

## Shareholder Report: April - December 2021

### October - December 2021

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

### April - December 2021

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

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

### Significant events during the quarter

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

### Invitation to conference

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

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# Message from Chairman

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

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

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

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

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

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



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

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

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

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

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

Hyderabad, 21 January 2022

Uday Reddy  
Founder Chairman & CEO

# Tanla Overview

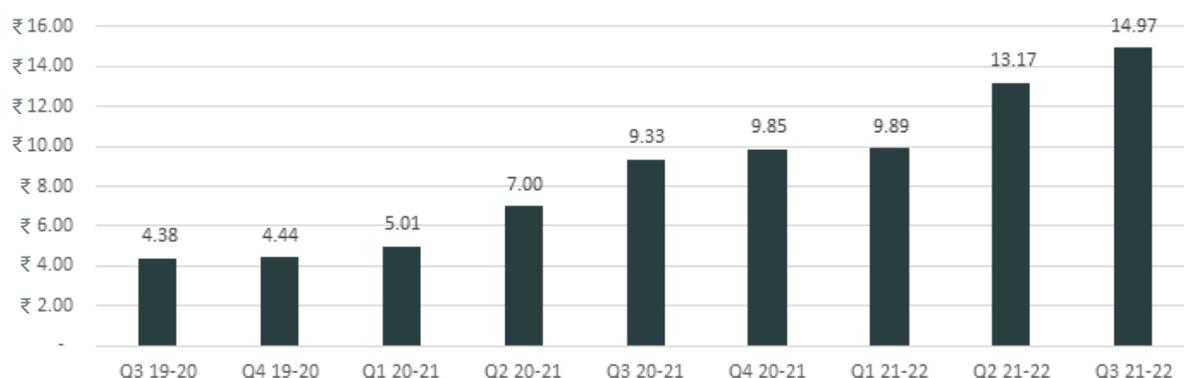
For the list of definitions please refer to page 16

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

## Items affecting comparability

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

## Adjusted EBITDA per share



# Quarterly Trends

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

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

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

Gross Margin for Platform are arrived after deducting cloud hosting charges

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

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

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

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

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

FY20 growth rates have the benefit of Karix acquisition

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

# Management Discussion & Analysis

## October - December 21-22

### Revenue

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

### Gross profit

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

### EBITDA

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

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

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

### EBIT

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

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

### Other income

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

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

## Cash & cash equivalents composition

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

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

## Cash & cash equivalents break up (CCE)

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

## Profit after tax

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

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

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

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

## Earnings per share

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

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

## Cash flow

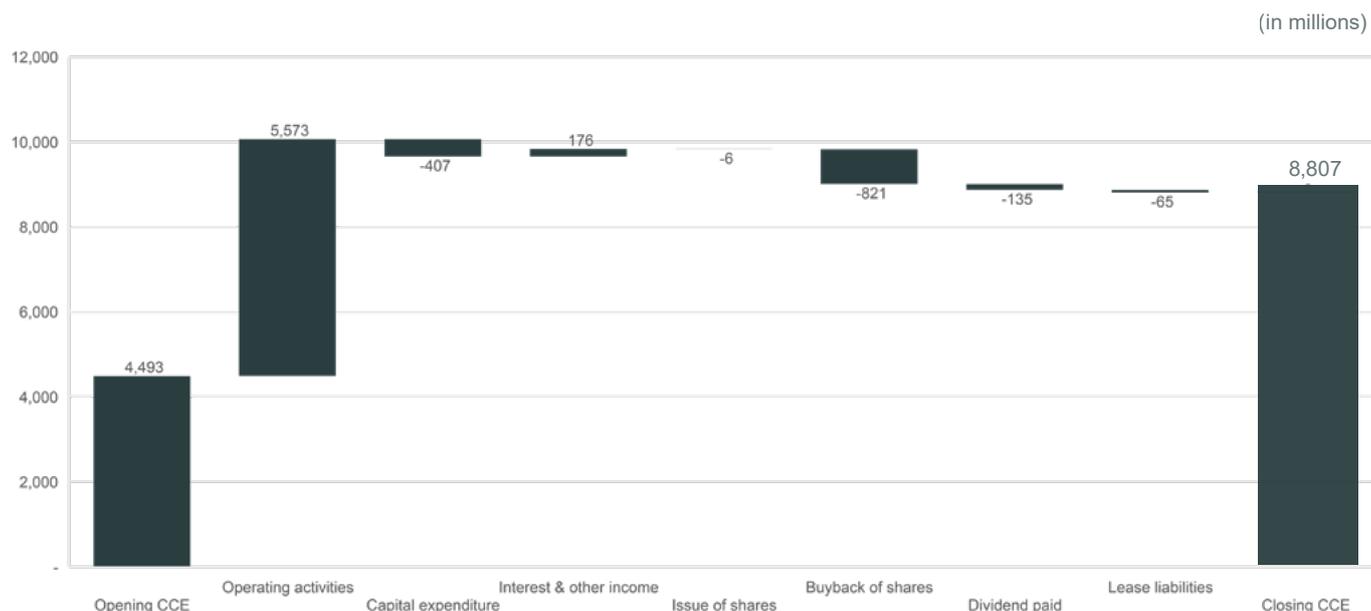
On a year-over-year basis, Cash and cash equivalents (CCE) increased from ₹4,493 million in Q3 20-21 to ₹8,807 million in Q3 21-22. CCE increase is primarily driven by robust growth in revenue and effective working capital management. Cash generated from operations at ₹4,149 million and Free cash flow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

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

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

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

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



## Customers

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

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

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

## April to December 2021

### Revenue

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

### Gross profit

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

### EBITDA

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

### Profit after tax

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

### Earnings per share

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

# Condensed Income Statement

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

## Earnings per share

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

# Condensed Balance Sheet

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

## Condensed change in equity statement

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

## Condensed Statement of Cash Flow

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

## Key Ratios

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

## Equity Capital

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

### Share capital

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

### Shareholders

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

### Shareholder Distribution by Category

#### Movement in shareholder pattern for last five quarters

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

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# Key Policies

## Basis for preparation of financial statements

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 as amended, issued by Ministry of Corporate Affairs ('MCA'). Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

## Revenue recognition

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

## Depreciation and Amortization

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

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

## Provision for bad and doubtful debts

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

## Investment policy

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

## Governance policies:

### Code of Conduct:

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

### Supplier code of conduct:

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

### Whistle Blower Policy:

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

### Code for Insider Trading:

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

**Risk Management policy:**

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

**Related Party Transaction Policy:**

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

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# Definitions

## Platform business segment

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

## Enterprise business segment

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

## Gross profit

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

## Gross margin

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

## Sales and marketing expense

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

## General and administrative expense

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

## Operating profit-EBITDA

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

## Adjusted EBITDA

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

## Operating cash flow

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

## Free cash flow

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

## Capex expenditure

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

## Return on capital employed (ROCE)

### ROCE including CCE:

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

### ROCE excluding CCE:

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

## Rule of 40

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

## New customer

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

## Customer segments

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

## About Tanla:

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

## Forthcoming reporting dates

Q4 21-22 - 28 April 2022

## Guidance

Tanla does not provide any guidance.

## ESG

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

## Board of Directors

Mr. Uday Reddy  
Founder Chairman & CEO

Ms. Amrita Gangotra  
Independent Director  
Ex CTIO -Vodafone

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

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

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

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

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

Mr. Deepak Goyal  
Executive Director

## Auditors

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

Internal Auditor  
Deloitte Touche Tohmatsu India LLP  
Vishal Shah - Partner

GST Auditor  
M/s. MSKA & Associates  
Abhinav Shrivastav

## Consultants

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

Secretarial consultants  
BSR & CO LLP  
Pradeep Narayana - Partner

Tax consultants  
PWC in India  
Amit Jain - Partner

Digitalization consultants  
EY  
Prashant Singhal - Partner

## Forward-looking statements

This document might contain statements that are forward looking in nature. All statements other than statements of historical fact could be deemed as forward-looking in nature. Such statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. By receiving this document, you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.

## Certification

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

## Headquarters

Tanla Technology Centre,  
Hi-Tech City Road, Madhapur,  
Hyderabad – 500 081,  
Telangana, India.  
CIN: L72200TG1995PLC021262  
[tanla.com](http://tanla.com)

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Aravind Viswanathan  
Chief Financial Officer