

## Quarter Report: April - June 2022

### April - June 2022

- Revenue increased by 28% year-over-year to ₹8,001 million.
- Gross profit increased by 7% year-over-year to ₹1,850 million. Gross margin at 23.1%.
- EBITDA at ₹1,307 million. EBITDA margin at 16.3%.
- Profit after tax at ₹1,004 million. Profit after tax margin at 12.5%.
- Earnings per share at ₹7.40.
- Free cash flow at ₹718 million and Cash & Cash Equivalents at ₹9,873 million.

“We are progressing well on our one platform strategy-Wisely. Q1 had some operational headwinds in the Enterprise business, but we have our building blocks in place to accelerate our momentum in the coming quarters. We have a strong balance sheet and excited by the opportunities ahead of us.” - Uday Reddy, Founder Chairman & CEO

### Significant events during the quarter

- Exclusive partnership with Kore.ai to offer conversational AI solutions on Wisely Platform.
- Launched “Wisely Insights” a first in the industry feature that will enable leading enterprises to have end-to-end visibility of the international message life cycle.
- Appointed Mr. Sunil Bajpai as Chief Trust Officer. He would lead the team responsible for driving exceptional trust standards for the ecosystem with a specific focus on business communication.
- Tanla has been recognized as the “Most Preferred Workplace” 2022-23 by Marksmen Daily.
- Signed up with the Government Medical College and Nursing College, Mahbubnagar, Telangana, India., to plant twenty-five thousand trees on twenty-five acres of land.
- MoU Signed up with IIT Madras to support the payment of tuition and other applicable fees, for five students from economically weak background beginning from academic year 2022-23.

### Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on July 26,2022 at 4.30 PM IST. Watch the presentation at <https://bit.ly/3J57sFb>.

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

# Message from Chairman

“Over the past few years, we have been building a great institution at Tanla and have been a consistent industry leader in the rapidly evolving space of digital interactions. We have achieved this with 3 strategic focus areas – (i) creating large innovative platforms, (ii) obsessing on customer success and (iii) embedding ESG in everything we do. This is reflected both in the quality of our business (platform led, deep relationships with leaders across industry segments) as well as the robustness of our financial performance (13X growth in PAT in 6 years).

Our strategy is working, and I have a huge personal conviction in our current direction. In Q1, we made significant progress with Wisely, our platform of platforms for digital interactions. A few updates to highlight the momentum of Wisely:

- i. **Wisely platform at VIL:** We have deployed our AI/ML-based firewall to prevent leakages at a very large scale. We have also launched Wisely Insights and have received tremendous positive responses from several global tech majors. On the back of Wisely insights and the AI/ML-based firewall, we are able to deliver a better user experience, demonstrate improved compliance and drive better business outcomes (e.g., OTP conversions) which should translate to more business for us in Q2.
- ii. **Kore.ai and Truecaller on Wisely:** I have always believed in deep partnerships to drive innovations. We have kicked off our exclusive partnership with Kore.ai, a Gartner Magic Quadrant leader in conversational AI space supporting 200+ Fortune 2000 companies. With Truecaller, we expect our revenue stream to start in Q2. We are seeing a lot of interest from enterprise customers and have an exciting product roadmap.
- iii. **Innovation and Experience Centre:** Behind all our innovations is our team. Our innovation team will be housed in a truly unique customer experience and innovation center in Hyderabad, which will be launched in Q2. Our innovations are focused on building products that address greenfield opportunities, change the financial profile as well as drive trust in the entire CPaaS ecosystem.

In this context, I am also very excited that Mr. Sunil Bajpai joined Tanla as Chief Trust Officer in Q1. He will be working with the regulatory community, enterprises, and partners to drive products and policies that address all concerns of consumers in the evolving space of business communication, globally.

We continue to obsess about customer success and have seen progress in our customer metrics. We have product penetration of 2+ in our top customers i.e., on average, we have sold two solutions often at different buying centres amongst our key customers. This goes on to show how invested we are in deepening our customer relationships. We are also adding new customers, with 40% of customers added for the newer solutions beyond SMS.

While you can see significant progress in our strategic focus areas, we have had operational headwinds in Q1. While our revenue grew 28% YoY in a seasonally weak quarter, we had pressure on our profitability. Our EBITDA and PAT margins are industry-leading even at Q1 levels, but it is lower than the levels we have operated at in the past. We have delivered 20%+ EBITDA for the past 5 quarters and that is the level we continue to aspire for. Our operational headwinds in Q1 is due to a combination of external and internal factors:



- i. **Market disruption:** We saw market disruption of pricing both in NLD and ILD business in select customers which impacted our EBITDA. We have been quick to respond by taking an approach of making focused investments on our priority customers. We are confident that at the end of this cycle, we will come out stronger with our customers and be able to get back to better profitability systematically over the course of this financial year.
- ii. **Legacy systems and infrastructure modernization:** From an internal perspective, we had some challenges in scaling our legacy infrastructure as our volumes have scaled substantially over the years. We have used this opportunity to completely modernize our legacy systems and infrastructure to the highest standards. We had an impact in Q1 on EBITDA, but we do not see this impact going forward.
- iii. **Forex impact:** The sharp depreciation of the Euro against the USD had an impact on EBITDA.

While Q1 did not go in the direction we would have liked, it takes nothing away from my conviction of how exciting the future is. Our building blocks are coming together, and we are just getting started. We are staying true to our strategy of ‘build over buy’. While the markets are moving from pure growth companies to companies with profitability and cash flow, we have always been on the path of driving profitable growth with strong free cash flows. We have a very strong balance sheet (cash balance of ₹9,873Mn and zero debt) as well as a strong cash flow generating business (₹965Mn operating cash flow).

I am very excited by the opportunities and potential that lie ahead of us. I am confident that we will continue to deliver on our promise of strong, consistent, and profitable growth for the years to come.

Thank you for your support.”

Hyderabad, July 25, 2022

Uday Reddy  
Founder Chairman & CEO

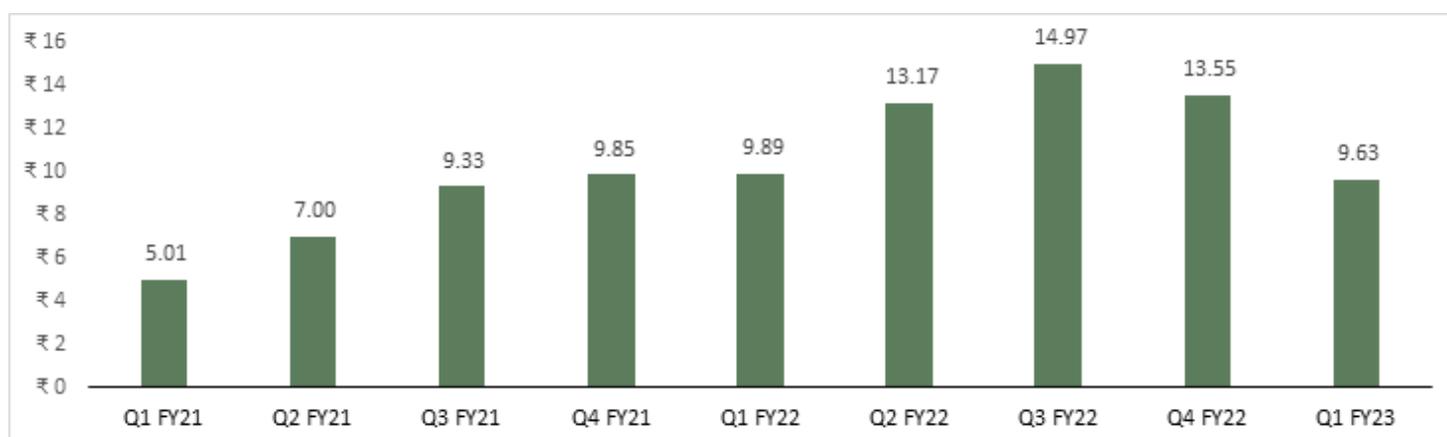
# Tanla Overview

For the list of definitions please refer to page 16

(In ₹ million, unless otherwise stated)

	Three months Ended June 30		Year Ended March 31	RTM
	Q1 FY23	Q1 FY22	FY22	R12M
	(Unaudited)		(Audited)	
Revenue from operations	8,001	6,264	32,060	33,797
Gross profit	1,850	1,735	9,080	9,196
<b>Gross margin</b>	<b>23.1%</b>	<b>27.7%</b>	<b>28.3%</b>	<b>27.2%</b>
EBITDA	1,307	1,345	7,001	6,963
<b>EBITDA margin</b>	<b>16.3%</b>	<b>21.5%</b>	<b>21.8%</b>	<b>20.6%</b>
Gross profit/EBITDA	70.6%	77.6%	77.1%	75.7%
Adjusted EBITDA	1,307	1,345	7,001	6,963
Adjusted EBITDA margin	16.3%	21.5%	21.8%	20.6%
Gross profit/Adjusted EBITDA	70.6%	75.8%	77.1%	75.7%
EBIT	1,214	1,254	6,593	6,555
<b>EBIT margin</b>	<b>15.2%</b>	<b>20.0%</b>	<b>20.6%</b>	<b>19.4%</b>
Interest Income	44	24	131	153
Interest yield	4.0%	3.1%	3.9%	3.8%
Profit after tax	1,004	1,045	5,392	5,354
<b>Profit after tax margin</b>	<b>12.5%</b>	<b>16.7%</b>	<b>16.8%</b>	<b>15.8%</b>
Free cash flow	718	1,285	4,248	4,965
<b>Earnings per share (In ₹)</b>	<b>7.4</b>	<b>7.68</b>	<b>39.77</b>	<b>39.49</b>
EBITDA per share (In ₹)	9.63	9.89	51.62	51.32
Adjusted EBITDA per share (In ₹)	9.63	9.89	51.62	51.32
<b>Cash and Cash equivalents</b>	<b>9,873</b>	<b>7,171</b>	<b>9,222</b>	<b>9,873</b>
ROCE - (Including CCE)	32%	50%	47%	43%
<b>ROCE - (Excluding CCE)</b>	<b>89%</b>	<b>169%</b>	<b>141%</b>	<b>120%</b>
<b>DSO days</b>	<b>74</b>	<b>59</b>	<b>54</b>	<b>59</b>
Average number of employees	630	546	602	619

## Adjusted EBITDA per share



# Quarterly Trends

Revenue (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Platform	185	327	477	463	555	624	658	687	680
Enterprise	4,370	5,505	6,064	6,023	5,709	7,792	8,191	7,844	7,321
<b>Total</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>	<b>8,531</b>	<b>8,001</b>

Gross profit (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Platform	176	313	451	437	533	578	598	650	653
Enterprise	877	1,030	1,161	1,332	1,202	1,724	2,012	1,784	1,197
<b>Total</b>	<b>1,053</b>	<b>1,343</b>	<b>1,612</b>	<b>1,769</b>	<b>1,735</b>	<b>2,302</b>	<b>2,610</b>	<b>2,434</b>	<b>1,850</b>

Gross margin	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Platform	95.0%	95.6%	94.6%	94.5%	96.2%	92.7%	90.9%	94.7%	95.9%
Enterprise	20.1%	18.7%	19.1%	22.1%	21.0%	22.1%	24.6%	22.7%	16.4%
<b>Overall gross margin</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>	<b>28.5%</b>	<b>23.1%</b>

Gross Margin for Platform are arrived after deducting cloud hosting charges

EBITDA (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
EBITDA	750	975	1,269	1,340	1,345	1,787	2,028	1,841	1,307
Items effecting comparability	12	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>762</b>	<b>975</b>	<b>1,269</b>	<b>1,340</b>	<b>1,345</b>	<b>1,787</b>	<b>2,028</b>	<b>1,841</b>	<b>1,307</b>
EBITDA margin	16.5%	16.7%	19.4%	20.7%	21.5%	21.2%	22.9%	21.6%	16.3%
Adjusted EBITDA margin	16.7%	16.7%	19.4%	20.7%	21.5%	21.2%	22.9%	21.6%	16.3%
<b>Gross profit/ EBITDA</b>	<b>71.2%</b>	<b>72.6%</b>	<b>78.7%</b>	<b>75.7%</b>	<b>77.6%</b>	<b>77.6%</b>	<b>77.7%</b>	<b>75.7%</b>	<b>70.6%</b>
Gross profit / Adjusted EBITDA	72.3%	72.6%	78.7%	75.8%	77.6%	77.6%	77.7%	75.7%	70.6%
EBITDA/per share(₹)	4.93	7.00	9.33	9.85	9.89	13.17	14.97	13.55	9.63
Adjusted EBITDA/ per share (₹)	5.01	7.00	9.33	9.85	9.89	13.17	14.97	13.55	9.63

Items affecting comparability (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Buy back costs	12	-	-	-	-	-	-	-	-
Employee stock purchase scheme	-	-	-	-	-	-	-	-	-
Provision towards MF investment	-	-	-	-	-	-	-	-	-
Marketing event	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>-</b>							

Profit/(loss) after tax (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Profit/(loss) after tax	786	815	935	1,025	1,045	1,362	1,580	1,406	1,004
Profit after tax margin	17.3%	14.0%	14.3%	15.8%	16.7%	16.2%	17.9%	16.5%	12.5%

Earnings per Share (In ₹)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Basic EPS	5.17	5.85	6.87	7.54	7.68	10.04	11.66	10.36	7.4

Rule of 40	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Revenue growth	15.5%	19.7%	21.3%	24.2%	38.0%	44.3%	35.3%	31.5%	27.7%
EBITDA margin %	16.4%	16.7%	19.4%	20.7%	22.0%	21.2%	22.9%	21.6%	16.3%
<b>Rule of 40</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>	<b>53.1%</b>	<b>44.0%</b>

Free cash flow (In ₹ million)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Free cash flow	184	1,600	2,147	1,361	1,285	2,217	302	444	718

# Management Discussion & Analysis

April - June 2022

## Revenue

Revenue grew by 28% YoY to ₹ 8,001 million, driven by increased volumes in our domestic business and faster growth in OTT channel.

Platform revenue grew by 23% YoY to ₹680 million, led by Trubloq. Enterprise revenue grew by 28% YoY to ₹7,321 million, led by increased volumes in existing customers, increase in product penetration (2+ products sold in our top customers) and new customer additions.

Revenue from new customers grew by 10% YoY to ₹31 million. Contribution from customers with greater than ₹10 million annual revenue increased to ₹7,772 million in Q1 FY23, a YoY growth of 28%.

## Gross profit

Gross profit grew by 7% YoY to ₹1,850 million, driven by increased contribution from Platform business. Platform business gross profit grew by 22% YoY to ₹ 653 million. Gross margin at 23.1% in Q1 FY23. Platform business gross margin contribution to total at 35% and Enterprise business gross margin contribution to total at 65%. We had some operational headwinds in Q1 FY23 which impacted gross margin due to combination of external and internal factors such as pricing related market disruption, and platform modernization of our legacy systems.

## EBITDA

EBITDA at ₹1,307 million. EBITDA margin at 16.3% in Q1 FY23. Gross profit to EBITDA conversion 70.6% in Q1 FY23, as against 77.6% in Q1 FY22.

(In ₹ million, unless otherwise stated)	Q1 FY23	Q1 FY22	Change %	% of revenue
Sales & Marketing expense (S&M)	73	71	3%	0.90%
General and Administrative expenses (G&A)	470	318	48%	5.90%
<b>Total</b>	<b>543</b>	<b>389</b>	<b>40%</b>	<b>6.80%</b>

Sales & Marketing expenses have increased due to increase in marketing spends and investments in sales team.

Increase in G&A expenses primarily due to salary cost driven by new additions, RSU cost and yearly salary increments and impacted by exchange rate fluctuation loss ₹ 50 million. Other indirect expenses remain constant as a % of revenue.

We had some operational headwinds in Q1 FY23 which impacted EBITDA margins such as (i) Market disruption-pricing pressure in select pockets around specific customers in ILD and NLD; (ii) Modernization of our legacy systems and infrastructure and (iii) foreign currency impact due to sharp depreciation of EURO against USD.

## EBIT

EBIT at ₹1,214 million and EBIT margin at 15.2% in Q1 FY23. Depreciation at ₹93 million in Q1 FY23 as against ₹91 million in Q1 FY22.

Depreciation, amortization (In ₹ million)	Q1 FY23	Q1 FY22
Amortisation on Platforms	26	17
Amortisation on Customer Relationship	31	31
Amortisation on Trade Name	-	9
Amortisation on Technology	6	6
Amortisation on Non-compete	1	1
Depreciation on tangible assets & right of use assets	29	28
<b>Total Depreciation &amp; amortisation</b>	<b>93</b>	<b>91</b>

## Interest income

Average interest yield for the quarter at 4%. 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 with a minimum rating of "AAA".

(In ₹ million, unless otherwise stated)	Q1 FY23	Q1 FY22
Interest income	44	*24
<b>Interest yield</b>	<b>4.0%</b>	<b>3.1%</b>

\*Interest income for Q1 FY22 is ₹43 million which includes interest on income tax refund of ₹19 million. Interest yield for Q1 FY22 is towards interest earned on fixed deposits.

## Cash & cash equivalents composition

(In ₹ million, unless otherwise stated)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Restricted cash	464	502	107	196	315
Current accounts- INR	843	605	407	597	782
Current accounts- USD	2,167	3,295	3,006	3,208	3,013
Fixed deposits	3,698	4,055	5,287	5,221	5,763
<b>Cash and cash equivalents (CCE)</b>	<b>7,171</b>	<b>8,457</b>	<b>8,807</b>	<b>9,222</b>	<b>9,873</b>

Restricted cash are held as margin money deposits given for bank guarantees and cash credit limits. Increase in restricted cash is due to renewal of existing contract with revised limits for bank guarantees. High balances in current account due to last day collections. Balance in dollar accounts is at 31% of the overall CCE. 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	529	20	3,168	284	4,001
HDFC Limited	-	-	2,000	-	2,000
LIC Housing Limited	-	-	200	-	200
State Bank of India	14	-	133	-	147
Axis Bank	137	-	89	1	227
ICICI Bank	26	-	54	-	80
Kotak Mahindra Bank	76	-	90	-	166
Citibank (Dubai)	-	843	-	-	843
DBS Bank (Singapore)	-	2,150	-	28	2,178
Others	-	-	29	2	31
<b>Total</b>	<b>782</b>	<b>3,013</b>	<b>5,763</b>	<b>315</b>	<b>9,873</b>

## Profit after tax

Profit after tax at ₹1,004 million and Profit after tax margin at 12.5%. Effective tax rate at 20% for Q1 FY23.

Tax contribution to exchequer in Q1FY23 was ₹2,098 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 FY20 is currently in progress for the Company and its subsidiaries. Timeline for refund of ₹120 million based on the assessments completed by March 31, 2022 is expected by end of Q2 FY23.

Deferred tax asset of ₹ 398 million represents timing differences in depreciation charge between Income Tax Act and Companies Act and will be reversed in future periods.

## Earnings per share

Earnings per share at ₹7.40.

(In ₹)	Q1 FY23	Q1 FY22
Basic earnings per share	7.40	7.68
Weighted average number of shares outstanding	13,57,45,523	13,60,36,000

## Property, Plant and Equipment

Increase in net block of Property, Plant and Equipment due to net additions of ₹22 million towards IT & networks.

## Intangible assets under development and Capital work in progress

Increase in intangible assets under development is due to cost incurred towards platform and is expected to go live in Q2 FY23. Increase in capital work in progress is towards our Innovation and Experience center coming up in Hyderabad.

## Right of use of assets

Ind-AS 116 on lease accounting provides for recognition of the asset and liability in respect of leased assets in the books of lessee and hence, the asset/liability in respect of leased office premises of the group companies has been quantified and disclosed under non-current and current assets/liabilities for values accountable after one year and within one year respectively.

## Other financial assets

Accrued income represents unbilled revenue accrued as at end of each month, as an industry practice invoicing happens in the subsequent month post reconciliation. Accrued income as % of revenue has decreased by 5%.

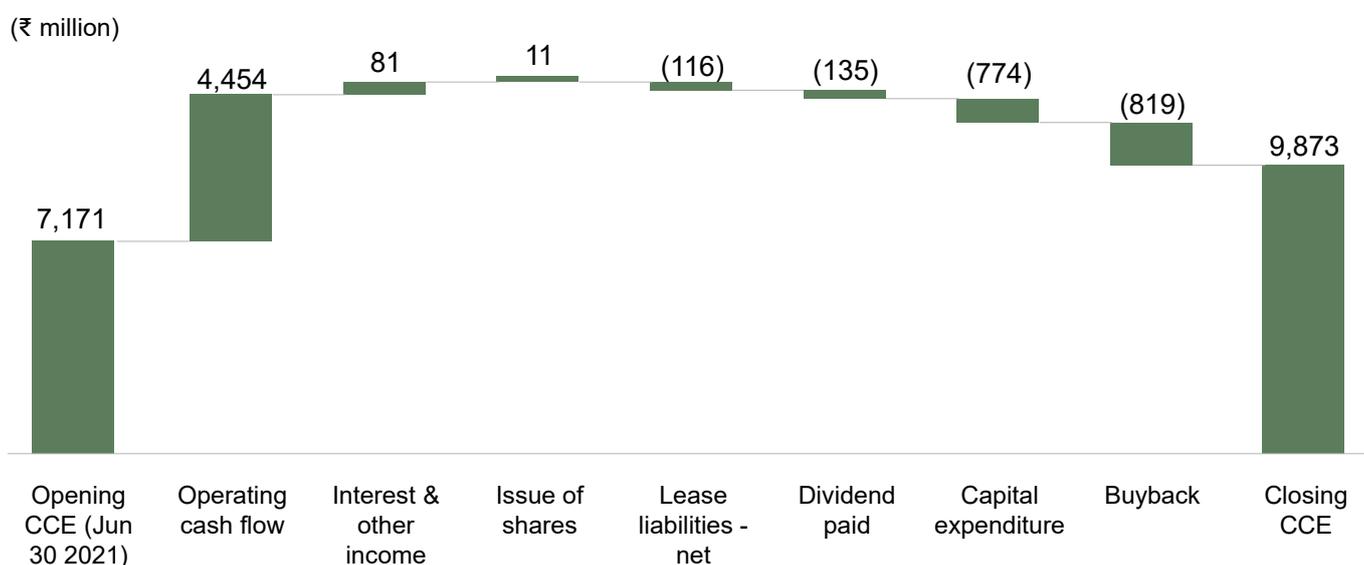
## Other financial liabilities

Other financial liabilities comprise of cost of services not yet billed to the Company and payable to capital creditors. The increase is primarily on account of growth in volume of transactions.

## Cash flow

Cash and cash equivalents (CCE) increased from ₹7,171 million to ₹9,873 million for Q1 FY23. Overall CCE increased by ₹2,702 million primarily driven growth and effective working capital management. Cash generated from operations at ₹965 million and Free cash flow at ₹718 million for Q1 FY23. Free cash flow at 71% of PAT for Q1 FY23. Increase in DSO from 59 days to 74 days Q1 FY23, while accrued income has come down as a % of revenue by 5%. DSO days including accrued income has increased by 2 days.

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



YoY  
CCE - cash and cash equivalents  
CCE - Includes bank deposits with more than twelve months maturity

## Customers

Organic growth momentum driven by deep customer relationships and increased product penetration.

- We added 64 new customers for the quarter primarily in digital natives and financial services. 40% of customers added with newer platform solutions beyond SMS. Revenue from new customers at ₹31 million.
- Our top twenty customers contributed ₹4,702 million in Q1 FY23, as against ₹4,148 in Q1 FY22 up 13%.
- Customer concentration from top twenty customers reduced to 59% in Q1 FY23 as against 66% in Q1 FY22.

Customer segment	Q1 FY22		Q1 FY23		Growth in count	Growth in revenue
	Count	Revenue	Count	Revenue		
>₹500M	13	3,484	16	4,250	23%	22%
>₹100M - < ₹500M	34	1,843	39	2,366	15%	28%
>₹10M- < ₹100M	99	750	147	1,156	48%	54%
<b>Total</b>	<b>146</b>	<b>6,077</b>	<b>202</b>	<b>7,772</b>	<b>38%</b>	<b>28%</b>

## Condensed Income Statement

(In ₹ million, unless otherwise stated)	Three months Ended June 30		Year Ended March 31	RTM
	Q1 FY23	Q1 FY22	FY22	R12M
	(Un-Audited)		(Audited)	
<b>Revenue from operations</b>	<b>8,001</b>	<b>6,264</b>	<b>32,060</b>	<b>33,797</b>
Cost of services	(6,151)	(4,529)	(22,980)	(24,601)
<b>Gross profit</b>	<b>1,850</b>	<b>1,735</b>	<b>9,080</b>	<b>9,196</b>
Operating expenses				
Sales and Marketing	(73)	(71)	(367)	(369)
General and administrative	(470)	(319)	(1,712)	(1,864)
<b>Total operating expenses</b>	<b>(543)</b>	<b>(390)</b>	<b>(2,079)</b>	<b>(2,233)</b>
<b>EBITDA</b>	<b>1,307</b>	<b>1,345</b>	<b>7,001</b>	<b>6,963</b>
Depreciation	(93)	(91)	(409)	(408)
<b>EBIT</b>	<b>1,214</b>	<b>1,254</b>	<b>6,593</b>	<b>6,555</b>
Finance cost	(3)	(2)	(13)	(15)
Other income	45	43	161	163
<b>Profit before tax</b>	<b>1,256</b>	<b>1,295</b>	<b>6,741</b>	<b>6,703</b>
Tax expenses	(252)	(250)	(1,348)	(1,349)
<b>Profit after tax</b>	<b>1,004</b>	<b>1,045</b>	<b>5,392</b>	<b>5,354</b>
<b>Earnings per share(₹)</b>	<b>7.40</b>	<b>7.68</b>	<b>39.77</b>	<b>39.49</b>

# Condensed Balance Sheet

Particulars (In ₹ million)	June 30, 2022 (Un-Audited)	June 30, 2021 (Un-Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	450	290
Platforms	458	378
Customer Relationships	226	351
Brands	3	30
Technology	8	31
Non-Compete	29	34
Intangible assets under development	567	164
Goodwill	1,346	1,346
Capital work in progress	277	-
Right-of-use-lease assets	466	36
Financial assets	107	26
Deferred tax assets (net)	398	407
Other non-current assets	437	382
<b>Total non-current assets</b>	<b>4,772</b>	<b>3,475</b>
Trade receivables	6,546	4,022
Cash and bank balances	9,873	7,171
Other Financial assets	3,447	2,583
Other current assets	813	265
<b>Total current assets</b>	<b>20,679</b>	<b>14,041</b>
<b>TOTAL ASSETS</b>	<b>25,451</b>	<b>17,516</b>
<b>EQUITY AND LIABILITIES</b>		
Equity share capital	136	136
Other equity	14,575	9,860
<b>Total equity</b>	<b>14,711</b>	<b>9,996</b>
<b>on current liabilities</b>		
<b>Financial liabilities</b>		
Lease liabilities	522	36
Other financial liabilities	4	4
Provisions	69	67
Other non-current liabilities	6	28
<b>Total Non Current Liabilities</b>	<b>601</b>	<b>135</b>
<b>Current liabilities</b>		
Trade payables	6,790	5,022
Lease liabilities	-	9
Other financial liabilities	2,695	2,088
Other current liabilities	90	232
Short term provisions	7	9
Liabilities for current tax (net)	557	25
<b>Total Current liabilities</b>	<b>10,139</b>	<b>7,385</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,451</b>	<b>17,516</b>

## Condensed change in equity statement

Equity Statement (In ₹ million)	Share capital	Reserves	Retained earnings	Other contributions	Total
<b>Opening balance 01 April 2021</b>	<b>136</b>	<b>5,452</b>	<b>3,261</b>	<b>82</b>	<b>8,931</b>
Profit for the period	-	-	5,393	-	5,393
Other comprehensive income	-	-	-	69	69
Issue of equity shares	-	11	-	-	11
Shares bought back	(1)	(818)	-	-	(819)
Dividend declared	-	-	(135)	-	(135)
Others	-	-	-	90	90
<b>Closing balance 31 March 2022</b>	<b>136</b>	<b>4,645</b>	<b>8,519</b>	<b>241</b>	<b>13,540</b>
<b>Opening balance 01 April 2022</b>	<b>136</b>	<b>4,645</b>	<b>8,519</b>	<b>241</b>	<b>13,540</b>
Profit for the period	-	-	1,004	-	1,004
Other comprehensive income	-	-	-	119	119
Issue of equity shares	-	-	-	-	-
Shares bought back	-	-	-	-	-
Dividend declared	-	-	-	-	-
Others	-	-	-	47	47
<b>Closing balance 30 June 2022</b>	<b>136</b>	<b>4,645</b>	<b>9,523</b>	<b>407</b>	<b>14,711</b>

# Condensed Statement of Cash Flow

Cash flow (In ₹ million)	Q1 FY23	Q1 FY22	FY22	R12M
Cash flow before changes in working capital	1,513	1,381	7,249	7,381
Changes in working capital	(278)	137	(1,220)	(1,635)
<b>Cash generated from operations</b>	<b>1235</b>	<b>1,518</b>	<b>6,029</b>	<b>5,746</b>
Taxes	(270)	(142)	(1,165)	(1,292)
<b>Cash flow from operating activities</b>	<b>965</b>	<b>1,375</b>	<b>4,864</b>	<b>4,454</b>
Net investments in tangible and intangible assets	(247)	(91)	(616)	(774)
Interest and other income received	17	43	107	83
<b>Movement in other cash balances</b>	<b>600</b>	<b>-</b>	<b>(600)</b>	<b>-</b>
<b>Cash flow from investing activities</b>	<b>370</b>	<b>(48)</b>	<b>(1,109)</b>	<b>(691)</b>
Issue of shares	-	11	11	11
Buyback of shares	-	(1)	(818)	(818)
Dividend paid during the year	-	-	(135)	(135)
Payment and Interest paid on lease liabilities	(85)	2	(31)	(119)
<b>Cash flow from financing activities</b>	<b>(85)</b>	<b>2</b>	<b>(973)</b>	<b>(1061)</b>
<b>Cash flow for the period</b>	<b>1,250</b>	<b>1,330</b>	<b>2,782</b>	<b>2,702</b>
Cash and cash equivalents at the beginning of period	8,623	5,841	5,841	7,171
Cash and cash equivalents	9,873	7,171	8,623	9,873
<b>Fixed deposits having maturity</b>	<b>-</b>	<b>-</b>	<b>599</b>	<b>-</b>
<b>Cash and cash equivalents closing balance</b>	<b>9,873</b>	<b>7,171</b>	<b>9,222</b>	<b>9,873</b>

## Key financial ratios

Key financial ratios	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Rule of 40	31.9%	36.4%	40.7%	44.9%	60.0%	65.5%	58.2%	53.1%	44.0%
Revenue growth	15.5%	19.7%	21.3%	24.2%	38.0%	44.3%	35.3%	31.5%	27.7%
Gross margin %	23.1%	23.0%	24.6%	27.3%	27.7%	27.4%	29.5%	28.5%	23.1%
EBITDA margin %	16.4%	16.7%	19.4%	20.7%	22.0%	21.2%	22.9%	21.6%	16.3%
EBIT margin %	13.9%	15.0%	18.0%	19.2%	20.0%	20.0%	21.7%	20.4%	15.2%
Net profit margin %	17.3%	14.0%	14.3%	15.8%	16.7%	16.2%	17.9%	16.5%	12.5%
Free cash flow	250	1,534	2,147	1,361	1,285	2,217	302	444	718
Day sales outstanding	59	59	60	58	58	48	54	59	74
ROCE (Including CCE)	31.0%	42.0%	47.0%	46.0%	50.0%	54.0%	51.0%	47.0%	31.7%
ROCE (excluding CCE)	44.8%	63.1%	101.0%	129.0%	169.0%	247.0%	170%	141.0%	89.3%

# Share performance and Ownership

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, Nifty Alpha 50, 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 June 30, 2022, paid-up share capital was ₹ 135.7 million.

## Shareholders

As of June 30, 2022, Company has about 153,785 shareholders as compared to 71,578 shareholders as on June 30, 2021. Promoters and employees hold 49.2% of the total equity.

### Movement in shareholder pattern for last five quarters

Shareholder category	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22
Promoters	42.30%	42.50%	43.70%	43.70%	43.70%
Employees	5.40%	5.90%	6.00%	5.60%	5.50%
Retail	34.10%	32.90%	32.20%	32.20%	32.70%
FII	16.50%	16.80%	15.30%	15.30%	15.40%
DII	1.80%	1.90%	2.80%	3.00%	2.80%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100%</b>	<b>100%</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

Revenues are derived from our Enterprise and Platform business. Revenues from Enterprises are computed based on total transactions processed through our platforms at an agreed price per transaction. Platform revenues are computed by way of revenue share measured as a rate applicable to transaction processed on mobile carrier's network. 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. Development cost incurred are capitalized on product go-live. Internal cost which are revenue in nature are not capitalized.

## 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 the policy, which is norm based (50%- debtor aged between 180-270 days and 100% for greater than 270 days for Enterprise customers and 100% for greater than 365 days for PSU and 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 and are reported on a half-yearly basis to the Stock Exchanges. Our related party transactions are limited to inter-company transactions within our subsidiaries.

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# Definitions

## Platform business segment

Platform business refers to revenue generated from “Platform as a service offering”, where only cloud and hosting are a 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.

## 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, Nifty Alpha 50, FTSE Russell and MSCI.

## 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 organisation 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.

## Forward-looking statements

This document might contain statements that are forward looking in nature. All statements other than statements of

## 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 - Partner

Secretarial consultants  
BSR & CO LLP  
Pradeep Narayana - Partner

Tax consultants  
PWC in India  
Amit Jain - Partner

Digitalization consultants  
EY  
Prashant Singhal - Partner

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  
[www.tanla.com](http://www.tanla.com)

## For additional information, please contact:

Ritu Mehta  
Investor Relations  
ritu.mehta@tanla.com

Aravind Viswanathan  
Chief Financial Officer