely GTM strategy



TRUBLOQ

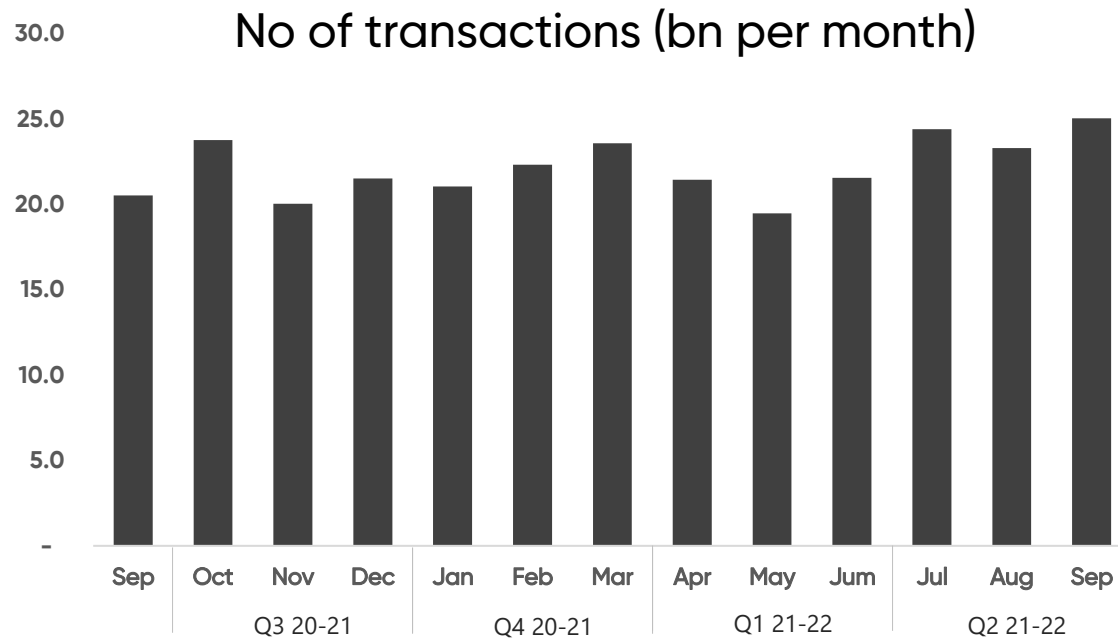
Largest blockchain platform in the world in-terms of scale, transactions, and capacity. Protecting billion+ mobile subscribers from unsolicited commercial communication including spam & fraud

63%

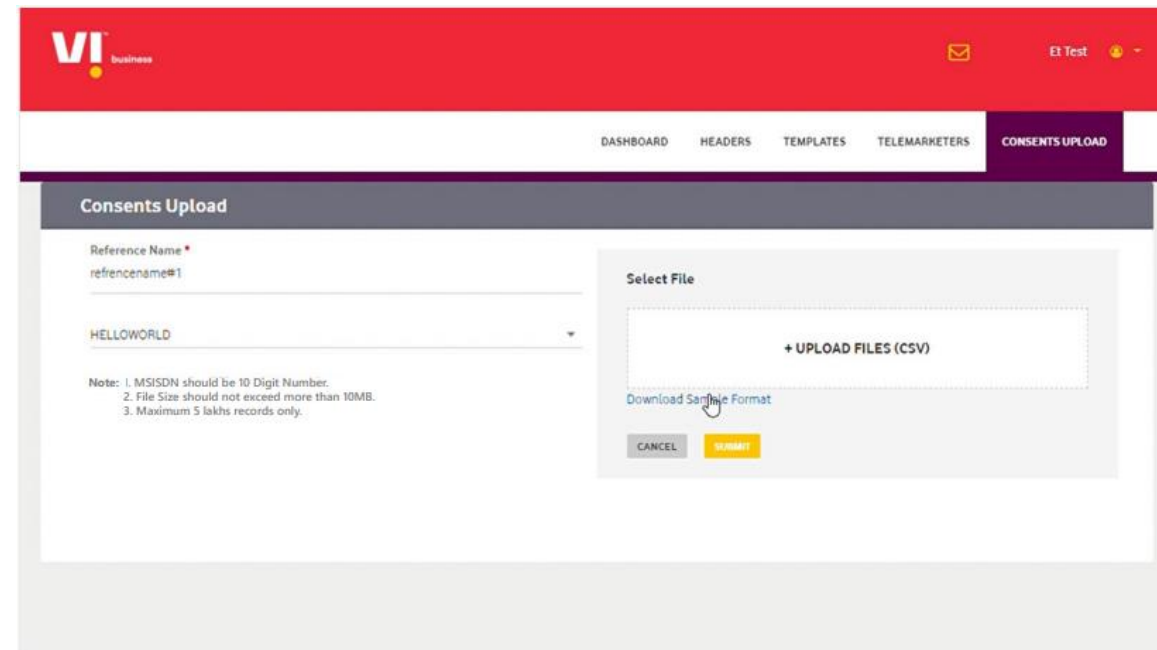
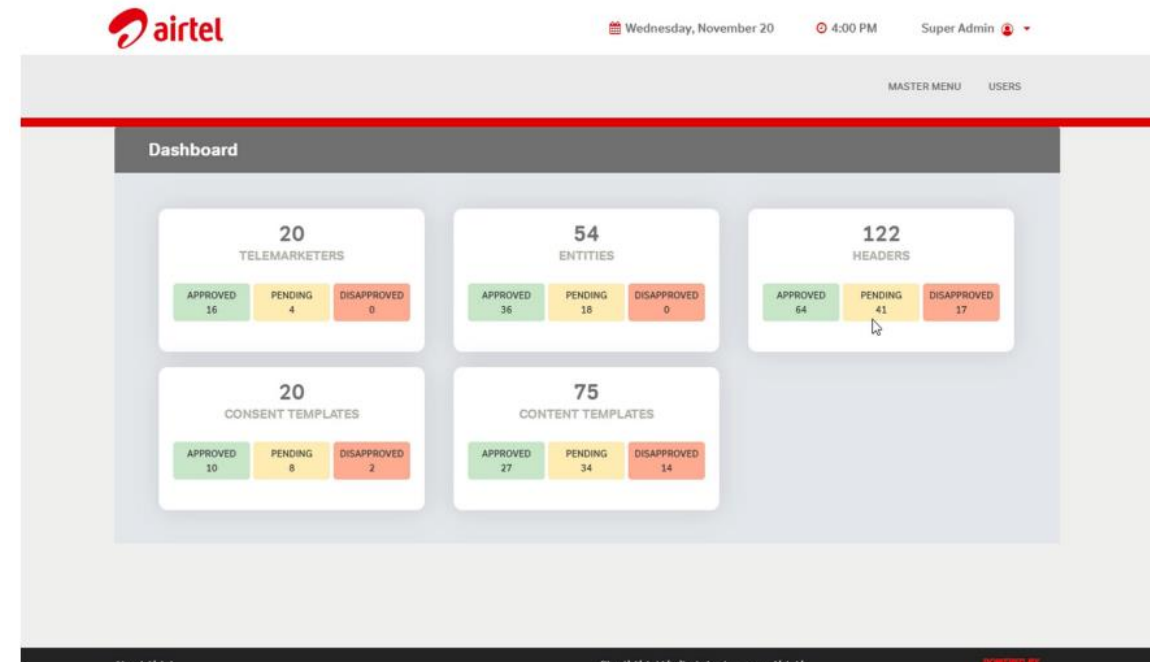
Market Share

**Increase by 1% from last quarter*

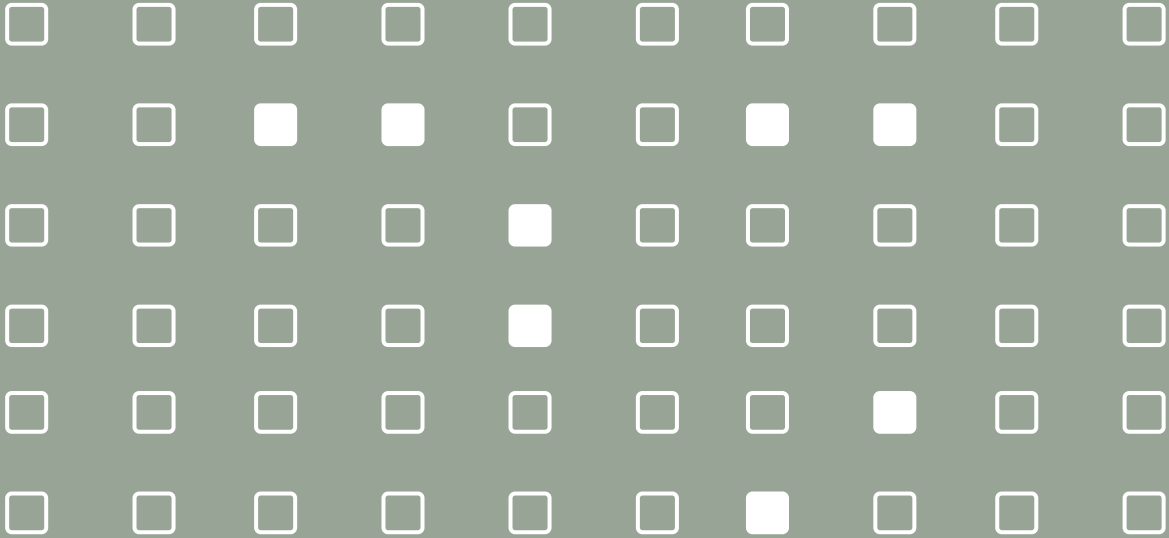
- Consent module went live in September
- 35% consent migration share



This indicative data on market size has been arrived at basis our internal analysis. This is our assessment and merely indicative in nature and should not be relied upon.



CUSTOMER UPDATES



Mahindra Construction launches "Hello Machine" as a Whatsapp digital support program



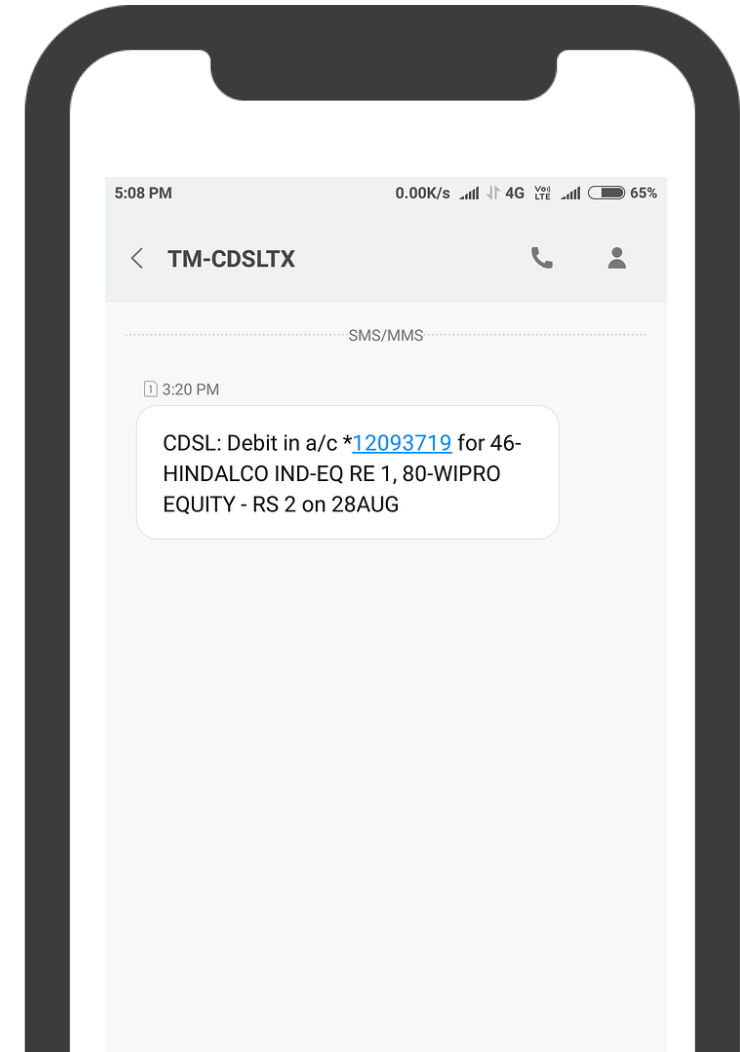
- Automated complaint management for customers and field staff across India
- 5X operational efficiency in complaint logging & manual rework
- 10x reduction in time to resolve complaints end to end



CDSL adopts scalable and omnichannel APIs to process large volume of SMS & Emails to deliver regulatory communication to its customers



- Seamless processing of high volumes meeting stringent regulatory deadlines
- Simplified tracking & analytics with customized reporting panel as per CDSL's internal mapping & tracking logics



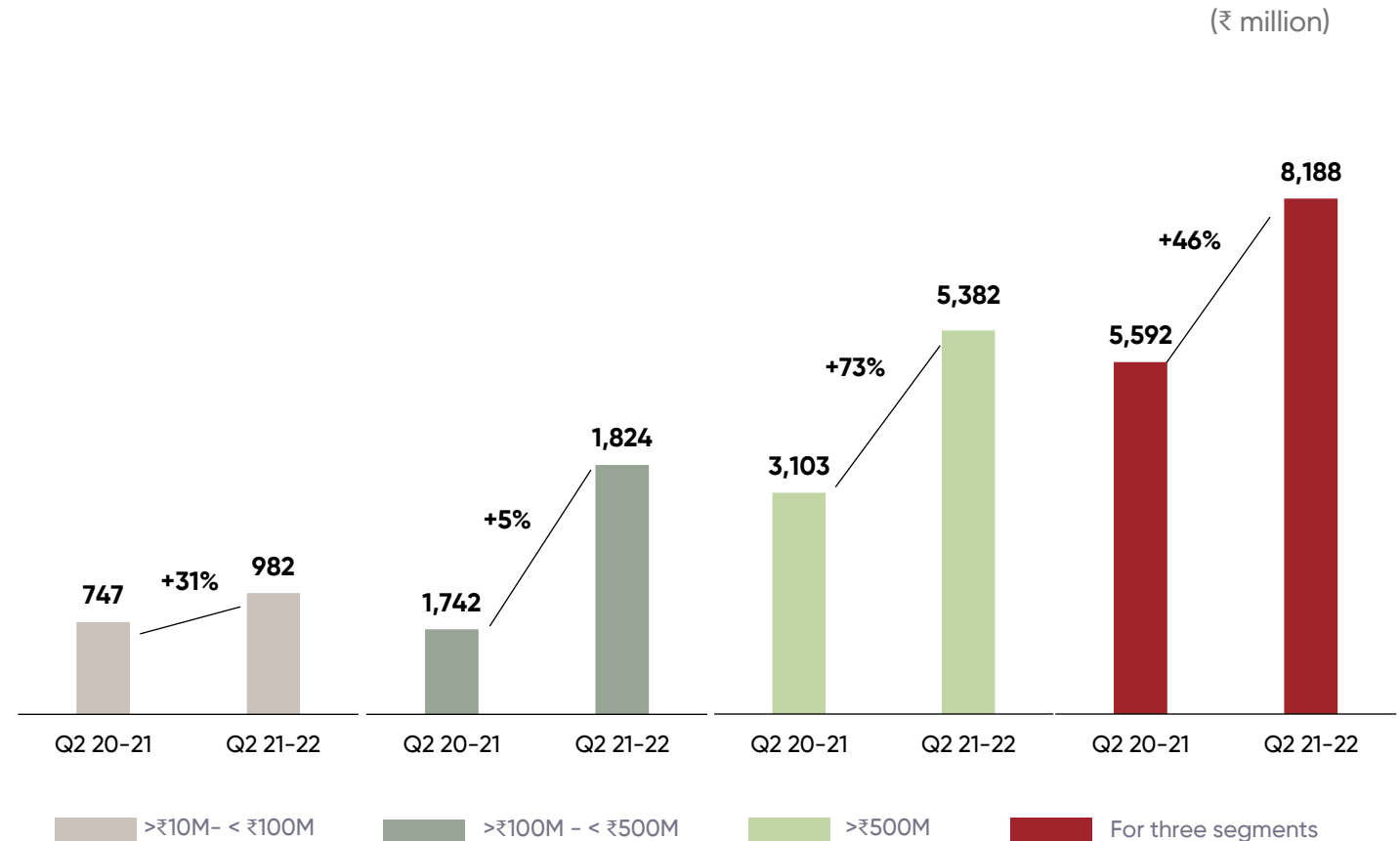
One of the fastest growing EdTech businesses in India deploys WhatsApp Business API to engage their audience

- Created user-to-brand engagement capsules
- 8x increase in number of users engaging with the brand
- 60% Reduction in block rates using hyper personalization, context and content



Expanding existing customer relationships

- Customers with revenue > ₹10M+ have grown 46% year-over-year
- Customers with revenue > ₹500M contributed 64% in Q2 21-22 as against 53% in Q2 20-21

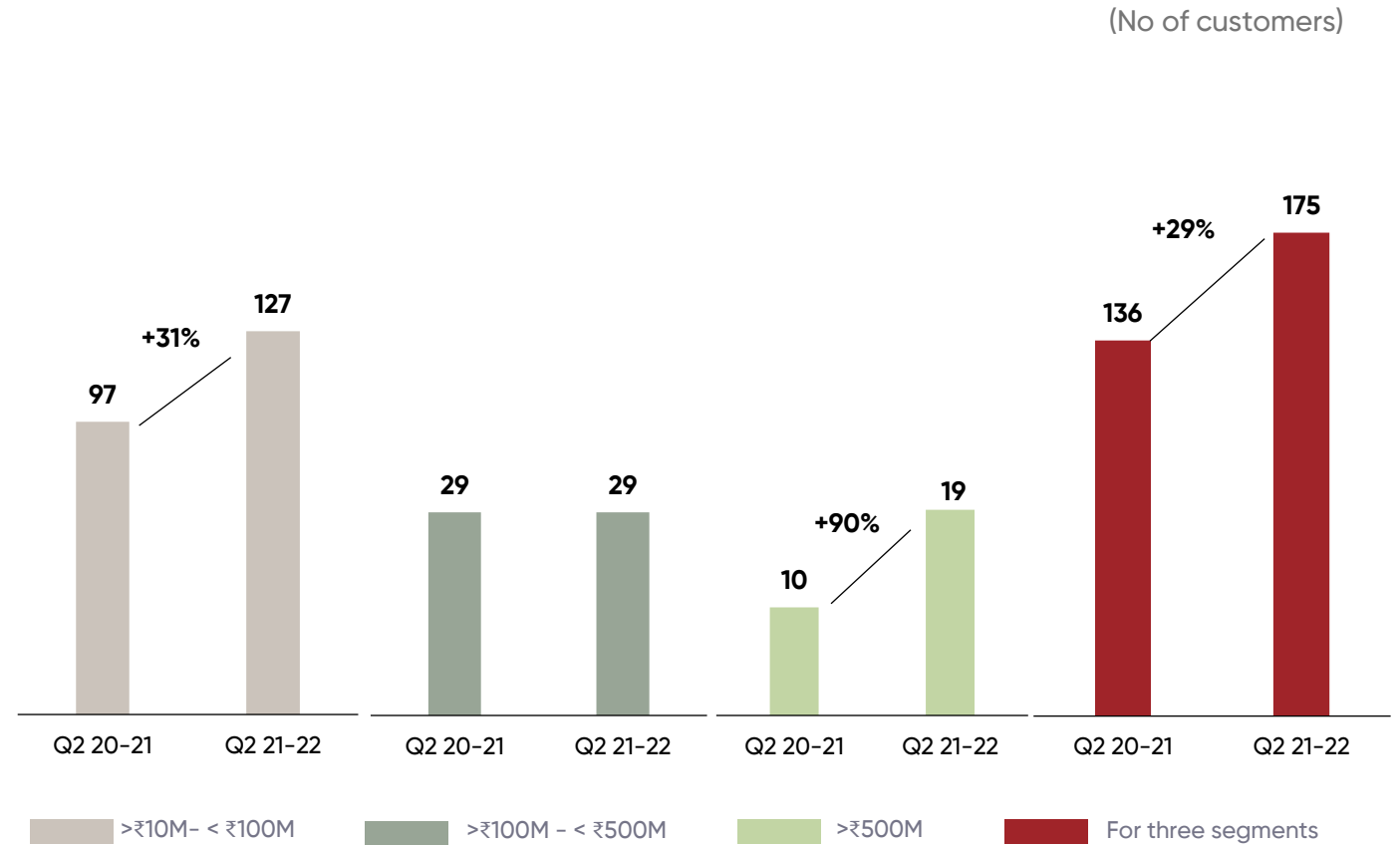


Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)



Our large customers have grown even larger

- 175 customers with annual revenue of > ₹10M+, up from 136 customers in Q2 20-21
- 19 customers with revenue >₹500M, up from 10 in Q2 20-21



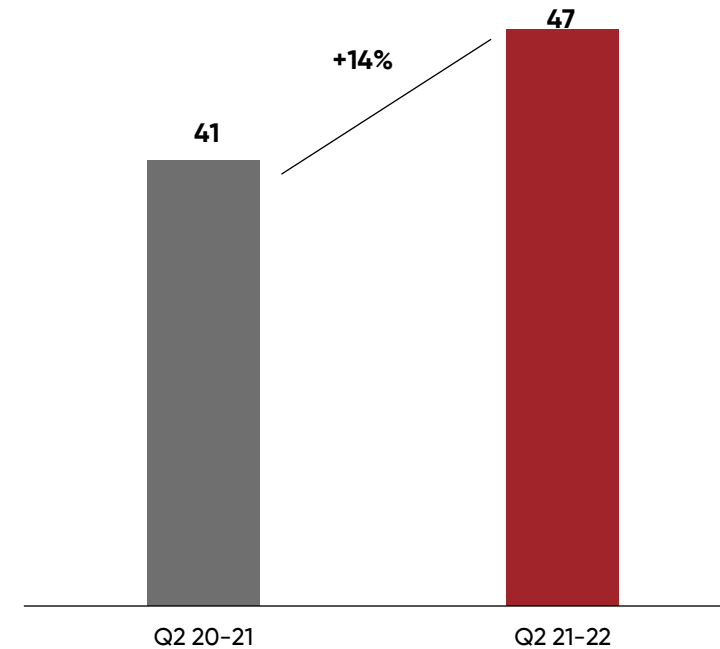
Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)



Average revenue for > ₹10M customers continues to grow

(₹ million)

Average revenue from ₹10M+ customers at ₹ 47 million, growth of 14% YoY



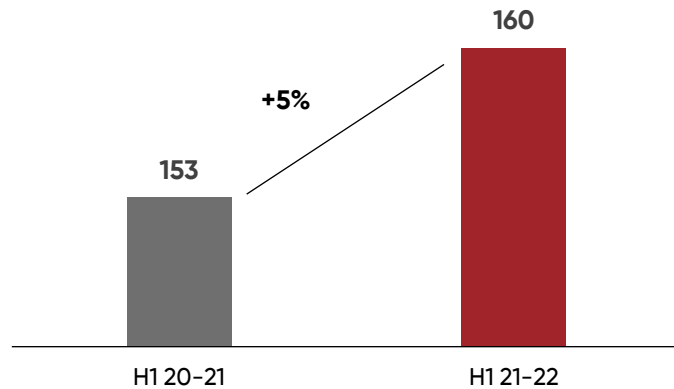
Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)



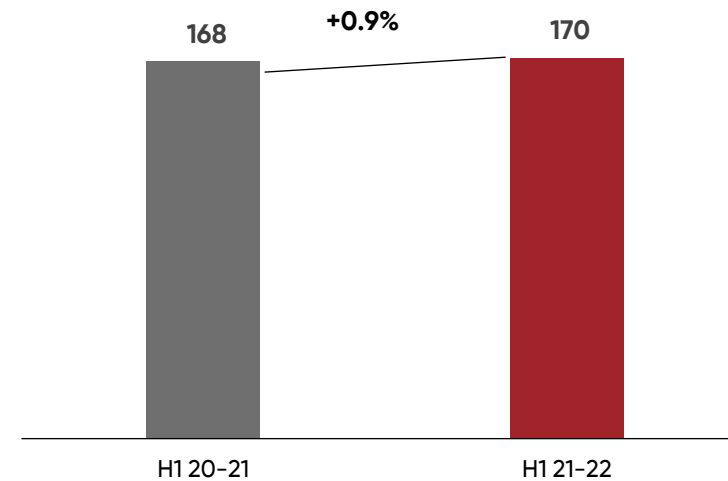
Healthy additions of new customers

(₹ million)

In H1 21-22, we added 160 new customers as against 153 additions in H1 20-21



Revenue from new customers for H1 21-22 at ₹ 170 million as against ₹ 168 million in H1 20-21



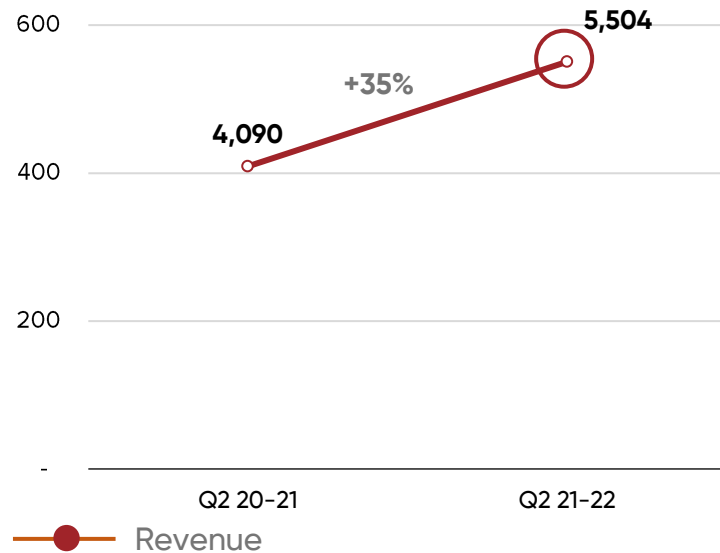
New customers include every unique new contracting entity added during the quarter



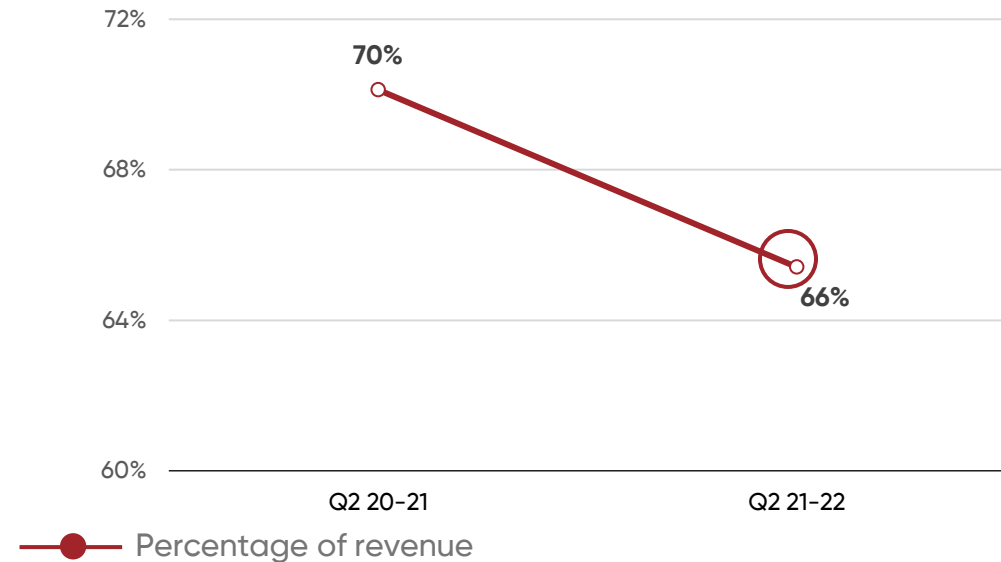
Diversification of customer base

(₹ million)

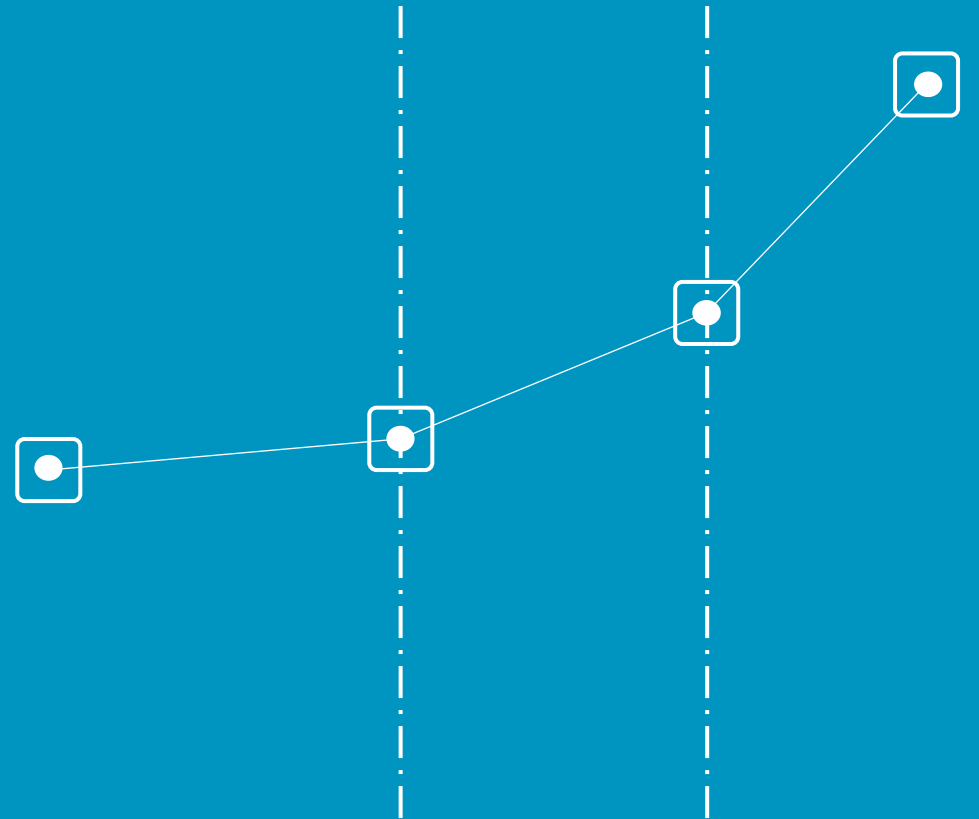
Revenue from our top 20 customers is increasing



Top 20 customer concentration as a % of revenue is decreasing

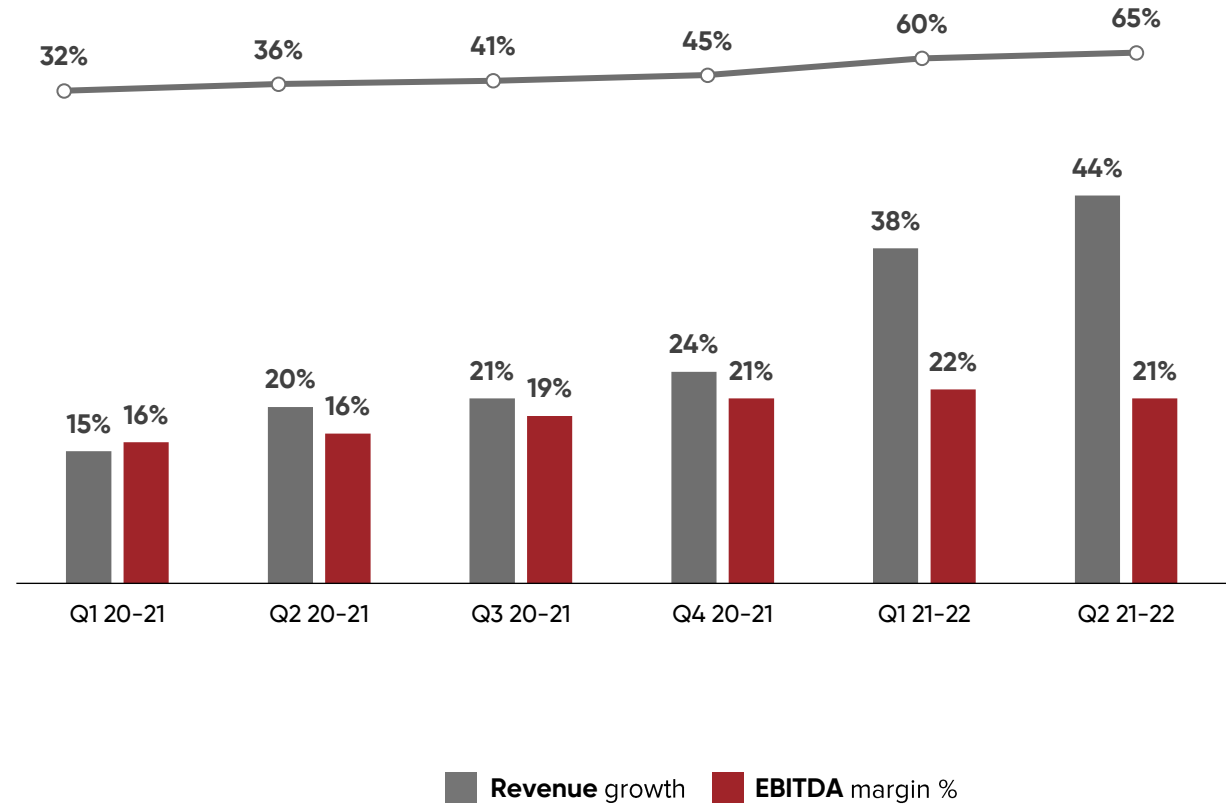


FINANCIAL UPDATE



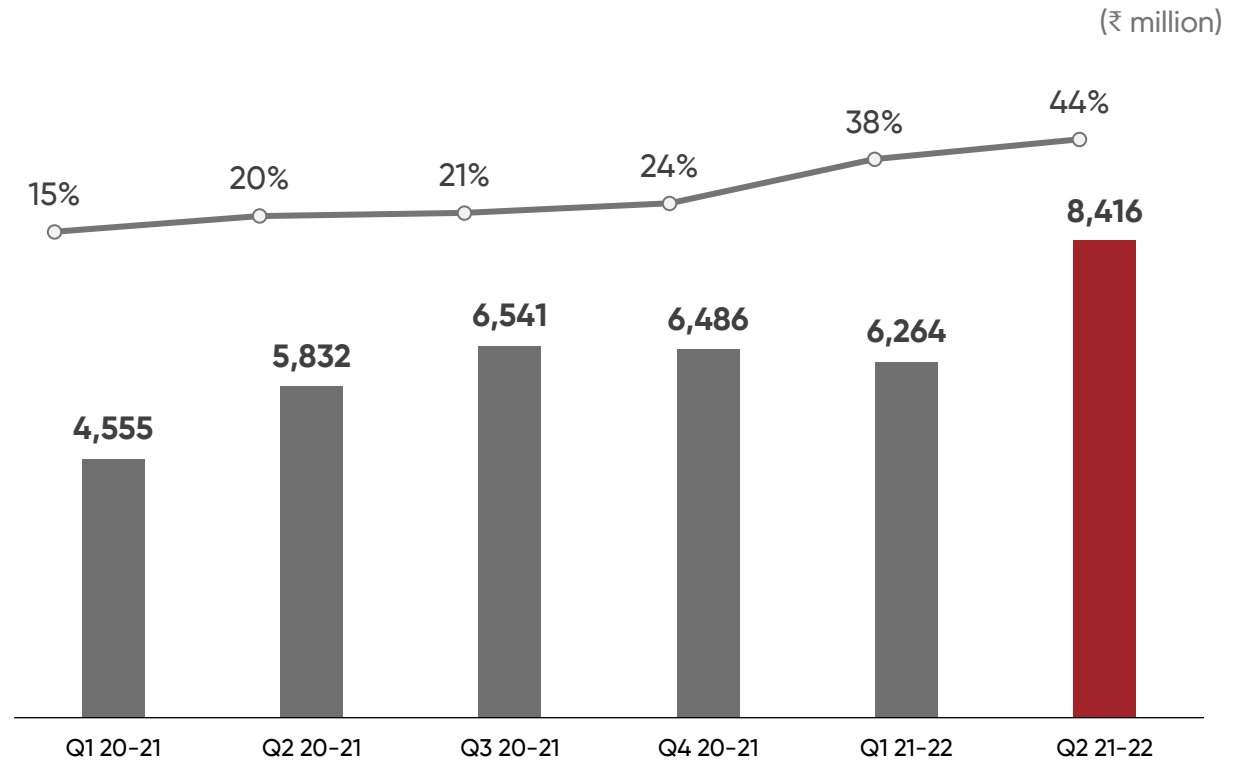
Operating above Rule of 40

- SaaS companies target to operate at Rule of 40 (revenue growth + EBITDA%)
- Operated at Rule of 60 for second consecutive quarter- 65%



Turbo charged revenue growth

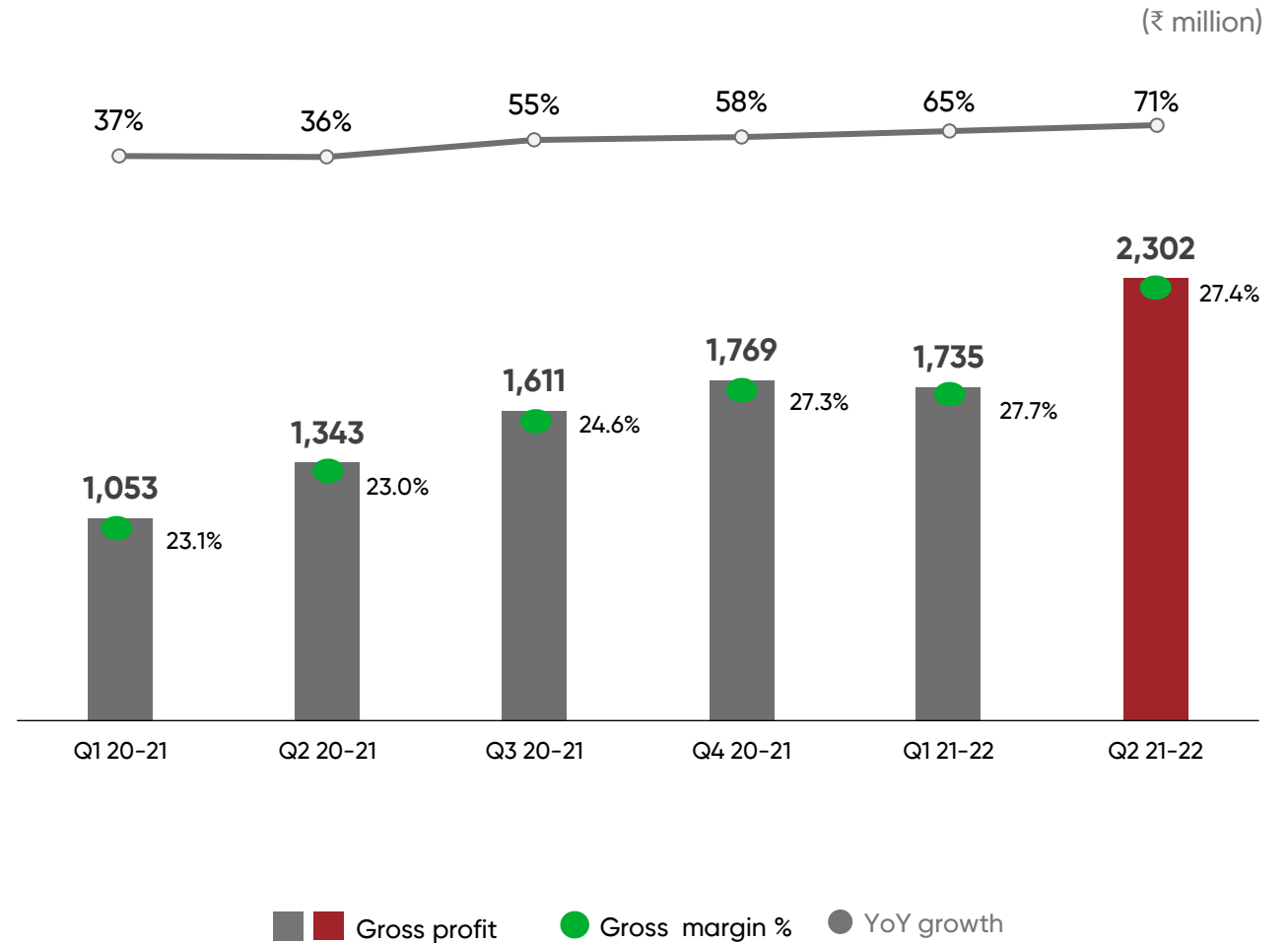
- Improving year-over-year growth trajectory every quarter for the past 6 quarters
- Growth driven by increase in volumes from existing customers, new customer addition and new use cases
- Growth led by BFSI, Retail, Social Media and Government.



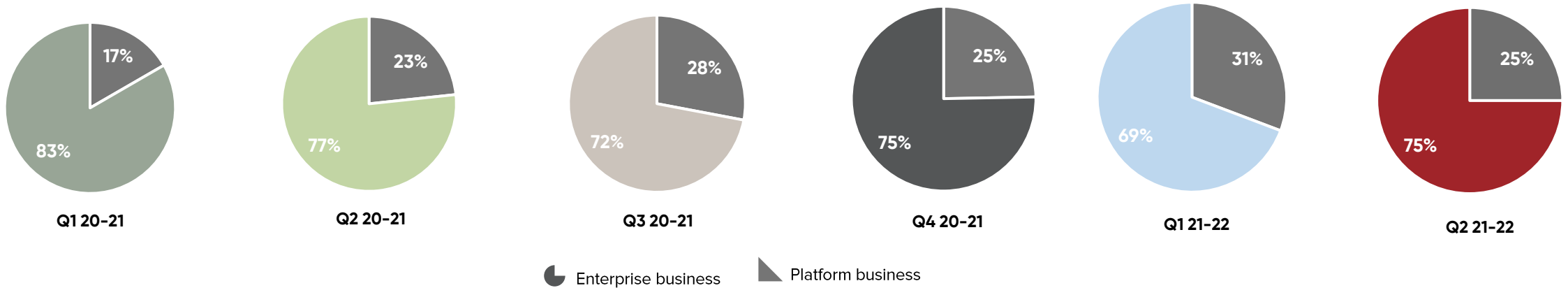
■ Revenue ● YoY growth

Gross profit growth accelerating every quarter

- Gross Profit growth of 71% YoY
- Gross margin % has improved 440 basis points year-over-year
- Platform business gross margin contribution to total at 25% in Q2 21-22 as against 23% in Q2 20-21



Gross margin mix



- Platform business gross margin at ₹ 578 million in Q2 21-22, up 85% from Q2 20-21
- Enterprise business gross margin at ₹ 1,724 million in Q2 21-22, up 67% from Q2 20-21
- Platform business gross margin contribution to total at 25%, improved by 181 bps YoY

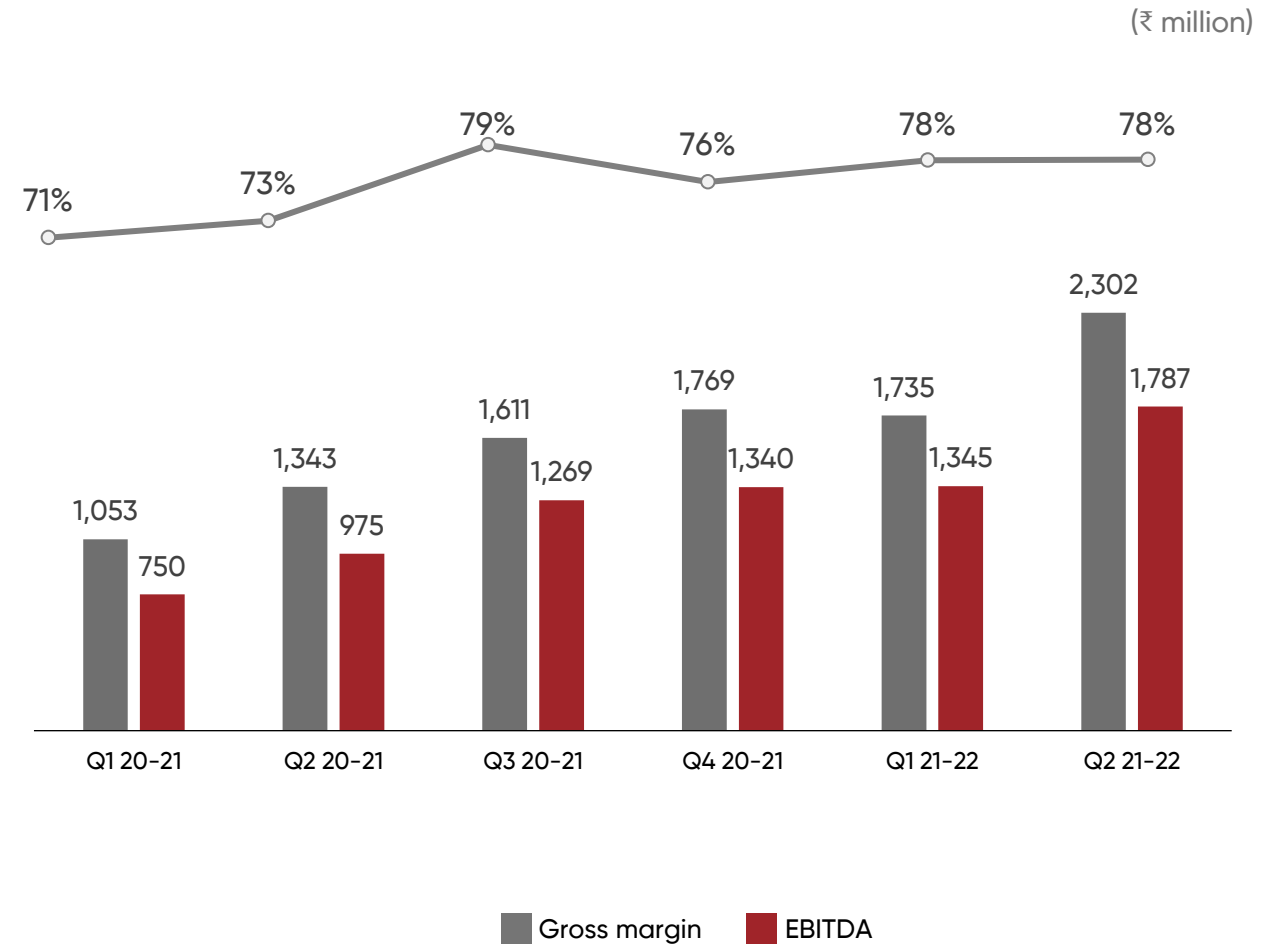
Note:

Platform business refers to all non-usage based revenue generated from "Platform as a service offering" where only cloud and hosting charges is a direct charge on revenue
Enterprise business refers to usage based revenue, where cost of services is incurred towards fee paid to service providers such as carriers and other network providers



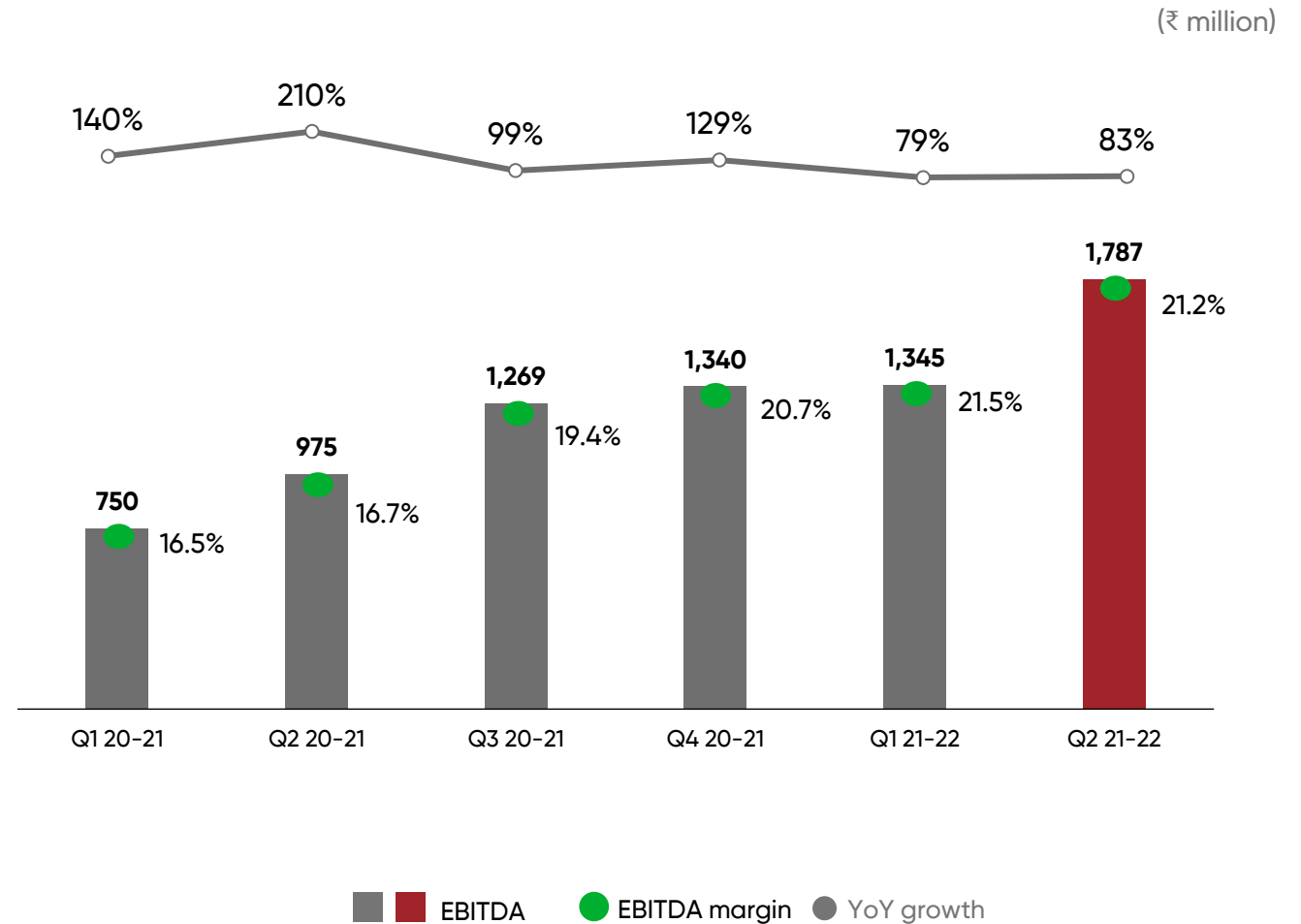
Improving efficiency metrics

- Driving strong operating leverage on indirect cost- reduction of 500 basis points year-over year as % of Gross profit
- Salary cost at 14% of gross margin in Q2 21-22, as against 17% in Q2 20-21
- Other indirect cost at 8% of gross margin in Q2 21-22, as against 10% in Q2 20-21



Strong EBITDA growth

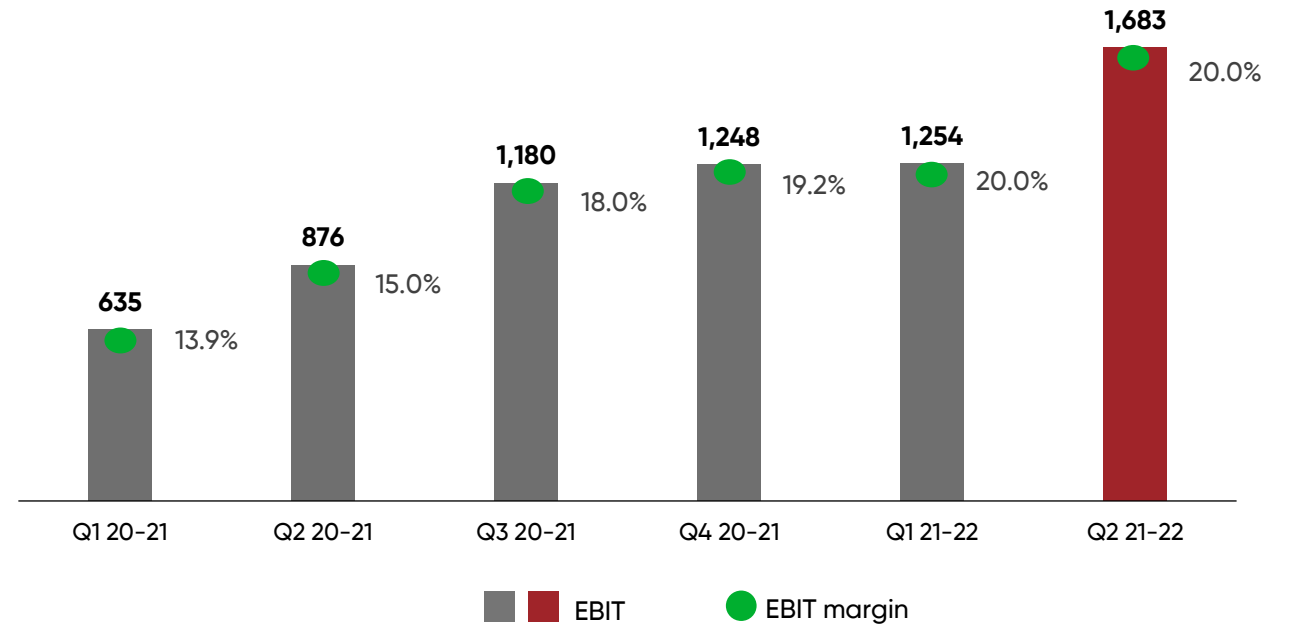
- EBITDA growth of 83% year-over-year
- EBITDA has improved 452 basis points year-over-year
- Salary cost has gone by ₹ 102 million YoY, driven by salary increases and new additions. We added net 142 employees over last twelve months, largely in niche technology to accelerate innovation on Wisely Platform
- Other indirect cost have largely gone up due to increase in provision for doubtful debts as per norm-based policy



EBIT grew by 92% YoY

(₹ million)

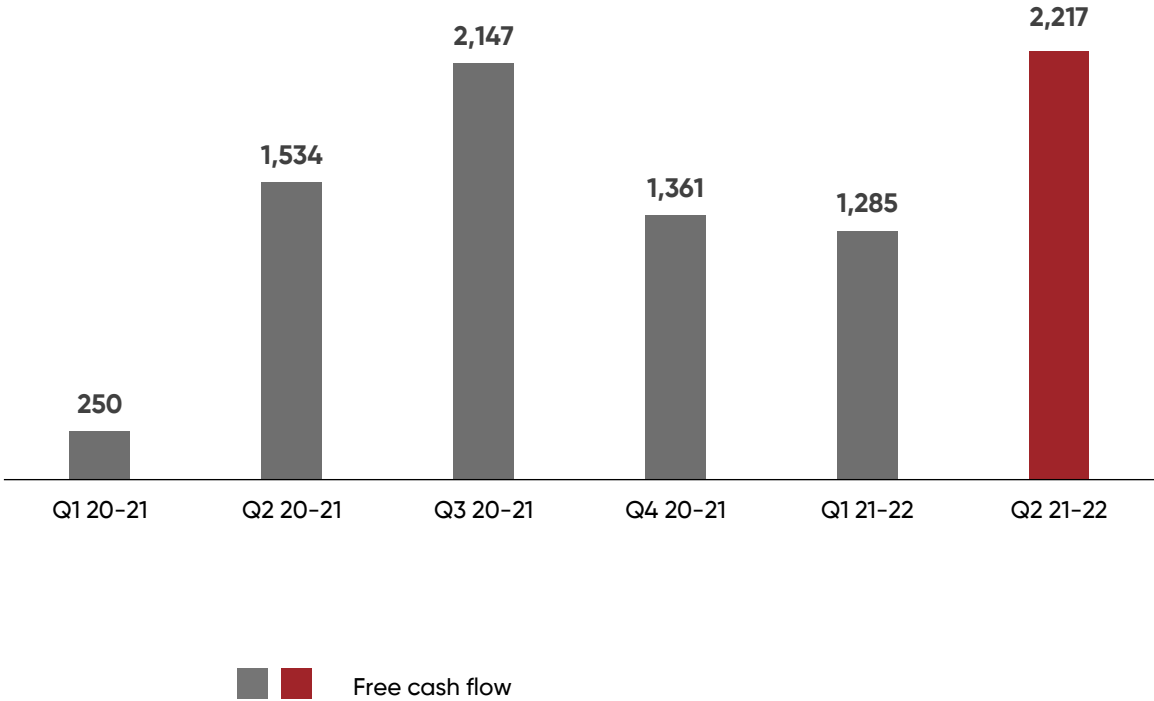
- EBIT has improved 497 basis points year-over-year



Best in class free cash flow profile

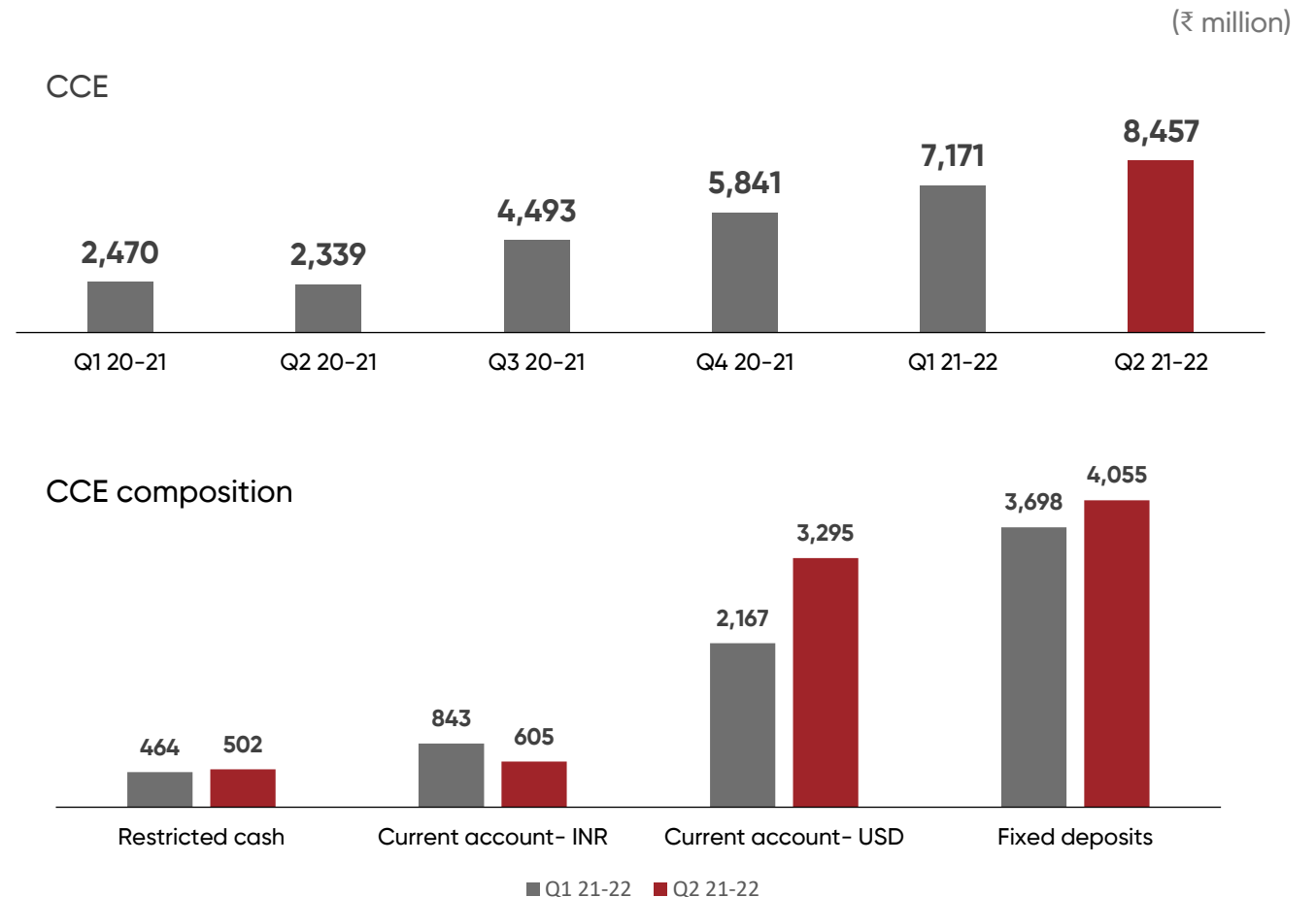
(₹ million)

- Free cash flow at ₹ 2,217 million in Q2 21-22, up 45% from Q2 20-21



Cash & cash equivalents

- 38% of our cash balance is in dollar account earning no interest
- Current account balance is high due to month end collections. To optimize the working capital management, we are moving to a sweep-in structure



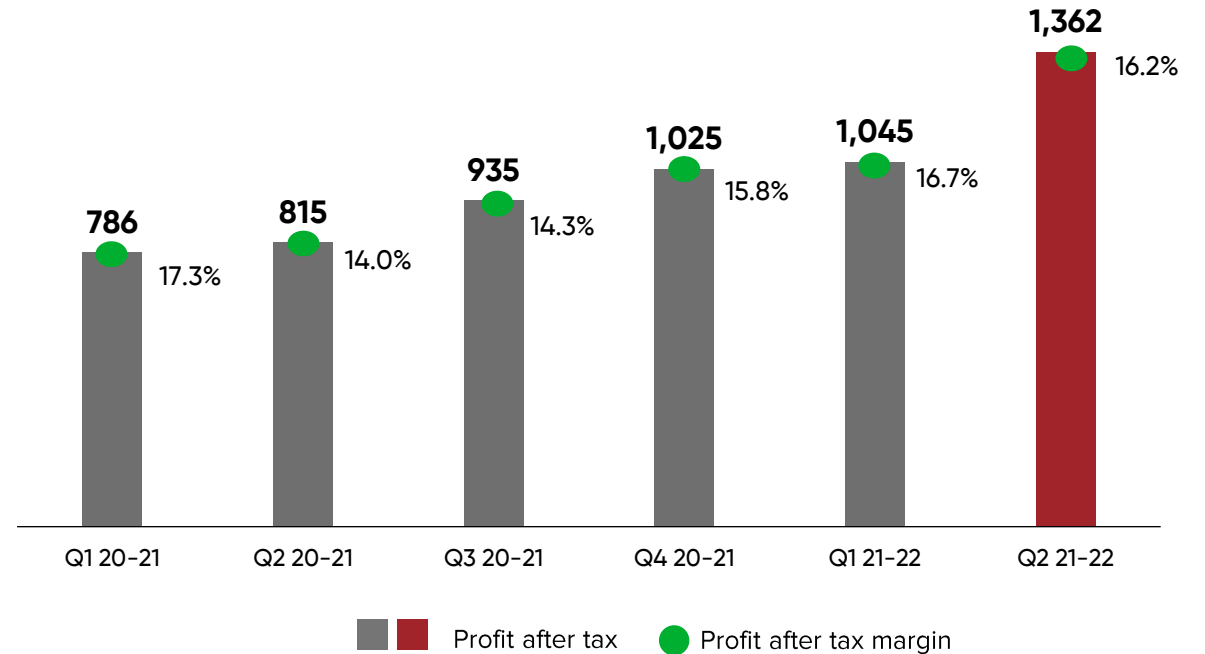
Cash & cash equivalents break up

| In million, unless otherwise stated | Current accounts-INR | Current accounts-USD | Fixed Deposits | Restricted cash | Total |
|-------------------------------------|-------------------------|-------------------------|-------------------|--------------------|--------------|
| HDFC Bank | 483 | 88 | 2,682 | 351 | 3,604 |
| HDFC Limited | - | - | 1,000 | - | 1,000 |
| LIC Housing Limited | - | - | 200 | - | 200 |
| State Bank of India | 4 | - | 168 | 3 | 175 |
| Axis Bank | 20 | - | 1 | - | 21 |
| Kotak Mahindra Bank | 15 | - | - | 94 | 109 |
| Citibank (Dubai) | - | 467 | - | - | 467 |
| DBS Bank (Singapore) | - | 2,740 | - | 27 | 2,767 |
| Others | 83 | - | 4 | 27 | 114 |
| Total | 605 | 3,295 | 4,055 | 502 | 8,457 |

Profit after tax grew by 67%

(₹ million)

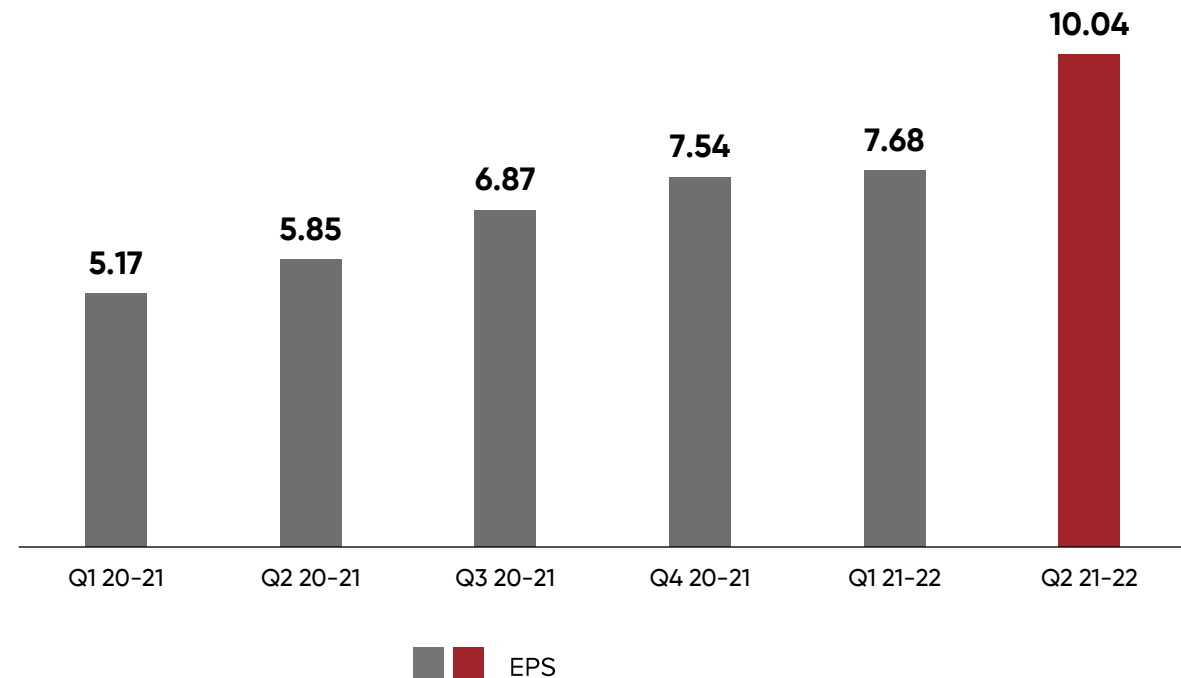
- Profit after tax at ₹ 1,362 million in Q2 21-22, up 67% from Q2 20-21



Double digit EPS

(₹)

- Earnings per share at ₹ 10.04 in Q2 21-22, up 72% from Q2 20-21
- EPS accretion is on account of increase in profit after tax and benefited by buyback

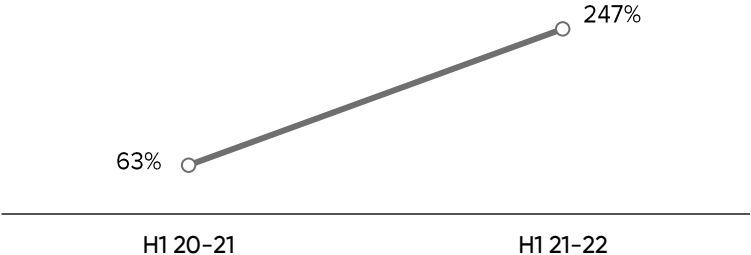


ROCE at 247%

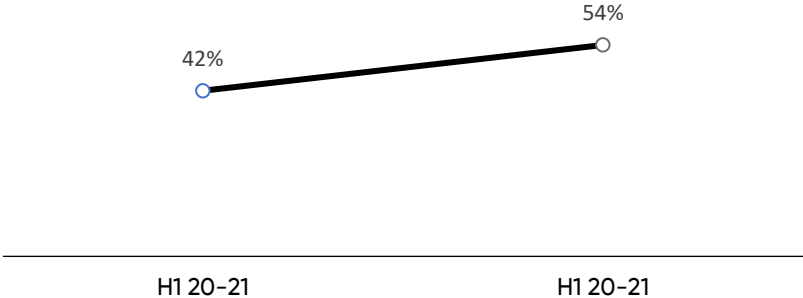
(₹ million)

- ROCE at 247% 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

₹ 10,421 million

Strong equity and reserves

₹ 8,457 million

Robust build up of cash & cash equivalents

247%

ROCE (excluding cash & cash equivalents)

Debt free



ESG achievements in Q2 21-22

Environmental



Social



Governance



Steps towards creating a greener and cleaner tomorrow

Towards Net-zero

- Commenced Carbon Footprint Measurement in alliance with CII
- In active discussions with Govt of Telangana to identify land for planting saplings in urban and rural areas

Environmental advocacy

- Initiated "Green Baton" project by volunteering 1% of employee time to educate school children towards impact of climate change and environmental awareness

Giving back to the society and developing our employees

For our employees

- Inaugurated "Speak Up" – Employee Redressal Mechanism for Code Of Conduct & Code of Ethics

For the community

- Launched PILLARS initiative to educate students in rural areas
- Offering 1% of Tanla's digital platform towards increasing awareness social causes & UN SDGs, in the process of finalising partnerships with national and global organisations of repute.

Integrating ESG in our business and formally committing to ESG principles

Transparency & Good Governance

- Partnered with PwC and CII for our ESG journey
- Launched Diversity & Inclusion policy towards greater inclusivity
- Launched policy on Supplier Code of Conduct towards responsible sourcing
- Launched Human Rights Statement towards becoming more sensitive
- Launched EHS Policy and implementation mechanism



ESG targets in Q3 21-22

Environmental



Social



Governance



Steps towards creating a greener and cleaner tomorrow

Giving back to the society and developing our employees

Integrating ESG in our business and formally committing to ESG principles

Towards Net-zero

- Baseline carbon footprint for offices
- Sign MoU with GHMC for tree plantation
- Plant 15000 trees by end Dev 2021

Environmental advocacy

- Reach 2 lakh children through "Green Baton" project by volunteering 1% of employee time to educate school children towards impact of climate change and environmental awareness

For our employees

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

For the community

- PILLARS initiative to educate students in rural areas
- 1% of Tanla's digital platform towards increasing awareness towards cause aligned to UN SDGs
- Identify youth eligible for skilling and employment project in FY22

Transparency & Good Governance

- ESG launch
- Establish stakeholder engagement mechanism – community to end users
- Supplier sensitization on SCoC
- Identification of critical suppliers & classification as per SCoC adherence
- ESG updates to stakeholders



**The world's leading
brands trust Tanla**

Appendix



Profit & Loss account: Second Quarter & H1 21-22

| In ₹ million, unless otherwise stated | Q2 21-22 | Q2 20-21 | Δ % | H1 21-22 | H1 20-22 | Δ % |
|---------------------------------------|----------|----------|------|----------|----------|------|
| Revenue from operations | 8,416 | 5,832 | 44 | 14,680 | 10,388 | 41 |
| Cost of services | (6,114) | (4,489) | 36 | (10,643) | (7,992) | 33 |
| Gross profit | 2,302 | 1,343 | 71 | 4,037 | 2,396 | 68 |
| Operating expenses | (516) | (368) | 40 | (905) | (658) | 37 |
| EBITDA | 1,787 | 976 | 83 | 3,132 | 1,738 | 80 |
| Depreciation & amortization | (104) | (99) | 5 | (196) | (213) | (9) |
| EBIT | 1,683 | 876 | 92 | 2,936 | 1,524 | 93 |
| Finance cost | (6) | (1) | - | (7) | (8) | - |
| Other income | 31 | 47 | (34) | 74 | 180 | (59) |
| Profit before taxes | 1,708 | 923 | 85 | 3,003 | 1,683 | 78 |
| Tax expense (including deferred tax) | (347) | (108) | 219 | (597) | 82 | 626 |
| Profit after tax | 1,362 | 815 | 67 | 2,407 | 1,601 | 50 |
| Earning per share | 10.04 | 5.85 | 71 | 17.71 | 11.02 | 49 |
| Weighted average shares outstanding | 1,357 | 1,393 | - | 1,358 | 1,457 | - |

Balance sheet- September 30,2021

| In ₹ million, unless otherwise stated | Sep 30, 2021 (Unaudited) | Sep 30, 2021 (Unaudited) | In million, unless otherwise stated | Sep 30, 2021 (Unaudited) | Sep 30, 2021 (Unaudited) |
|--|-----------------------------|-----------------------------|--------------------------------------|-----------------------------|-----------------------------|
| ASSETS | | | EQUITY AND LIABILITIES | | |
| Non-current assets | | | Equity share capital | 135 | 136 |
| Property, plant and equipment | 317 | 310 | Other equity | 10,286 | 6,854 |
| Platforms | 587 | 102 | Total equity | 10,421 | 6,990 |
| Customer Relationships | 319 | 444 | Financial liabilities | | |
| Brands | 21 | 57 | Lease liabilities | 359 | 33 |
| Technology | 25 | 58 | Other financial liabilities | 3 | 15 |
| Non-Compete | 33 | 40 | Provisions | 48 | 50 |
| Goodwill | 1,346 | 1,346 | Other non-current liabilities | 5 | 39 |
| Intangible assets under development | 123 | 243 | Total Non Current Liabilities | 415 | 137 |
| Right-of-use assets | 349 | 43 | Current liabilities | | |
| Financial assets | 73 | 70 | Trade payables | 6,950 | 2,716 |
| Deferred tax assets (net) | 379 | 528 | Lease liabilities | 18 | 8 |
| Other non-current assets | 168 | 567 | Other financial liabilities | 2,390 | 1,931 |
| Total non current assets | 3,740 | 3,808 | Other current liabilities | 271 | 49 |
| Trade receivables | 4,429 | 3,729 | Short term provisions | 12 | 10 |
| Cash and bank balances | 8,457 | 2,339 | Liabilities for current tax (net) | 84 | 2 |
| Other Financial assets | 3,386 | 1,745 | Total Current liabilities | 9,725 | 4,716 |
| Other current assets | 549 | 222 | TOTAL EQUITY AND LIABILITIES | 20,561 | 11,843 |
| Total current assets | 16,821 | 8,035 | | | |
| TOTAL ASSETS | 20,561 | 11,843 | | | |

Condensed Cash flow statement

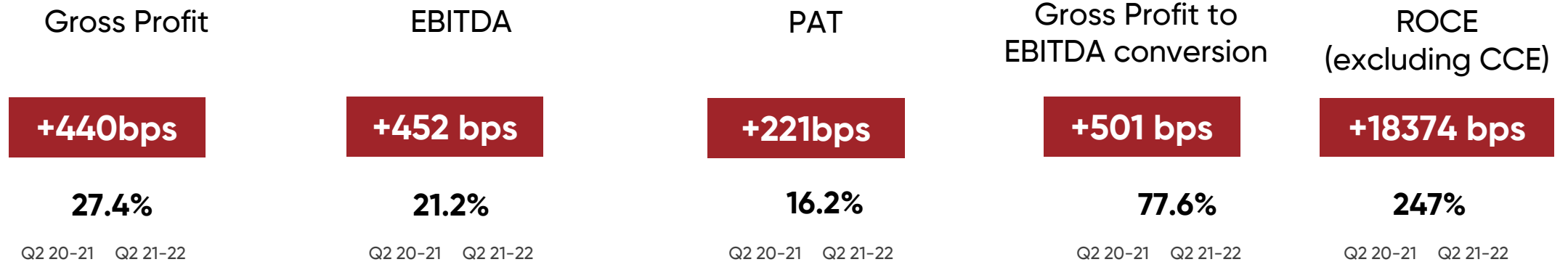
In ₹ million, unless otherwise stated

| | Q2 21-22 | Q1 21-22 |
|--|----------|----------|
| Cash flow before changes in working capital | 1,836 | 1,381 |
| Changes in working capital | 846 | 137 |
| Cash generated from operations | 2,682 | 1,518 |
| Taxes | (326) | (142) |
| Cash flow from operating activities | 2,355 | 1,375 |
| Net investments in tangible and intangible assets | (138) | (91) |
| Interest and other income | 31 | 43 |
| Cash flow from investing activities | (107) | (48) |
| Buyback of shares | (819) | - |
| Dividend paid | (135) | - |
| Interest paid on lease liabilities | (9) | 2 |
| Cash flow from investing activities | (963) | 2 |
| Cash flow for the period | 1,286 | 1,330 |
| Cash and cash equivalents at the beginning of period | 7,171 | 5,841 |
| Cash and cash equivalents closing balance | 8,457 | 7,171 |

Free cash flow up 45 %YoY

| In ₹ million, unless otherwise stated | Q2 21-22 | Q2 20-21 | Δ % |
|--|----------|----------|------|
| Operating cash flow | 2,356 | 1,663 | +38% |
| Capital expenditure | (139) | (129) | +7% |
| Free cash flow | 2,217 | 1,534 | +45% |
| Free cash flow in percent of total revenue | 26% | 26% | - |
| Free cash flow conversion rate | 124% | 157% | - |

Key metrics: Second quarter 21-22





Investor Contact:

Ritu Mehta

Director- Investor relations
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Half Yearly Report April - September 2021

July- September 2021

- Revenue increased by 44% year-over-year to ₹8,416 million.
- Gross profit increased by 71% year-over-year to ₹2,302 million. Gross margin % at 27.4% and improved by 440 basis points year-over-year.
- EBITDA increased by 83% year-over-year to ₹1,787 million. EBITDA % at 21.2 % and improved by 452 basis points year-over-year.
- Profit after tax increased by 67% year-over-year to ₹1,362 million.
- Earnings per share increased by 72% to ₹10.04.
- Free cash flow at ₹2,217 million and Cash & Cash Equivalents at ₹8,457 million.

April- September 2021

- Revenue increased by 41% year-over-year to ₹14,680 million.
- Gross profit increased by 68% year-over-year to ₹4,037 million. Gross margin % at 27.5% and improved by 443 basis points year-over-year.
- EBITDA increased by 83% year-over-year to ₹3,132 million. EBITDA % at 21.3% and improved by 473 basis points year-over-year.
- Profit after tax increased by 50% year-over-year to ₹2,407 million.
- Earnings per share increased by 61% to ₹17.71.
- Free cash flow at ₹3,502 million.

“ Our stellar performance was contributed by higher wallet share from existing customers and additional market share expansion from newer clients.” - Uday Reddy, Founder Chairman & CEO

Significant events during the quarter

- Gartner recognizes Tanla In the latest CPaaS market guide as a key global solution provider in the Developer market. Only Asian Company to be recognized under Developer category.
- We celebrated the first anniversary of commercial launch of Trubloq, world's first and largest block-chain use case and increased our market share to 63%.
- We closed two significant partnerships on Wisely platform, which will be announced during the quarter.
- The customer base has expanded with addition of 87 new customer. Revenues from >₹10Mn+ customers grew by 46% year-over-year.
- We hired 111 employees during the quarter. To date, 91% of employees have received first dose of vaccination. Our senior leadership team are back to office, and we plan to bring rest of employees back in a phased manner.
- Appointed PwC as our consultants to advise us on our ESG aspirations & roadmap. Under Social of ESG, Tanla Foundation signed an MoU with Education Dept, Govt of Telangana for PILLARS (Project for Improvement of Learning Levels through Academic support for Rural Schools).
- Completed buyback of equity shares. Total of 705,677 shares were bought back at an average price of ₹ 907 per equity share. ₹ 801 million was incurred towards buyback, out of which, ₹ 649.8 million was returned to shareholders, ₹ 151 million was paid as buyback tax@ 23.36% on distributed amount and ₹ 16 million was paid towards transaction cost. The buyback was closed on September 06, 2021.
- Final dividend was approved by the shareholders in the annual general meeting, and we have completed the payouts.

Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on 22 October 2021 at 4.00 PM IST. Watch the presentation at investors.tanla.com/webcast or call and register.

| | |
|----------------|--|
| India | : +91 22 6280 1141 +91 22 7115 8042 |
| United Kingdom | : 08081011573 |
| United States | : 18667462133 |
| Hong Kong | : 800964448 |
| Singapore | : 8001012045 |

Message from Chairman

I am very happy to present our first Investor report for Q2 21-22. Governance has always been of utmost importance to us, and this is another step towards enhancing our disclosures to help the investors understand our business better.

Industry and Market – Let me give an overview of the Indian CPaaS market. We are seeing a very strong demand environment in India, as enterprises accelerate digital adoption. We are seeing growth in existing customers, driven by increase in volumes as well as new use cases. Entry of new age companies in areas of ad-tech, ed-tech, fintech and gaming is also adding to market growth. Growth is led by BFSI. We are also seeing strong traction in areas like retail, e-commerce and Government.

Performance - We have had a stellar performance in Q2 across all dimensions of our business. Revenue and EBITDA grew 44% and 83% year-over-year in Q2. Our EBITDA% is at 21.2 % and improved by 451 basis points year-over-year. Most SaaS companies aspire to be at Rule of 40 – we have been operating at an incredible Rule of 60 for two quarters in a row. We delivered 72% year-over-year growth in EPS.

We are growing significantly faster than the industry and gaining revenue market share. What gives me great pride is that we are driving profitable growth, while making significant investments on innovation and building products and platforms for the future and have done this with financial discipline – generating best in class free cash flows and maintaining a very strong balance sheet.

It would be worth asking what is driving the strong financial performance. I have a one-word answer – Customers. We have seen strong growth in our existing customers driven by volume increase and new use cases. For e.g., the regulatory change around auto-debit has resulted in a new use case for us. Our customers with revenue >₹10MN have grown 46% year-over-year. We have growth across channels with our customers - many of the use cases we have talked about in the last couple of quarters have been on Whatsapp. This is helping expand our wallet share and positioning with our customers. We continue to expand our client base with 87 new customers in the quarter. Our domain knowledge and customer obsession has helped achieve the trifecta of growth, retention, and satisfaction of our customers.

WISELY - I have talked earlier about Wisely, our “One platform” strategy. We are betting big on Wisely and we are making significant investments. We are investing and coming out with new features every quarter. Wisely is an example of innovation creating a new revenue stream and increasing our addressable market. We have closed two large partnerships on Wisely platform and will be announced in Q3.



Expansion plans - Our approach is to showcase Wisely in India and demonstrate value before taking it global. One of the largest consulting firms in the world, is working with us on Wisely GTM strategy to serve global markets.

Capital Allocation - We will make disciplined investments. We do not believe in acquisitions for scale and numbers, but we will be focused on bolt-on acquisitions that provide niche capabilities. Our investments will be focused on Wisely platform and global expansions










We are building the Company for the long term. Our focus is beyond business- we are integrating ESG into our business and working towards a sustainable future. We have been focused for more than two decades building a company which has undisputed leadership in India CPaaS space. We are now ready to take this leadership to the global markets. Wisely will lead the way.

My team and I are very excited by the opportunities ahead of us. We are thinking big. We thank you for your continued support.

Uday Reddy
Founder Chairman & CEO

Hyderabad, 21 October 2021

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Tanla Overview

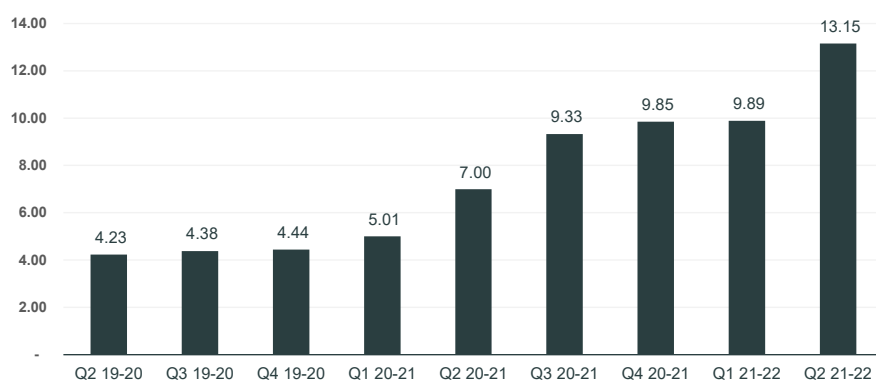
For the list of definitions please refer to page 16

| (In ₹ million, unless otherwise stated) | Three months Ended September 30 | | Six months Ended September 30 | | | R12M |
|---|------------------------------------|---------------|----------------------------------|---------------|---------------|---------------|
| | 21-22 | 20-21 | 21-22 | 20-21 | 20-21 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | |
| Revenue from operations | 8,416 | 5,832 | 14,680 | 10,388 | 23,415 | 27,707 |
| Gross profit | 2,302 | 1,343 | 4,037 | 2,396 | 5,777 | 7,417 |
| Gross margin | 27.40% | 23.00% | 27.50% | 23.10% | 24.7% | 26.80% |
| EBITDA | 1,787 | 976 | 3,132 | 1,725 | 4,335 | 5,741 |
| EBITDA margin | 21.2% | 16.7% | 21.3% | 16.6% | 18.5% | 20.7% |
| EBITDA/Gross profit | 77.6% | 72.6% | 77.6% | 72.0% | 75.2% | 77.6% |
| Adjusted EBITDA | 1,787 | 976 | 3,132 | 1,737 | 4,346 | 5,741 |
| Adjusted EBITDA margin | 21.2% | 16.7% | 21.3% | 16.7% | 18.5% | 20.7% |
| Adjusted EBITDA/Gross profit | 77.6% | 72.6% | 77.6% | 71.9% | 74.6% | 77.6% |
| EBIT | 1,683 | 876 | 2,936 | 1,511 | 3,938 | 5,365 |
| EBIT | 20.0% | 15.0% | 20.0% | 14.5% | 16.8% | 19.4% |
| Interest Income | 31 | 15.5 | 54.7 | 35.8 | 6.75 | 867 |
| Interest yield | 3.4% | 4.01% | 3.26% | 4.08% | 3.65% | 3.2% |
| Profit after tax | 1,362 | 815 | 2,407 | 1,601 | 3,561 | 4,367 |
| Profit after tax margin | 16.2% | 14.0% | 16.40% | 15.40% | 15.20% | 15.80% |
| Free cash flow | 2,217 | 1,663 | 3,497 | 1,934 | 5,610 | 7,010 |
| Earnings per share (In ₹) | 10.04 | 5.85 | 17.71 | 11.02 | 25.27 | 32.13 |
| EBITDA per share (In ₹) | 13.15 | 5.14 | 23.04 | 11.93 | 31.11 | 42.24 |
| Adjusted EBITDA per share (In ₹) | 13.15 | 7.00 | 23.04 | 12 | 31.18 | 42.24 |
| Cash and Cash equivalents | 8,457 | 2,339 | 8,457 | 2,339 | 5,841 | 6,478 |
| ROCE - (Including CCE) | - | - | 54% | 42% | 46% | 50% |
| ROCE - (Excluding CCE) | - | - | 247% | 63% | 129% | 175% |
| DSO days | 48 | 59 | 56 | 59 | 58 | 58 |
| Average number of employees | 590 | 456 | 570 | 461 | 524 | 536 |

Items affecting comparability

| (In ₹ million, unless otherwise stated) | Q2 21-22 | Q2 20-21 | H1 21-22 | H1 20-21 | 20-21 | R12M |
|--|----------|----------|----------|-----------|-----------|----------|
| Buy back costs | - | - | - | 12 | 12 | - |
| Employee stock purchase scheme | - | - | - | - | - | - |
| Provision towards MF investment | - | - | - | - | - | - |
| Marketing event | - | - | - | - | - | - |
| Total items affecting comparability in EBITDA | - | - | - | 12 | 12 | - |

Adjusted EBITDA per share



Quarterly Trends

| Revenue (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 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Platform | 191 | 236 | 209 | 185 | 328 | 477 | 462 | 554 | 624 |
| Enterprise | 4,681 | 5,154 | 5,012 | 4,371 | 5,505 | 6,065 | 6,023 | 5,709 | 7,792 |
| Total | 4,872 | 5,390 | 5,221 | 4,555 | 5,832 | 6,541 | 6,486 | 6,264 | 8,416 |

| Gross profit (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 |
|--------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Platform | 186 | 230 | 200 | 176 | 313 | 451 | 437 | 533 | 578 |
| Enterprise | 800 | 810 | 920 | 877 | 1,030 | 1,161 | 1,332 | 1,201 | 1,724 |
| Total | 986 | 1,040 | 1,120 | 1,053 | 1,343 | 1,612 | 1,769 | 1,734 | 2,302 |

| Gross margin | 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 |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Platform | 97.5% | 97.1% | 95.7% | 95.0% | 95.6% | 94.6% | 94.5% | 96.2% | 92.7% |
| Enterprise | 17.1% | 15.7% | 18.4% | 20.1% | 18.7% | 19.1% | 22.1% | 21.0% | 22.1% |
| Total | 20.20% | 19.30% | 21.40% | 23.10% | 23.00% | 24.60% | 27.30% | 27.70% | 27.4% |

Gross Margin for Platform are arrived after deducting cloud hosting charges

| EBITDA (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 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| EBITDA | 315 | 637 | 586 | 750 | 975 | 1,269 | 1,340 | 1,345 | 1,787 |
| Items effecting comparability | 293 | - | 63 | 12 | - | - | - | - | - |
| Adjusted EBITDA | 608 | 637 | 648 | 762 | 975 | 1,269 | 1,340 | 1,345 | 1,787 |
| EBITDA margin | 6.5% | 11.8% | 11.2% | 16.5% | 16.7% | 19.4% | 20.7% | 21.5% | 21.2% |
| Adjusted EBITDA margin | 12.5% | 11.8% | 12.4% | 16.7% | 16.7% | 19.4% | 20.7% | 21.5% | 21.2% |
| EBITDA/Gross profit | 31.9% | 61.3% | 52.3% | 71.2% | 72.6% | 78.7% | 75.8% | 77.5% | 77.6% |
| Adjusted EBITDA/Gross profit | 61.6% | 61.3% | 57.9% | 72.3% | 72.6% | 78.7% | 75.8% | 77.5% | 77.6% |
| EBITDA/per share | 2.19 | 4.38 | 4.01 | 4.93 | 7.00 | 9.33 | 9.85 | 9.89 | 13.15 |
| Adjusted EBITDA/per share | 4.23 | 4.38 | 4.44 | 5.01 | 7.00 | 9.33 | 9.85 | 9.89 | 13.15 |

| Items affecting comparability (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 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Buy back costs | - | - | - | 12 | - | - | - | - | - |
| Employee stock purchase scheme | 293 | - | - | - | - | - | - | - | - |
| Provision towards MF investment | - | - | 37 | - | - | - | - | - | - |
| Marketing event | - | - | 26 | - | - | - | - | - | - |
| Total | 293 | - | 63 | 12 | - | - | - | - | - |

| Profit/(loss) after tax (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 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Profit/(loss) after tax | (470) | 6.7 | (891) | 786 | 815 | 935 | 1,025 | 1,045 | 1,362 |
| Profit after tax margin | - | - | - | 17.3% | 14.0% | 14.3% | 15.8% | 16.7% | 16.2% |

| Earnings per Share (In ₹) | 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 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Profit after tax margin | (3.27) | 0.05 | (6.11) | 5.17 | 5.85 | 6.87 | 7.54 | 7.68 | 10.04 |

| Rule of 40 | 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 |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue growth | 123.0% | 91.3% | 64.2% | 15.5% | 19.7% | 21.3% | 24.2% | 37.5% | 44.3% |
| EBITDA margin % | 6.5% | 11.8% | 11.2% | 16.4% | 16.7% | 19.4% | 20.7% | 21.5% | 21.2% |
| Rule of 40 | 129.5% | 103.1% | 75.4% | 31.9% | 36.4% | 40.7% | 44.9% | 59.5% | 65.5% |

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 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Free cash flow | 892 | 773 | (968) | 250 | 1534 | 2147 | 1,361 | 1,285 | 2217 |

Management Discussion & Analysis

July- September 21-22

Revenue

Revenue grew by 44% year-over-year to ₹ 8,416 million. Revenue growth is driven by a combination of increased volumes in existing business, new customers, change in price and new use cases. We have also benefited on year-over-year basis due to new revenue stream of Trubloq.

Existing customers grew on back of increased volume growth as well as new use cases. Growth was led by BFSI, Retail, Social Media and Government. Customers contributing annual revenue greater than ₹ 10 million increased to ₹ 8,188 million in Q2 21-22, a year-over-year growth of 46%. We added 87 new customers contributing ₹ 95 million during the quarter.

Platform revenue grew by 90% to ₹ 624 million, driven by our investments in platform. Enterprise revenue grew by 42% year-over-year to ₹ 7,792 million, driven by higher volumes and change in price.

Gross profit

Gross profit grew by 71% year-over-year to ₹ 2,302 million. Gross margin improved by 440 basis points to 27.4% year-over-year on the back of increased contribution of Platform business. Platform business gross profit grew by 85% and enterprise business gross profit grew by 67%. Platform business contribution to gross margin at 25% in Q2 21-22 compared to 23% in Q2 20-21.

EBITDA

EBITDA grew by 83% year-over-year at ₹ 1,784 million. EBITDA margin improved by 452 basis points to 21.2% year-over-year. EBITDA to gross profit conversion stood at 77.5% in Q2 21-22 as against 72.6% in Q2 20-21.

| Operating Expenses (In ₹ million) | Q2 21-22 | Q2 20-21 | Change % | % of revenue |
|---|------------|------------|------------|--------------|
| Sales and Marketing expense | 74 | 57 | 29% | 0.9% |
| General and Administrative expenses (G&A) | 442 | 311 | 42% | 5.3% |
| Total | 516 | 368 | 40% | 6.1% |

Salary cost has gone up by ₹ 102 million year-over year, driven by salary increase and net additions of employees. We have added net 142 employees across the Company in last twelve months, largely in niche technology to accelerate innovation on Wisely Platform. G&A expenses has largely gone up due to ₹ 25 million increase in provision for doubtful debts as per norm-based policy and increase in professional expenses.

EBIT

EBIT grew by 92% year-over-year at ₹ 1,683 million. EBIT margin improved by 492 basis points to 20.0% year-over-year. Depreciation at ₹ 104 million in Q2 21-22 as against ₹ 99 million in Q2 20-21.

| Depreciation, amortization (In ₹ million) | Q2 21-22 | Q2 20-21 | H1 21-22 | H1 20-21 | 20-21 |
|---|------------|-----------|------------|------------|------------|
| Amortisation on Platforms | 20 | 5 | 38 | 22 | 30 |
| Amortisation on Customer Relationship | 31 | 39 | 62 | 70 | 124 |
| Amortisation on Brands | 9 | 9 | 18 | 18 | 35 |
| Amortisation on Technology | 6 | 16 | 11 | 22 | 44 |
| Amortisation on Non-compete | 1 | 6 | 3 | 7 | 9 |
| Depreciation on tangible assets & right of use assets | 36 | 23 | 64 | 74 | 152 |
| Total Depreciation | 104 | 99 | 196 | 214 | 396 |

Other income

| Interest income (In ₹ million) | Q2 21-22 | Q2 20-21 | H1 21-22 | H1 20-21 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Average FD balance | 3650 | 1550 | 3345 | 3500 |
| Interest income | 31 | 16 | 55 | 36 |
| Interest yield | 3.40% | 4.01% | 3.26% | 4.08% |

Average fixed deposit balance for the quarter was ₹ 3,650 million. We are generating average yield of 3.4% on fixed deposits with HDFC Bank, State Bank of India, HDFC Limited and LIC Housing Limited which is in line with our investment policy. Fixed deposits were placed in HDFC Limited and LIC Housing Limited in the middle of the quarter.

| Bank Accounts | Yield % |
|---------------------|---------|
| HDFC Bank | 3.10% |
| LIC Housing Limited | 5.0% |
| HDFC Limited | 5.25% |
| State Bank of India | 3.10% |
| Kotak Mahindra Bank | 5.75% |

Average cash balance available for the quarter was lower due to outflow for buyback (including buyback tax). Cash balance in current account (USD) is 38% of the cash balance and is higher due to better payment terms with global customers. Cash balance in current accounts (USD) earns no interest. Current account balances are high due to month end collections and we are moving to a sweep-in structure to optimize this for our current accounts(INR)

Cash & cash equivalents composition

| Cash balances (In ₹ million) | Q2 21-22 | Q1 21-22 |
|----------------------------------|--------------|--------------|
| Restricted cash | 502 | 464 |
| Current accounts - INR | 605 | 843 |
| Current accounts - USD | 3,295 | 2,167 |
| Fixed deposits | 4,055 | 3,698 |
| Cash and cash equivalents | 8,457 | 7,171 |

Cash & cash equivalents (CCE)

| Bank Accounts (In ₹ million) | Current accounts -INR | Current accounts - USD | Fixed deposits | Restricted cash | Total |
|---------------------------------|--------------------------|---------------------------|-------------------|--------------------|--------------|
| HDFC Bank | 483 | 88 | 2,682 | 351 | 3,604 |
| HDFC Limited | - | - | 1,000 | - | 1,000 |
| LIC Housing Limited | - | - | 200 | - | 200 |
| State Bank of India | 4 | - | 168 | 3 | 175 |
| Axis Bank | 20 | - | 1 | - | 21 |
| Kotak Mahindra Bank | 15 | - | - | 94 | 109 |
| Citibank (Dubai) | - | 467 | - | - | 467 |
| DBS Bank (Singapore) | - | 2,740 | - | 27 | 2,767 |
| Others | 83 | - | 4 | 28 | 114 |
| Total | 605 | 3,295 | 4,055 | 502 | 8,457 |

Profit after tax

Profit after tax grew by 67% at ₹ 1362 million year-over-year. Profit after tax margin at 16.2% in Q2 21-22, compared to 14.0% in Q2 20-21. Absolute increase in profit after tax is attributable to revenue growth and improvement in profitability, offset by increased tax effective rates. The effective tax rate was 20.3 % for Q2 21-22.

Tax contribution to exchequer in Q2 21-22 was ₹ 1,713 million. The contribution includes corporate income taxes and contributions by way of withholding taxes and indirect taxes such as GST in India.

Earnings per share

Earnings per share grew by 72% to ₹10.04 year-over-year. EPS accretion is on account of increase in profit after tax and benefited by buyback of shares during the period.

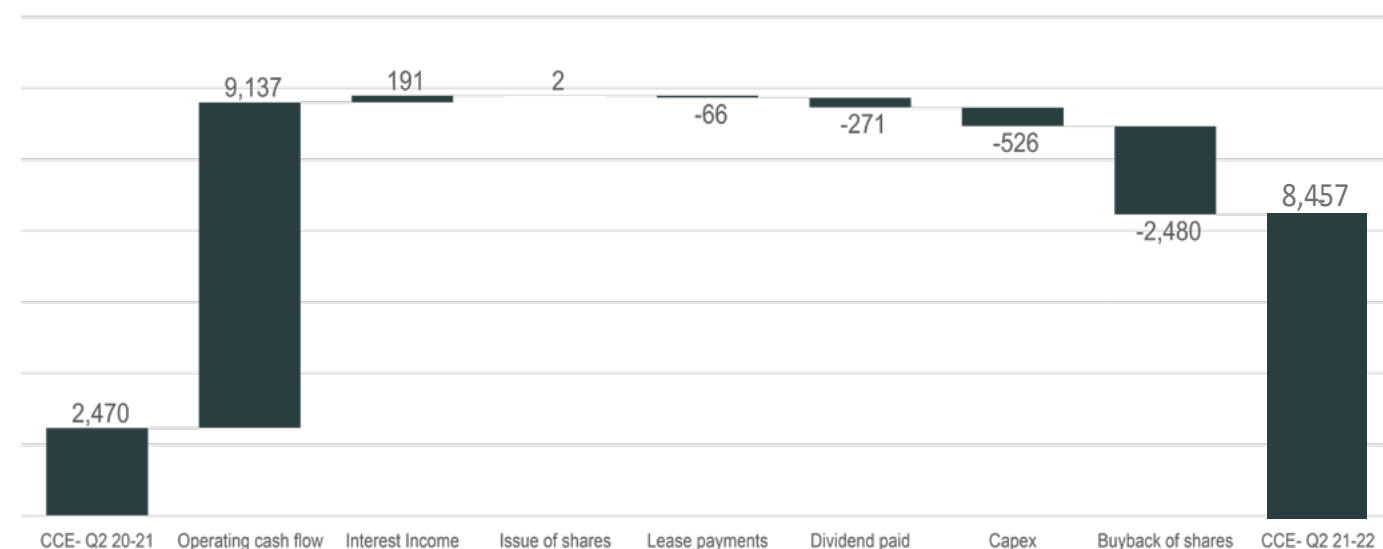
| (In ₹) | Q2 21-22 | Q2 20-21 |
|--|---------------------|---------------------|
| Basic earnings per share | 10.04 | 5.85 |
| Weighted average number of shares outstanding | 13,56,72,000 | 13,93,82,000 |

Cash flow

We generated strong operating cash flows. Increase in operating cash flow is due to increase in EBITDA and efficient management of working capital. DSO days for Q2 21-22 at 48 days.

Cash flow movement from Q2 20-21 to Q2 21-22

(In ₹ million)



Customers

Revenue and count of customers grew across customer segments. Customers with revenue greater than ₹ 500 million contributed 64% in Q2 21-22 as against 53% in Q2 20-21. Number of customers contributing greater than ₹ 500 million went up from 10 to 19 in Q2 21-22. We added 87 new customers in Q2 21-22. Revenue from new customer for the H1 21-22 was ₹170 million. Our average revenue per customer contributing greater than > ₹10M is ₹ 47 million for the quarter, up 13% from Q2 20-21. Count of customers with revenue greater than > ₹ 10M+ in Q2 21-22 was 175 customers up from 136 customers in Q2 21-22.

| Customer segment | Q2 21-22 | | Q2 20-21 | | Growth in count | Growth in revenue |
|------------------|------------|--------------|------------|--------------|-----------------|-------------------|
| | Count | Revenue | Count | Revenue | | |
| >₹500M | 19 | 5,382 | 10 | 3,103 | 90% | 73% |
| >₹100M - < ₹500M | 29 | 1,824 | 29 | 1,742 | - | 5% |
| >₹10M- < ₹100M | 127 | 982 | 97 | 747 | 31% | 31% |
| Total | 175 | 8,188 | 136 | 5,592 | 29% | 46% |

Our top twenty customers contributed ₹ 5,491 million in Q2 21-22 as against ₹ 4,090 in Q2 20-21, up 34 %. Customer concentration from top twenty customers reduced from 70% in Q2 20-21 to 66% in Q2 21-22.

April to September 2021

Revenue

Revenues grew by 41% year-over-year to ₹14,680 million.

Gross profit

Gross profit grew by 68% year-over-year to ₹4,037 million. Platform business gross profit grew by 127% year-over-year to ₹1,112 million and enterprise business gross profit grew by 53% to ₹2,925 million.

EBITDA

EBITDA grew by 83% year-over-year at ₹3,132 million. EBITDA margin improved by 473 basis points to 21.3% year-over-year.

Profit after tax

Profit after tax grew by year-over-year 50% at ₹2,407 million. Profit after tax margin 100 basis points to 16.4% year-over-year.

Condensed Income Statement

| (In ₹ million, unless otherwise stated) | Three months Ended September 30 | | Six months Ended September 30 | | 20-21 | R12M |
|---|------------------------------------|--------------|----------------------------------|---------------|----------------|----------------|
| | 21-22 | 20-21 | 21-22 | 20-21 | | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (audited) | (audited) |
| Revenue from operations | 8,416 | 5,832 | 14,680 | 10,388 | 23,415 | 27,707 |
| Cost of services | (6,114) | (4,489) | (10,643) | (7,992) | (17,638) | (20,290) |
| Gross profit | 2,302 | 1,343 | 4,037 | 2,396 | 5,777 | 7,417 |
| Operating expenses | | | | | | |
| Sales and Marketing | (74) | (57) | (145) | (101) | (218) | (262) |
| General and administrative | (442) | (311) | (760) | (557) | (1,217) | (1,420) |
| Total operating expenses | (516) | (368) | (905) | (658) | (1,435) | (1,676) |
| EBITDA | 1,787 | 976 | 3,132 | 1,738 | 4,341 | 5,741 |
| Depreciation | (104) | (99) | (196) | (214) | (396) | (376) |
| EBIT | 1,683 | 876 | 2,936 | 1,524 | 3,946 | 5,365 |
| Finance cost | (6) | (1) | (7) | (8) | (11) | (10) |
| Other income | 31 | 47 | 74 | 180 | 219 | 13 |
| Profit before tax | 1,708 | 923 | 3,003 | 1,683 | 4,148 | (5,468) |
| Tax expenses | (347) | (108) | (597) | (82) | (586) | (1,101) |
| Profit after tax | 1,362 | 815 | 2,407 | 1,601 | 3,561 | 4,367 |
| Earnings per share | 10.04 | 5.85 | 17.71 | 11.02 | 25.27 | 32.13 |

Earnings per share

| Earnings per share (In ₹) | Q2 21-22 | Q2 20-21 | H1 21-22 | H1 20-21 | 20-21 | R12M |
|---------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Basic earnings per share | 10.04 | 5.85 | 17.71 | 11.02 | 25.27 | 32.13 |

Condensed Balance Sheet

| Particulars (In ₹ million) | Sep 30, 2021 (Unaudited) | Sep 30, 2020 (Unaudited) |
|--------------------------------------|-----------------------------|-----------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 317 | 310 |
| Platforms | 587 | 102 |
| Customer Relationships | 319 | 444 |
| Brands | 21 | 57 |
| Technology | 25 | 58 |
| Non-Compete | 33 | 40 |
| Intangible assets under development | 123 | 243 |
| Goodwill | 1,346 | 1,346 |
| Right-of-use assets | 349 | 43 |
| Financial assets | 73 | 70 |
| Deferred tax assets (net) | 379 | 528 |
| Other non-current assets | 168 | 567 |
| Total non-current assets | 3,740 | 3,808 |
| Trade receivables | 4,429 | 3,729 |
| Cash and bank balances | 8,457 | 2,339 |
| Other Financial assets | 3,386 | 1,745 |
| Other current assets | 549 | 222 |
| Total current assets | 16,821 | 8,035 |
| TOTAL ASSETS | 20,561 | 11,843 |
| EQUITY AND LIABILITIES | | |
| Equity share capital | 135 | 136 |
| Other equity | 10,286 | 6,854 |
| Total equity | 10,421 | 6,990 |
| Non current liabilities | | |
| Financial liabilities | | |
| Lease liabilities | 359 | 33 |
| Other financial liabilities | 3 | 15 |
| Provisions | 48 | 50 |
| Other non-current liabilities | 5 | 39 |
| Total Non Current Liabilities | 415 | 137 |
| Current liabilities | | |
| Trade payables | 6,950 | 2716 |
| Lease liabilities | 18 | 8 |
| Other financial liabilities | 2,390 | 1931 |
| Other current liabilities | 271 | 49 |
| Short term provisions | 12 | 10 |
| Liabilities for current tax (net) | 84 | 2 |
| Total Current liabilities | 9,725 | 4716 |
| TOTAL EQUITY AND LIABILITIES | 20,561 | 11,843 |

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 | | | 1,601 | | 1,601 |
| Other comprehensive income | | | | (33) | (33) |
| Issue of equity shares | 7 | 194 | | | 201 |
| Shares bought back | (17) | (1,644) | | | (1,661) |
| Dividend declared | | | (136) | | (136) |
| Others | | 1 | | | 1 |
| Closing balance 30 Sep 2020 | 136 | 5,427 | 1,301 | 125 | 6,990 |
| Opening balance 01 April 2021 | 136 | 5,428 | 3,262 | 105 | 8,931 |
| Profit for the period | | | 2,407 | | 2,407 |
| Other comprehensive income | | | | 23 | 23 |
| Shares bought back | (1) | (818) | | | (819) |
| Dividend declared | | | (135) | | (135) |
| Others | | 15 | | | 15 |
| Closing balance 30 Sep 2021 | 135 | 4,625 | 5,533 | 128 | 10,421 |

Condensed Statement of Cash Flow

| Cash flow (In ₹ million) | Q2 21-22 | Q2 20-21 | H1 21-22 | H1 20-21 | 20-21 |
|--|--------------|----------------|--------------|----------------|----------------|
| Cash flow before changes in working capital | 1,836 | 982 | 3,217 | 1,757 | 4,381 |
| Changes in working capital | 846 | 747 | 982 | 177 | 1,790 |
| Cash generated from operations | 2,682 | 1,729 | 4,199 | 1,934 | 6,171 |
| Taxes | (326) | - | (468) | - | (561) |
| Cash flow from operating activities | 2,356 | 1,729 | 3,731 | 1,934 | 5,610 |
| Net investments in tangible and intangible assets | (138) | (129) | (229) | (150) | (317) |
| Interest and other income received | 31 | 48 | 74 | 151 | 219 |
| Cash flow from investing activities | (107) | (82) | (155) | 1 | (98) |
| Issue of shares | - | 19 | - | 201 | 184 |
| Buyback of shares | (819) | (1,659) | (819) | (1,659) | (1,661) |
| Dividend paid during the year | (135) | (136) | (135) | (136) | (136) |
| Payment and Interest paid on lease liabilities | (9) | (3) | (6) | (8) | (65) |
| Cash flow from financing activities | (963) | (1,779) | (961) | (1,601) | (1,677) |
| Cash flow for the period | 1,286 | (131) | 2,615 | 333 | 3,836 |
| Cash and cash equivalents at the beginning of period | 7,171 | 2,470 | 5,841 | 2,006 | 2,006 |
| Cash and cash equivalents closing balance | 8,457 | 2,339 | 8,457 | 2,339 | 5,841 |

Key Ratios

| Key financial ratios | 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 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rule of 40 | 129.5% | 103.1% | 75.4% | 31.9% | 36.4% | 40.7% | 44.9% | 59.5% | 65.5% |
| Revenue growth | 123.0% | 91.3% | 64.2% | 15.0% | 20.0% | 21.0% | 24.0% | 38.0% | 44.3% |
| Gross margin | 20.2% | 19.2% | 21.4% | 23.1% | 23.0% | 24.6% | 27.3% | 27.7% | 27.4% |
| EBITDA margin | 6.5% | 11.8% | 11.2% | 16.4% | 16.7% | 19.4% | 20.7% | 21.5% | 21.2% |
| EBIT margin | - | - | - | 13.9% | 15.0% | 18.0% | 19.2% | 20.0% | 20.0% |
| Net profit margin | - | 0.1% | - | 17.3% | 14.0% | 14.3% | 15.8% | 16.7% | 16.2% |
| Free cash flow | 892 | 773 | (968) | 250 | 1,534 | 2,147 | 1,361 | 1,285 | 2,217 |
| DSO | 66 | 65 | 60 | 59 | 59 | 60 | 58 | 58 | 48 |
| ROCE (Including CCE) | 15.5% | 20.3% | (25.0%) | 31.0% | 42.0% | 47.0% | 46.0% | 50.0% | 54.0% |
| ROCE (excluding CCE) | 18.5% | 25.9% | (35.0%) | 44.8% | 63.1% | 101.0% | 129.0% | 169.0% | 247.0% |

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:

Related party transactions are subject to the Audit Committee's approval. As required by the applicable Regulations, the related party regulations as 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 segment refers to revenue, where cost of services is incurred towards fee paid to service providers such as carriers and other network providers.

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

Revenue growth rate+ EBITDA margin.

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 and BSE 500, FTSE Russell and MSCI.

Forthcoming reporting dates

Q3 21-22 - 21 January 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
Director
Non-Executive Director
Ex-CEO Airtel

Mr. Deepak Satyaprakash Goyal
Executive Director

Auditors

Statutory Auditors
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 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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Chief Financial Officer