



wisely



Tanla Platforms Limited
February 06, 2021

Investor Update

Q3 – FY 2021

DISCLAIMER

This investor update presentation might contain ‘forward-looking statements’ that are based on our current expectations, assumptions, estimates and projections about Tanla Platforms 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, 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.



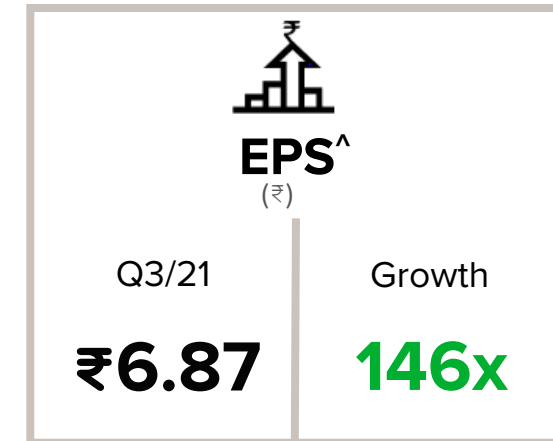
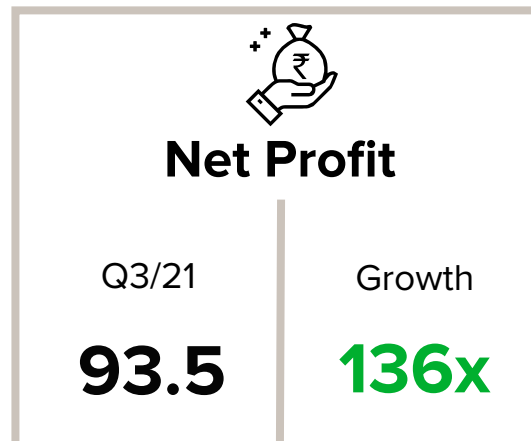
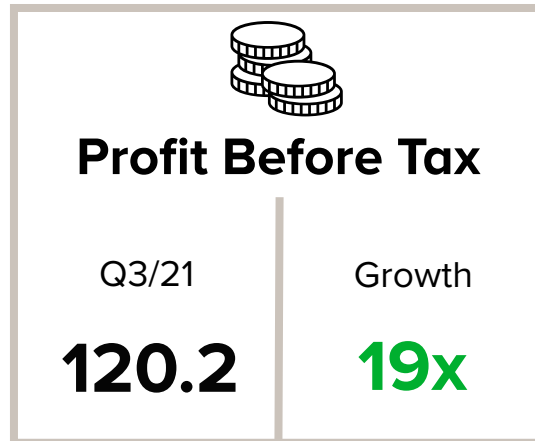
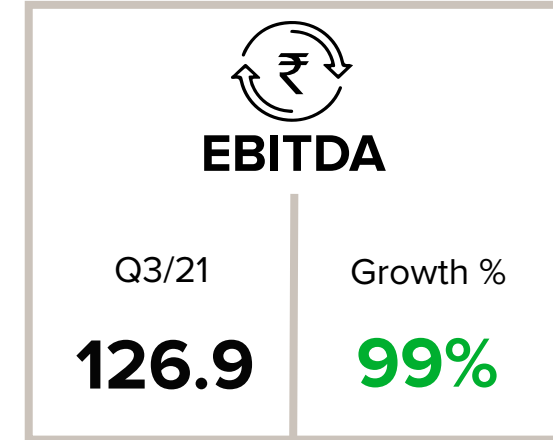
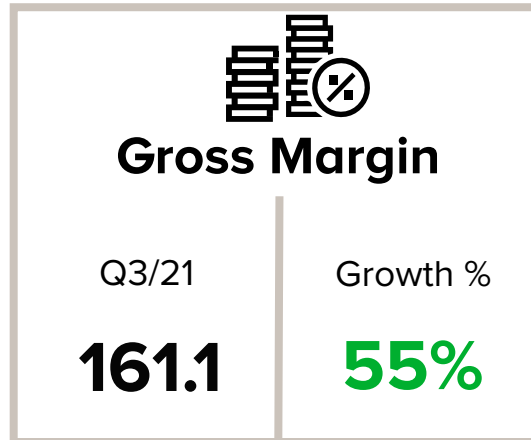
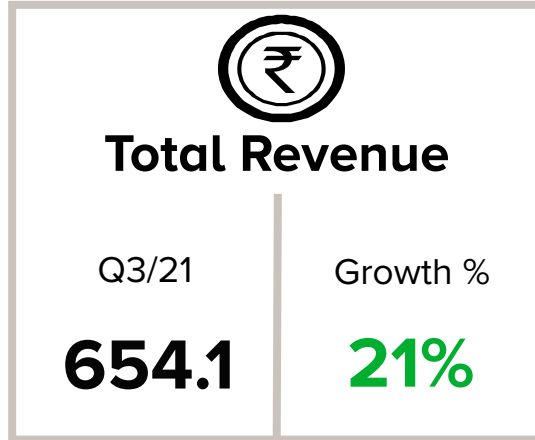
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ANOTHER RECORD QUARTER 2021

REVENUE, MARGIN, EBITDA, PBT, NET PROFIT AND EPS AT ALL TIME HIGH

(₹ Crore)



Note: Growth percentage is over corresponding quarter Q3/20

[^] EPS is calculated on 13.6 Cr outstanding equity shares as on Dec 31, 2020



OTHER FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

Q3/21 OVER CORRESPONDING Q3/20

- Gross margin percentage increased by **5.3%** to **24.6%**
- EBITDA percentage increased by **7.6%** to **19.4%**
- EBITDA to cash conversion at **78%**
- Cash flow from operating activities at **₹ 225.2 Cr**
- Cash and cash equivalents at **₹ 449 Cr**
- Capital expenditure at **₹ 11.2 Cr** for Q3/21
- ROCE at **48%**
- Tanla and all its subsidiaries remain **debt free**
- Trubloq platform registered **6,278** enterprises in Q3/21
- Tanla added **81** new customers with an annual potential revenue of **₹ 90 Cr**
- Acquired healthy mix of customers from leading verticals (banking, retail, fintech, e-commerce & gaming)
- Strengthened the team by adding **52** professionals



Q3/21 Vs Q2/21 PERFORMANCE

(₹ Crore)

	<u>Q3/21</u>	<u>Q2/21</u>	<u>Δ %</u>	<u>Remarks</u>
Revenue from operations	654.1	583.2	12%	
Cost of services	(493.0)	(448.9)	10%	
Gross margin	161.1	134.3	20%	
Operating expenses	(34.3)	(36.8)	(7%)	Professional charges decreased by ₹ 0.9 Cr in Q3, while there was a one-time employee incentive payout of ₹ 1.9 Cr in Q2.
EBITDA	126.9	97.5	30%	
Other income	2.4	4.7	(49%)	One-off interest receipt on income-tax refund of ₹ 2.1 Cr in Q2.
Tax expense (including deferred tax)	(26.7)	(10.8)	147%	
Net profit	93.5	81.5	15%	



PROFIT & LOSS

THIRD QUARTER 2021

(₹ Crore)

	<u>Q3/21</u>	<u>Q3/20</u>	<u>Δ %</u>
Revenue from operations	654.1	539.0	21
Cost of services	(493.0)	(435.1)	13
Gross margin	161.1	103.9	55
Gross margin %	24.6%	19.3%	28
Operating expenses ⁽¹⁾	(34.3)	(40.2)	(15)
EBITDA	126.9	63.7	99
EBITDA %	19.4%	11.8%	64
Other income	2.4	2.2	9
Depreciation and amortization	(8.9)	(70.8)	(87)
Finance cost	(0.2)	(1.8)	(91)
Profit (loss) before tax	120.2	(6.8)	1,878
Tax expense (including deferred tax)	(26.7)	7.4	(459)
Net profit	93.5	0.7	13,616
Earnings per share, basic ⁽²⁾ (₹)	6.87	0.05	14,557

Note:

- Operating expenses declined by ₹ 5.9 Cr due to decrease in S&M expenses by ₹ 2.1 Cr and G&A cost by ₹ 3.8 Cr.
 - S&M reduced by ₹ 2.3 Cr on account of customer event held in Q3/20
 - G&A reduced by ₹ 1.2 Cr on account of decrease in travel cost; ₹ 2.6 Cr on account of decrease in provision for doubtful debts
- EPS is calculated on 13.6 Cr outstanding equity shares as on Dec 31, 2020.



PROFIT & LOSS

FIRST NINE MONTHS 2021

(₹ Crore)

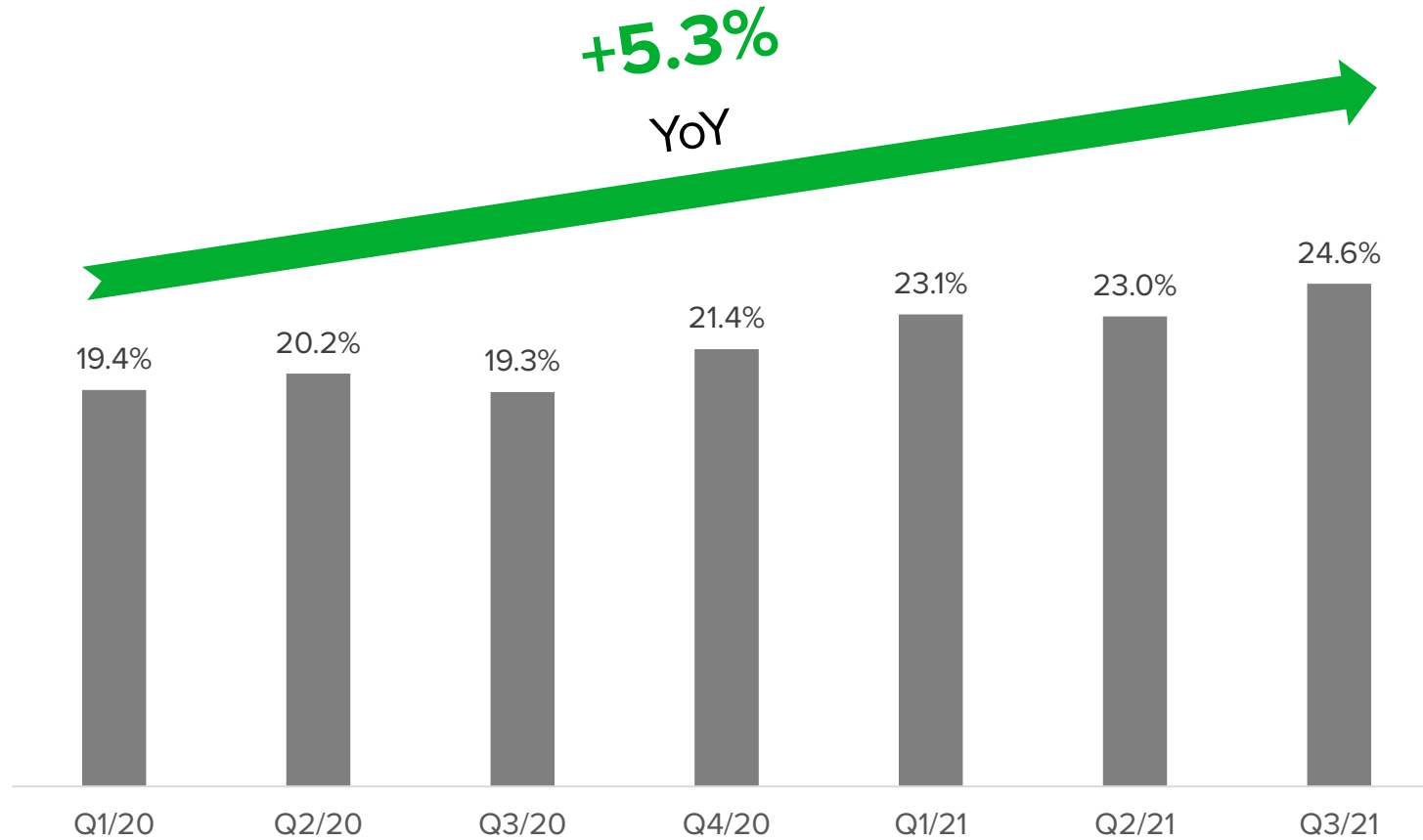
	9M/21	9M/20	Δ %
Revenue from operations	1,692.9	1,420.8	19
Cost of services	(1,292.1)	(1,141.6)	13
Gross margin	400.8	279.2	44
Gross margin %	23.7%	19.6%	20
Operating expenses ⁽¹⁾	(101.4)	(152.7)	(34)
EBITDA	299.4	126.4	137
EBITDA %	17.7%	8.9%	99
Adjusted EBITDA⁽²⁾	300.5	175.4	71
Adjusted EBITDA %	17.7%	12.3%	44
Other income ⁽³⁾	20.4	8.7	135
Depreciation and amortization	(30.3)	(293.7)	(90)
Finance cost	(1.0)	(4.5)	(79)
Share in net profit/ (loss) of associate	-	(1.7)	(100)
Profit (loss) before tax	288.5	(164.8)	275
Tax expense (including deferred tax)	(34.9)	42.8	(182)
Net profit (loss)	253.6	(122.0)	308
Earnings per share, basic ⁽⁴⁾ (₹)	17.79	(8.60)	307

Note:

1. Decrease in operating expenses by ₹ 51 Cr was on account of one-time costs on ESPS of ₹ 41.1 Cr and acquisition cost of ₹ 7.7 Cr incurred during 9M/20.
2. One-time expense of ₹ 48.8 Cr for 9M/20 and ₹ 1.1 Cr for 9M/21 are excluded in the aforesaid calculation of adjusted EBITDA.
3. Other income increased by ₹ 11 Cr majorly due to
 - Reversal of one-off provision towards investment of ₹ 3.67 Cr in Franklin Templeton and ₹ 1.78 Cr profit realized on the said investment.
 - Reversal of provision for debtors of ₹ 2.92 Cr in TMAP (Singapore) now realized in 9M/21.
4. EPS is calculated on 14.25 Cr weighted average equity shares for nine months ending Dec 31, 2020.



GROSS MARGIN GROWTH IN Q3/21

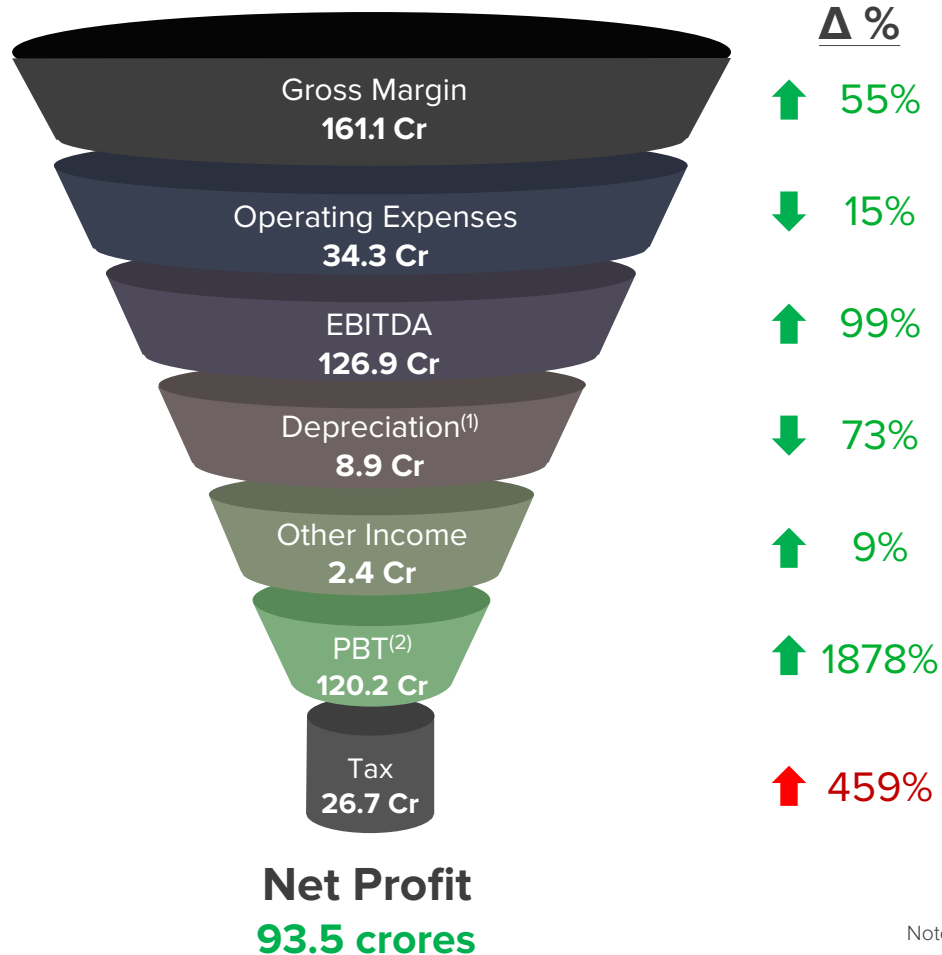


Increased gross margin percentage is on account of improved contribution from platform business

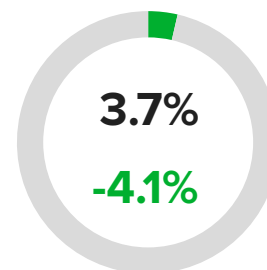


GROSS MARGIN ALLOCATION

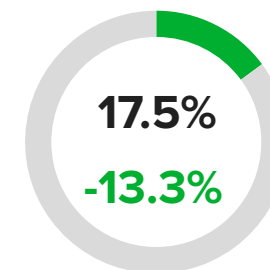
Q3/21 OVER CORRESPONDING Q3/20



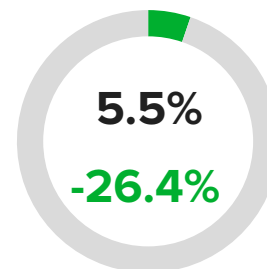
S&M
As % of gross margin
₹ 6.0 Cr



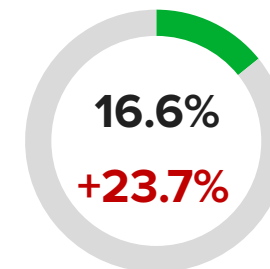
G&A
As % of gross margin
₹ 28.2 Cr



Depreciation⁽¹⁾
As % of gross margin
₹ 8.9 Cr



Tax
As % of gross margin
₹ 26.7 Cr



Note:

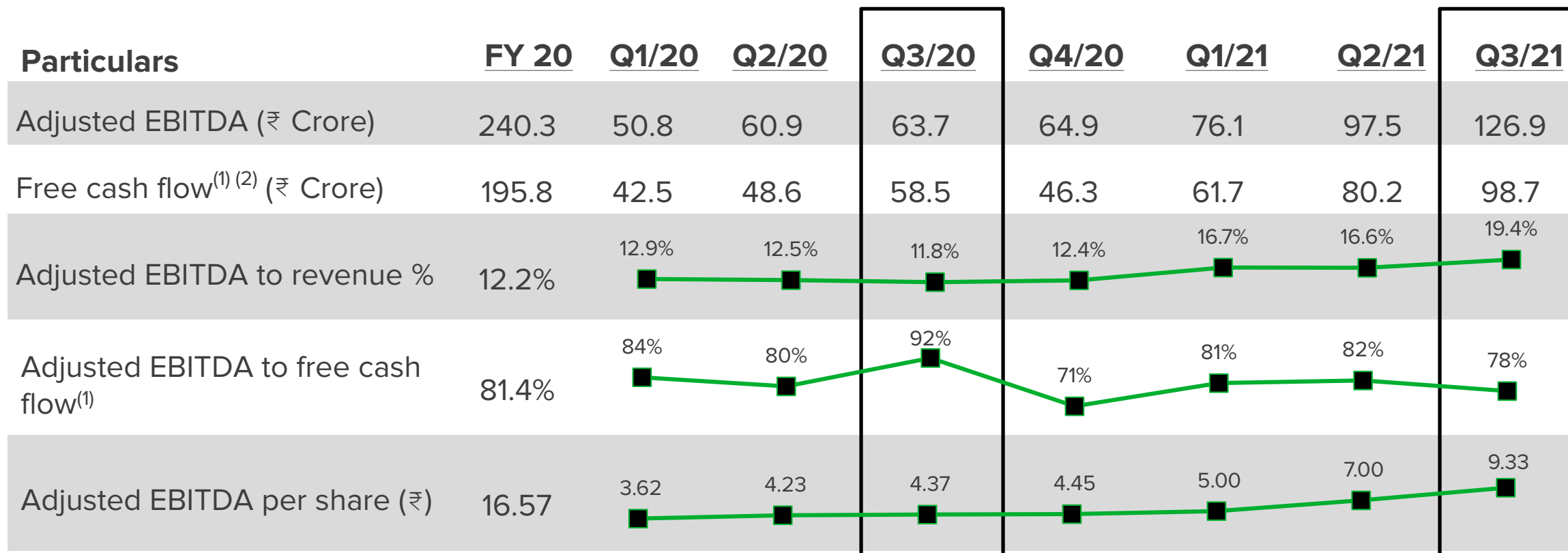
(1) Accelerated depreciation for the Q3/20 of ₹ 37.7 Cr is excluded from the aforesaid comparison

(2) Profit Before Tax (PBT) is after adjustment of finance cost of ₹ 0.2 Cr for Q3/21.



OPERATING EXCELLENCE DRIVES HIGHER EBITDA

EBITDA UP 7.6 PERCENT YoY



Note:

1. In Q2/21 buyback (₹ 165.9 Cr), dividend (Q2/21 ₹ 13.6 Cr & Q3/20 ₹ 6 Cr) not considered in computing free cash flows.
2. Free cash flow is calculated excluding changes in working capital.

Note: Growth percentage is over corresponding quarter Q3/20



CASH FLOW STATEMENT

(₹ Crore)

Particulars	Q3/21	Q2/21	Q1/21
Net cash provided by (used in)			
Profit before tax	120.2	92.3	76.0
Adjustments for dep, interest, ESOP, other income, provision for doubtful debts, forex fluctuations and others	9.4	6.0	1.4
Cash flow before changes in working capital	129.6	98.2	77.5
Changes in working capital			
Changes in receivables and payables (incl. unbilled - revenue and cost of services)	97.3	48.5	(47.5)
Changes in other current and non-current assets and liabilities	(1.7)	19.6	(2.9)
Cash flow from operating activities	225.2	166.3	27.1
Net investments in fixed assets and intangible assets	(10.5)	(6.3)	(8.7)
Interest & other income received	0.8	4.8	10.3
Cash flow from investing activities	(9.6)	(1.5)	1.6
New share issue / warrants	-	1.9	18.2
Buy back costs	-	(165.9)	-
Payment towards lease liabilities and interest thereon	(0.2)	(0.3)	(0.5)
Dividends and dividend tax paid during the year	-	(13.6)	-
Financing activities	(0.2)	(177.9)	17.7
Net increase in cash and cash equivalents	215.4	(13.1)	46.4
Cash and cash equivalents at beginning of year	233.9	247.0	200.6
Cash and cash equivalents closing balance	449.3	233.9	247.0



CAPEX SPENT

(₹ Crore)

	<u>FY 20</u>	<u>Q1/20</u>	<u>Q2/20</u>	<u>Q3/20</u>	<u>Q4/20</u>	<u>Q1/21</u>	<u>Q2/21</u>	<u>Q3/21</u>	<u>YTD FY21</u>
Platforms	28.8	2.1	10.9	2.2	13.6	7.9	4.3	8.5	20.8
IT & networks	3	1.6	0.2	1.2	-	0.1	2.2	2.2	4.5
Facilities	6.4	3.1	-	-	3.1	0.2	0.2	0.5	0.9
Total capex spent	38.1	6.8	11.1	3.4	16.7	8.2	6.7	11.2	26.2

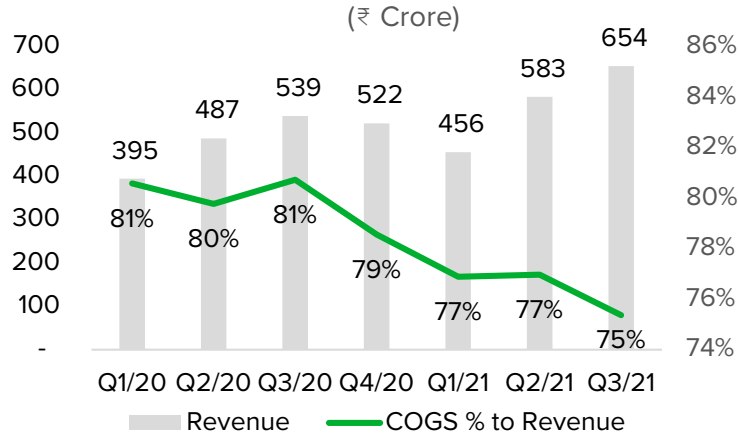
Note:

1. Facilities include buildings, furniture and fixtures, office equipment and vehicles

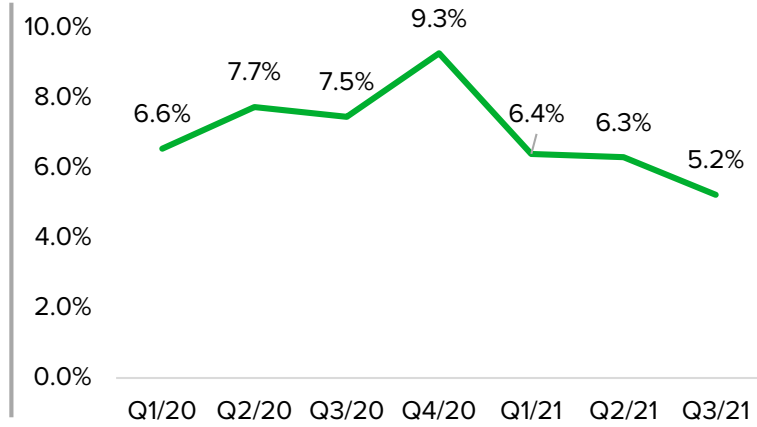


FINANCIAL ANALYSIS TRENDS – PROFIT & LOSS

Revenue and COGS

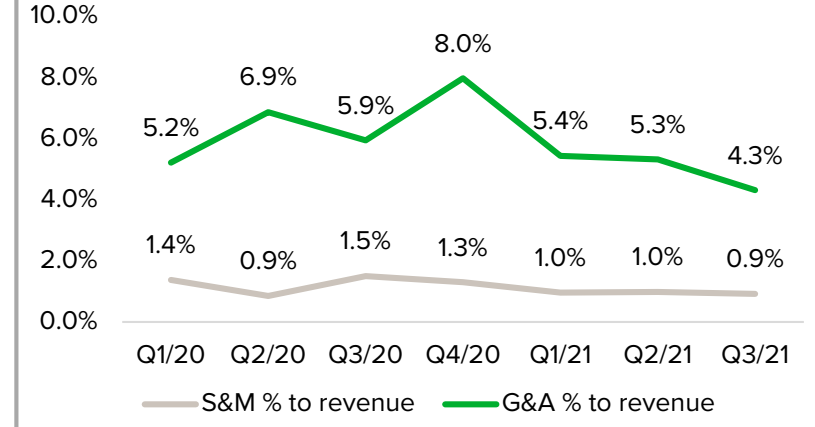


Adjusted operating expenses⁽¹⁾



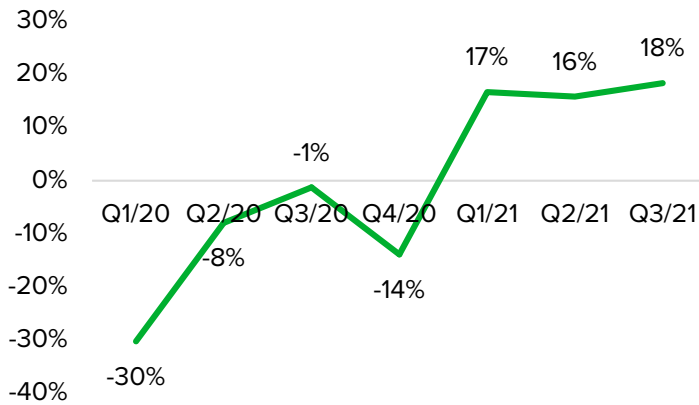
Note: Adjusted Operating Expenses as a percentage to Revenue

Adjusted S&M and G&A⁽¹⁾



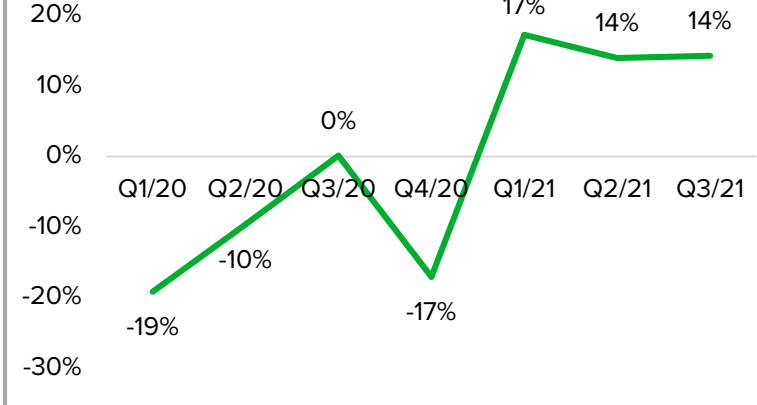
Note: Adjusted S&M and G&A as a percentage to Revenue

Profit before tax



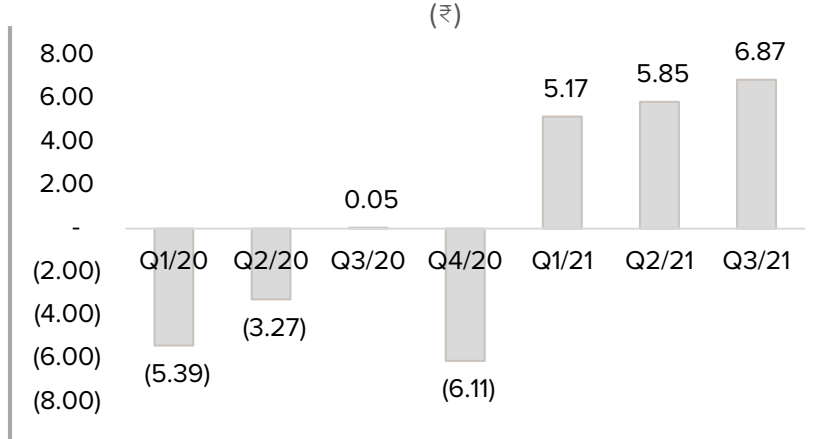
Note: Profit before tax as a percentage to revenue

Net profit



Note: Net Profit as a percentage to revenue

EPS



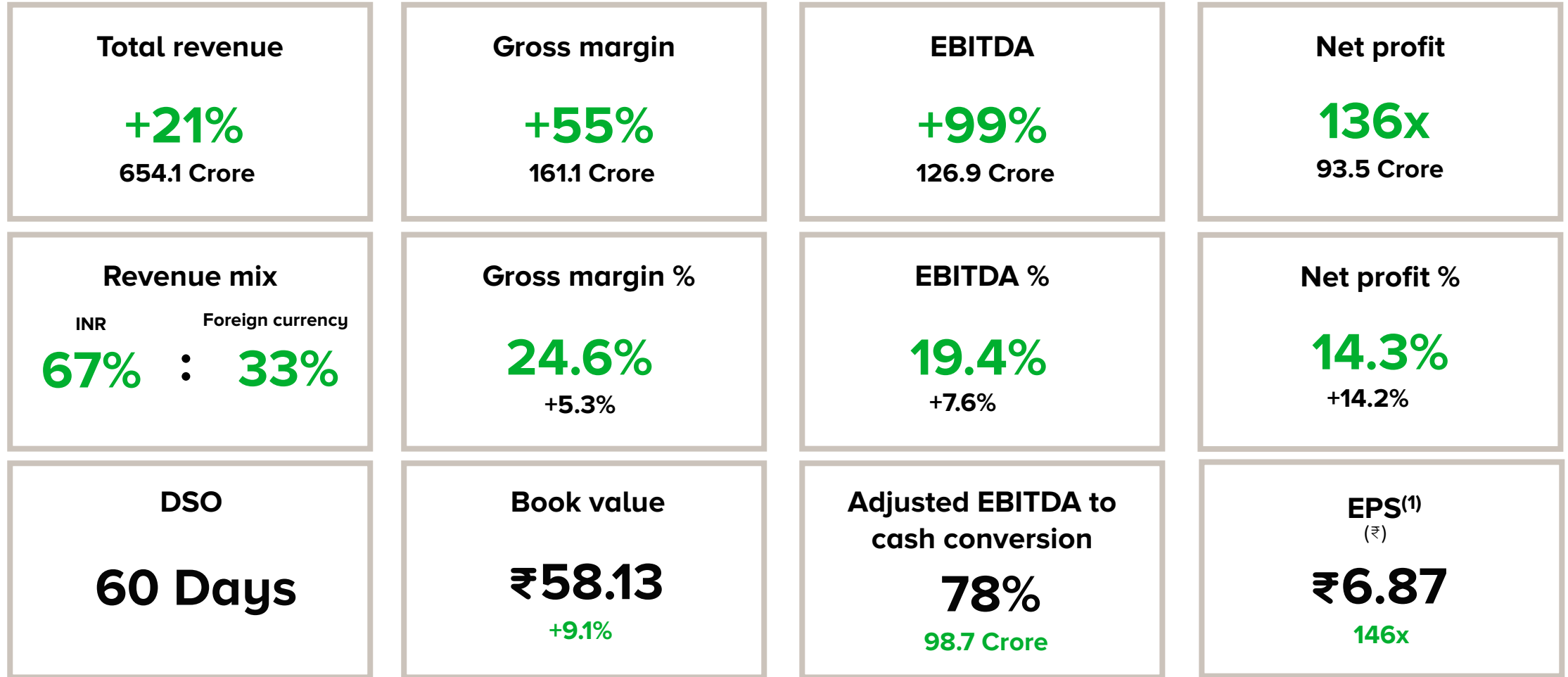
Note: (1) One-time expense of ₹ 19.5 Cr for Q1/20, ₹ 29.4 Cr for Q2/20, ₹ 4.9 Cr for Q4/20 and ₹ 1.1 Cr for Q1/21 are excluded in the aforesaid comparison of operating expenses, S&M and G&A.



PERFORMANCE DASHBOARD

Q3/21 OVER CORRESPONDING Q3/20

(₹ Crore)



Note:

1. EPS is not annualized. EPS is calculated on 13.6 Cr outstanding equity shares as on Dec 31, 2020.



Annexures



ADJUSTED EBITDA AND FREE CASH FLOW

(₹ Crore)

Particulars – Adjusted EBITDA	<u>FY 20</u>	<u>Q1/20</u>	<u>Q2/20</u>	<u>Q3/20</u>	<u>Q4/20</u>	<u>Q1/21</u>	<u>Q2/21</u>	<u>Q3/21</u>
EBITDA	185.1	31.3	31.5	63.7	58.6	75	97.5	126.9
Acquisition cost	7.8	7.8	-	-	-	-	-	-
Buy back	-	-	-	-	-	1.1	-	-
ESPS	41.1	11.7	29.4	-	-	-	-	-
Provision towards Franklin Templeton investment	3.7	-	-	-	3.7	-	-	-
MWC Barcelona	2.6	-	-	-	2.6	-	-	-
Adjusted EBITDA	240.3	50.8	60.9	63.7	64.9	76.1	97.5	126.9

Particulars – Free Cash Flow (FCF)	<u>FY 20</u>	<u>Q1/20</u>	<u>Q2/20</u>	<u>Q3/20</u>	<u>Q4/20</u>	<u>Q1/21</u>	<u>Q2/21</u>	<u>Q3/21</u>
Adjusted EBITDA	240.3	50.8	60.9	63.7	64.9	76.1	97.5	126.9
Capex	(38.1)	(6.8)	(11.1)	(3.4)	(16.7)	(8.2)	(6.7)	(11.2)
Finance cost	(6.4)	(1.5)	(1.2)	(1.8)	(1.9)	(0.7)	(0.1)	(0.2)
Current tax	-	-	-	-	-	(5.5)	(10.5)	(16.8)
Free Cash Flow (FCF)	195.8	42.5	48.6	58.5	46.3	61.7	80.2	98.7

Note: In Q2/21 buyback (₹ 165.9 Cr), dividend (Q2/21 ₹ 13.6 Cr & Q3/20 ₹ 6 Cr) not considered in computing free cash flows.





Investor Update
Q3 - FY 2021