



Investor Update

EXTERNAL

Quarter 1 FY 20-21

Tanla Solutions Limited
August 12, 2020



SAFE HARBOR STATEMENT

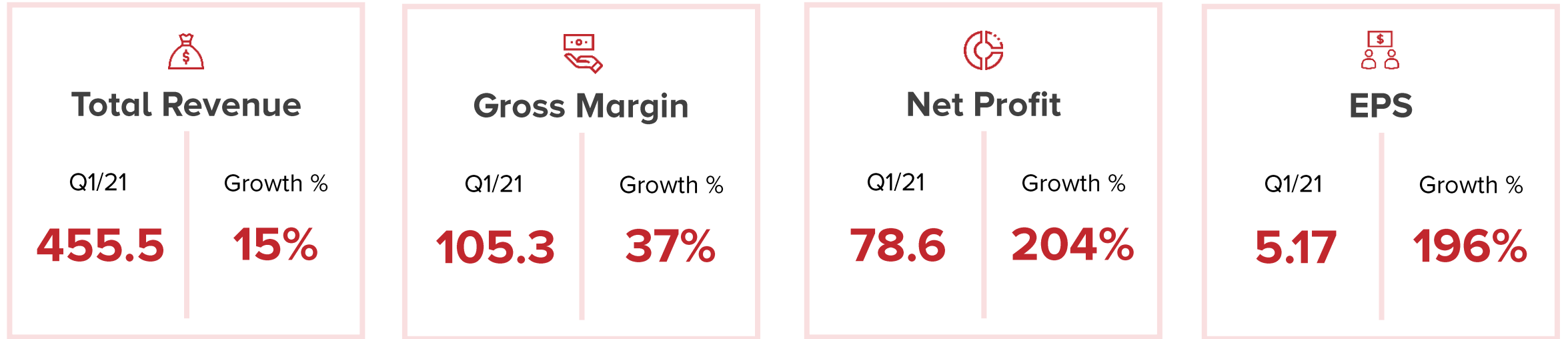
This presentation might contain ‘forward-looking statements’ that are based on our current expectations, assumptions, estimates and projections about Tanla Solutions Limited (the “Company”), our industry, economic conditions in the markets in which we operate, and certain other matters. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors and they depend on future events and circumstances. Such statements do not guarantee future results or development and the actual results or outcomes may differ materially from those implied by the forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in the services provided by the Company, including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which the Company has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, regulatory changes, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.



SOLID START TO FY21 AMIDST COVID-19 CRISIS

TOTAL REVENUE, GROSS MARGIN, NET PROFIT AND EPS UP

INR Crore



Note: Growth percentage is over corresponding quarter Q1/20



OTHER FINANCIAL HIGHLIGHTS

FIRST QUARTER 2021

- Gross margin percentage increased by **3.7%** to **23.1%**
- EBITDA percentage increased by **8.5%** to **16.4%**
- EBITDA to Cash conversion remained robust at **81.1%**
- Net profit up **204%** to **INR 78.6Cr**
- Other income **INR 13.2Cr**
- Capital expenditure is at **INR 8.2Cr**
- Tanla and all its subsidiaries remain **debt free**



PROFIT & LOSS

FIRST QUARTER 2021

(INR Crore)

	<u>Q1/21</u>	<u>Q1/20</u>	<u>Δ %</u>
Revenue from operations	455.5	394.5	15
Cost of Services	(350.2)	(317.9)	10
Gross Margin	105.3	76.6	37
Gross Margin %	23.1%	19.4%	19
Operating Expenses	(30.3)	(45.4)	(33)
EBITDA	75.0	31.2	140
EBITDA %	16.4%	7.9%	107
Other Income	13.2	4.7	181
Depreciation and Amortization	(11.5)	(153.6)	93
Finance Cost	(0.7)	(1.5)	53
Share in Net profit/ (loss) of associate	-	(0.19)	100
Profit (loss) before tax	76.0	(119.3)	164
Tax Expense (including deferred tax)	2.6	43.6	(94)
Net profit (loss)	78.6	(75.7)	204
Earnings per share, basic (in INR)	5.17	(5.39)	196

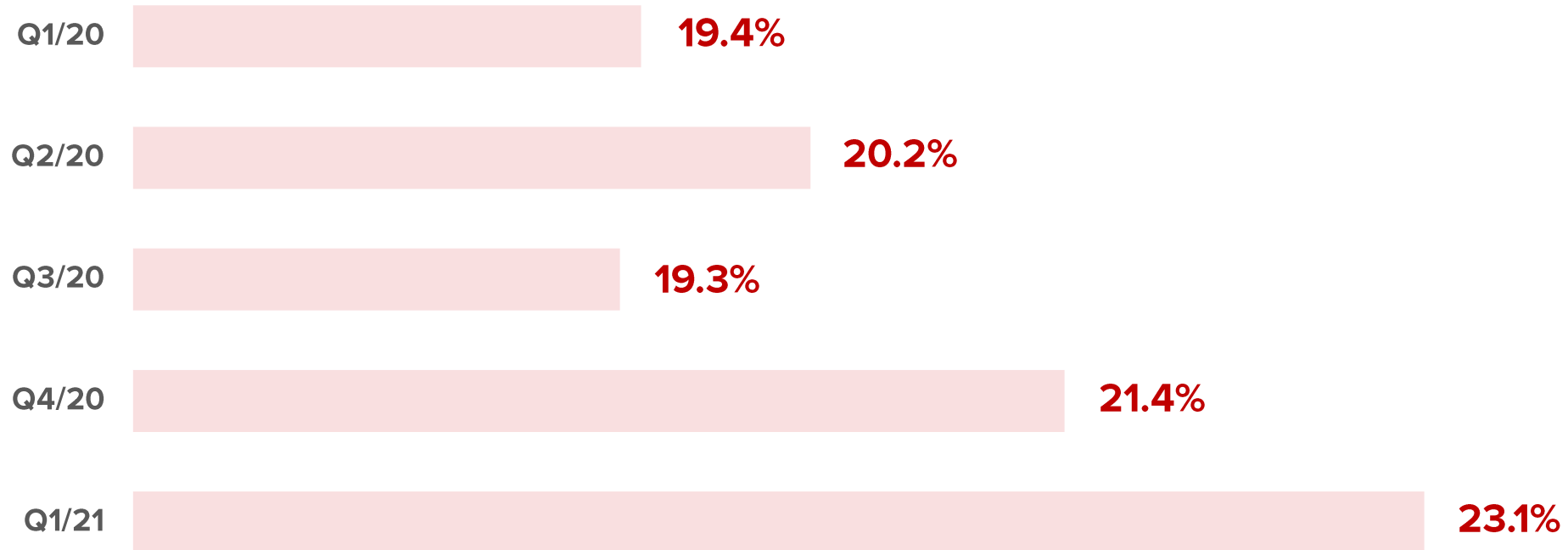
Note:

- Operating expenses includes one-time costs towards ESOPs of INR 11.5 Cr, Acquisition expenses of INR 7.69 Cr in Q1/20 and Buyback expenses of INR 1.13 Cr in Q1/21.
- Other Income:
 - Provision of investments (Franklin Templeton) INR 3.67 Cr and profit thereof INR 1.78 Cr now realized
 - Provision of debtors in TMAP (Singapore) of INR 2.92 Cr now realized.



GROSS MARGIN DEVELOPMENT

GROSS MARGIN UP 3.7 PERCENT YOY



Gross margin percentage increased by **3.7% to 23.1%** compared to corresponding quarter Q1/20



EBITDA MOVEMENT

EBITDA UP 3.8 PERCENT YOY

Particulars	FY 20	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21
Adjusted EBITDA (INR Crore)	240.3	50.8	60.9	63.7	64.9	76.1
Free Cash Flow (INR Crore)	189.8	42.5	48.6	52.5	46.3	61.7
Adjusted EBITDA to Revenue %	12.4%	12.9%	12.5%	11.3%	12.4%	16.7%
Adjusted EBITDA to Cash Conversion ratio	79.0%	83.6%	79.8%	82.4%	71.3%	81.1%

Note:

1. EBITDA to Revenue up on account of
 - Gross Margin increase
 - Reduction in operating expenses due to one-time cost in corresponding quarter
2. Adjusted EBITDA is EBITDA less one-time expense
3. Free cash flow is Adjusted EBITDA less Interest, Current tax, Dividend and Capex
4. Adjusted EBITDA to cash conversion is Free cash flow as a percentage of Adjusted EBITDA



COST RATIOS

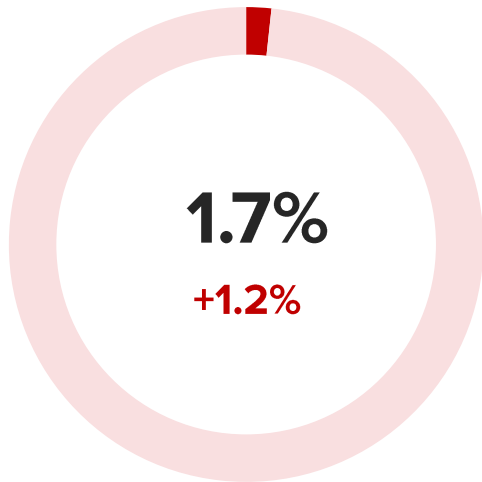
FIRST QUARTER 2021

455.5 Crore Total revenue for Q1

R&D

as % of total revenue

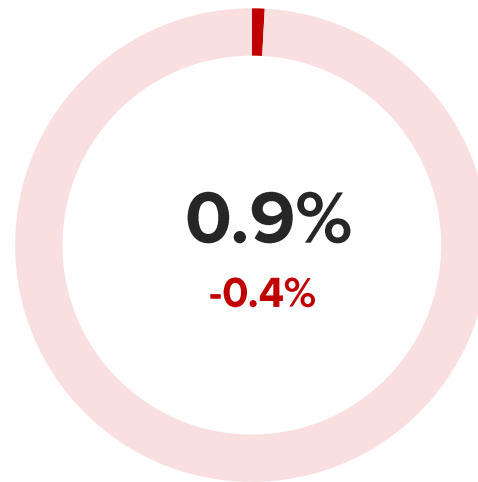
INR 7.9 Cr



S&M

as % of total revenue

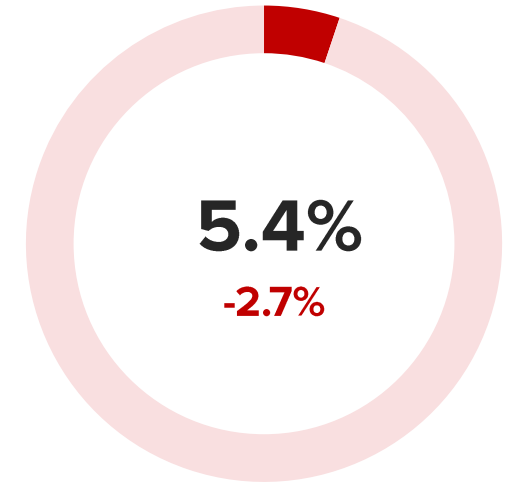
INR 4.4 Cr



G&A

as % of total revenue

INR 24.7 Cr



UNAUDITED BALANCE SHEET CONDENSED

JUNE 30, 2020

(INR Crore)

Assets	30-Jun-20	31-Mar-20
Goodwill	134.56	134.56
Intangible assets	95.83	95.14
Property, plant, and equipment	32.24	35.91
Financial Assets	2.12	4.45
Other non-current assets	131.30	152.21
Total non-current assets	396.05	422.27
Cash, cash equivalents and other financial assets	247.02	200.57
Trade and other receivables	294.34	325.77
Other current assets	306.56	251.08
Total current assets	847.92	777.42
Total assets	1243.97	1,199.69

Equity and liabilities	30-Jun-20	31-Mar-20
Total equity	799.19	701.73
Financial liabilities	4.94	4.58
Provisions	6.46	6.45
Other non-current liabilities	3.88	4.29
Total non-current liabilities	15.28	15.31
Trade and other payables	213.74	280.6
Provisions	0.03	0.94
Other liabilities	215.73	201.1
Total current liabilities	429.50	482.64
Total liabilities	444.78	497.95
Total equity and liabilities	1,243.97	1,199.69



CASH FLOW STATEMENT

(INR Crore)

Particulars	<u>Q1/21</u>	<u>Q4/20</u>	<u>Q3/20</u>	<u>Q2/20</u>	<u>Q1/20</u>	<u>FY 20</u>	<u>FY 19</u>
Net cash provided by (used in)							
Operating activities	26.3	94.4	79.4	101.6	(36.3)	239.2	(30.4)
Investing activities	2.4	(26.4)	(12.9)	(47.7)	(113.0)	(200.1)	20.1
Financing activities	17.7	(72.7)	7.3	-	(1.9)	(67.3)	73.7
Net increase in cash and cash equivalents	46.4	(4.71)	73.8	53.9	(151.2)	(28.2)	63.3
Cash and cash equivalents at beginning of year	200.6	205.3	131.5	77.6	228.8	228.8	165.4
Cash and cash equivalents closing balance	247.0	200.6	205.3	131.5	77.6	200.6	228.8



CAPEX SPENT

(INR Crore)

	<u>Q1/20</u>	<u>Q2/20</u>	<u>Q3/20</u>	<u>Q4/20</u>	<u>Q1/21</u>	<u>FY 20</u>	<u>YTD</u>
Platforms	2.1	10.9	2.2	13.6	7.9	28.7	36.6
Computers	1.6	0.2	1.2	-	0.1	3.0	3.1
Other assets	3.1	-	-	3.1	0.2	6.4	6.6
Total Capex Spent	6.8	11.1	3.4	16.7	8.2	38.1	46.3



KEY METRICS

Total Revenue +15% 455.5 Crore	Revenue Mix Domestic International 55% : 45%	Gross Margin +37% 105.3 Crore	EBITDA +140% 75 Crore
EBITDA to Cash conversion 81.1% 61.7 Crore	Net Profit +204% 78.6 Crore	EPS[^] 5.17 +196%	DSO 59 Days
Book Value* 58.95 +4.8%	Gross Margin % 23.1%	EBITDA % 16.5%	Net Profit % 17.3%

Note:

1. Growth percentage is over corresponding quarter Q1/20
2. *Book Value compared post buy-back of shares
3. ^ Not annualized



KEY RATIOS

Current Ratio

1.97
+37%

Quick Ratio

1.82
+37%

Cash Ratio

0.58 times
+231%

ROCE

37.7%
+108%

Fixed Assets
Turnover Ratio

35.93 times

PE Ratio*

7.20

Price to Book Value*

2.52
+91%

Enterprise Value/
Adjusted EBITDA*

5.82
+16%

Price to Sales Ratio*

1.1 : 1
+68%

Note:

1. * Is calculated as per the market value on Aug 07, 2020.
2. Price to Book Value, Price to Sales Ratio, Enterprise Value / Adjusted EBITDA is calculated post buy-back of shares
3. Growth percentage is over corresponding quarter Q1/20





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