

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 82% 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.

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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




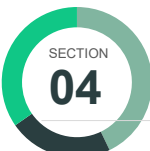
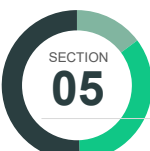
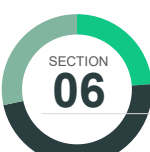
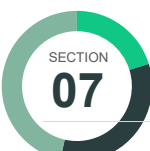


We are building the Company for the long term. Our focus is beyond business- we are integrating ESG into our business and working towards a sustainable future. We have been focused for more than two decades building a company which has undisputed leadership in India CPaaS space. We are now ready to take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

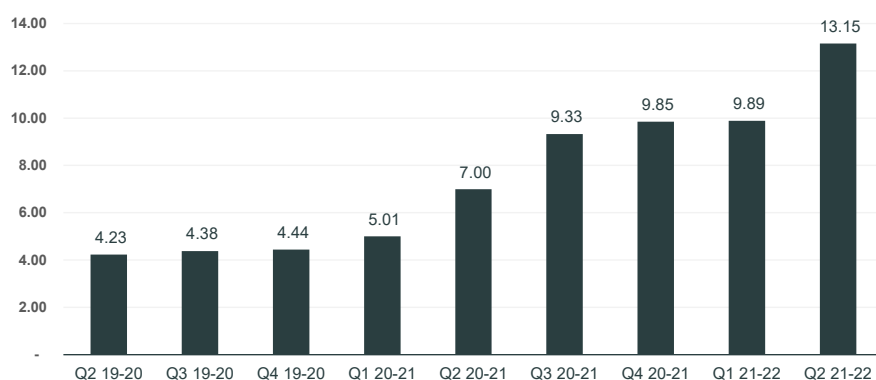
For the list of definitions please refer to page 16

(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.

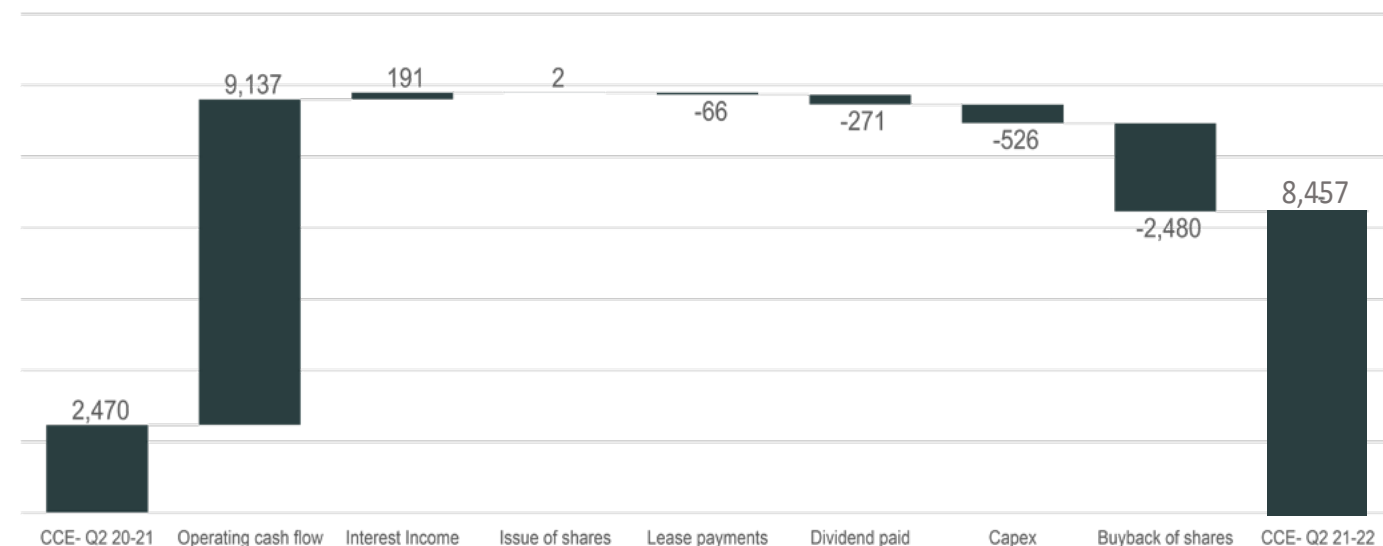
(In ₹)	Q2 21-22	Q2 20-21
Basic earnings per share	10.04	5.85
Weighted average number of shares outstanding	13,56,72,000	13,93,82,000

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 82% 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.

Headquarters

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Aravind Viswanathan
Chief Financial Officer