

Year-end report April- March 2023

January- March 2023

- Revenue decreased by 2% year-over-year to ₹8,335 million
- Gross profit at ₹2,289 million. Gross margin at 27.5%
- EBITDA at ₹1,661 million. EBITDA margin at 20%
- Profit after tax at ₹1,203 million. Profit after tax margin at 14.4%
- Earnings per share at ₹8.88
- Cash & Cash Equivalents at ₹7,116 million and free cash flow of ₹1,472 million

April- March 2023

- Revenue increased by 5% year-over-year to ₹33,546 million
- Gross profit at ₹8,367 million. Gross margin at 24.9%
- EBITDA at ₹5,879 million. EBITDA margin at 17.5 %
- Profit after tax at ₹4,476 million. Profit after tax margin at 13.3%
- Earnings per share at ₹33.05
- Cash & Cash Equivalents at ₹7,116 million and Free cash flow of ₹907 million

“Our innovation engine is firing with Platform business gross profits growing over 20% YoY for 11 quarters in a row. Our Enterprise business is back to 20% gross margins and we are well positioned to grow in the coming year.” - Uday Reddy, Founder Chairman & CEO

Significant events during the quarter

- Wisely ATPM, the world’s first AI- ML-based Anti-Phishing Technology Platform was launched at Mobile World Congress, Barcelona post approval from TRAI to set up a regulatory sandbox for this platform
- Final dividend of ₹4 per share (400% of face value of ₹1 per share) has been recommended by the board subject to shareholders approval
- Completed our third consecutive buyback. Tanla bought back 1,416,666 shares at ₹ 1,200 per share for an aggregate amount of ₹ 1,700 million through tender route mechanism
- Announced support for TCFD – Task Force on Climate Related Financial Disclosures
- As part of our on-going skill development, 100 candidates commenced training at NAC – National Academy of Construction- Hyderabad

Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on April 27,2023 at 4.30 PM IST. Watch the presentation at [Watch the presentation at investors.tanla.com/webcast](https://investors.tanla.com/webcast).

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Message from Chairman

“It has always been a great source of satisfaction that we have built Tanla as a company with a defining purpose – to empower consumers and enable companies. We have stayed committed to this purpose across business cycles and FY23 was a great example of that.

In the backdrop of a challenging start to the year, we have accelerated our innovation in the platform space while maintaining our leadership in the Enterprise business with focus on profitability. Wisely ATP has been the biggest innovation in our history and we are getting incredible feedback from all stakeholders. Our Enterprise business has stabilized, back to 20% gross margins and exiting the year stronger than how we entered.

And we have done this sticking to our core ethos – building a business with disciplined capital allocation (over ₹3 Bn returned to shareholders for FY23 including final dividend), focus on build over buy, constantly innovating and commitment to ESG.

Platforms: The consistency of growth is a core trait of any platform business - our platform business marked its 11th consecutive quarter of 20% growth in Gross Margin in Q4 FY23 on a Y-o-Y basis. As the saying goes, it takes a lot of effort to make something look effortless. The predictable and consistent growth is made possible due to our relentless focus on innovation and improvement.

We have delivered 30+ innovations and improvements across our platforms over the past six months. As an example, we completed building Wisely ATP – our patented platform to curb phishing and scam, the biggest menace threatening the digital economy. Our Proof of Concept (PoCs) with three large banks have seen encouraging early results. In parallel, we have also showcased the fantastic results of our sandbox deployment of ATP platform to TRAI and other regulators – I am personally very confident that this “Made in India for the World” platform will be a game changer to protect the 1 BN+ users of digital economy.

Our customer success approach is rapidly driving adoption and growth. Wisely OTT has started to scale substantially over the last three months to reach a monthly volume of over 1 billion digital interactions with over 50+ marquee enterprises. Wisely communicate is scaling up well delivering critical UPI traffic for a large bank and we are gaining market share there. On Wisely Engage, we have started engaging with customers and expect to see commercial closures in Q1.

We are also constantly upgrading our talent to be the best in the world – we have built a world class AI/ML team. We are also making purposeful investments in building our product brand Wisely to stand for the most trusted brand in digital interactions.



Enterprise: Our enterprise business saw de-growth in revenues, but we continue to see stability in the market. We are seeing the acceleration of UPI adoption and evolution of new use cases in the market. I am very confident on the structural growth story here and the worst is behind us. Q4 is historically lower than Q3 in terms of revenues due to lower number of days as well as more festive campaigns in Q3. This year saw lower spendings particularly from the banking sector in Q3 and that continued in Q4, partly compensated by spends in retail and e-commerce. We saw strong improvement in our gross margins on a sequential basis. On Whatsapp, we continue to make strong headway with our quarter annualized run-rate crossing ₹1.5 Bn. As I mentioned last quarter, I am optimistic on the way forward here.

FY23 has reinforced my conviction that building sustainable business requires innovation. We are building an organization which can deliver innovation at scale in the quickest time. We have the best talent, a hungry and humble culture, and a passion to deliver amazing value for our customers. We are very excited and thank you for your enduring confidence and trust in Tanla.”

Hyderabad, April 26, 2023

A handwritten signature in black ink, appearing to read 'Uday Reddy'. The signature is stylized and cursive.

Uday Reddy
Founder Chairman & CEO

Tanla Overview

For the list of definitions please refer to page 19.

	Three months Ended Mar 31 (Audited)		Twelve months Ended Mar 31 (Audited)	
	Q4 FY23	Q4 FY22	FY23	FY22
(In ₹ million, unless otherwise stated)				
Revenue from operations	8,335	8,531	33,546	32,060
Gross profit	2,289	2,434	8,367	9,080
Gross margin	27.5%	28.5%	24.9%	28.3%
EBITDA	1,661	1,841	5,879	7,001
EBITDA margin	20%	21.6%	17.5%	21.8%
EBITDA/ Gross profit	72.6%	75.7%	70.3%	77.1%
EBIT	1,515	1,739	5,418	6,593
EBIT margin	18.2%	20.4%	16.2%	20.6%
Interest Income	48	36	192	131
Interest yield	4.5%	4.0%	4.4%	3.9%
Profit after tax	1,203	1,406	4,476	5,393
Profit after tax margin	14.4%	16.5%	13.3%	16.8%
Free cash flow	1,472	444	907	4,248
Earnings per share (In ₹)	8.88	10.36	33.05	39.77
EBITDA per share (In ₹)	12.36	13.55	43.41	51.62
Cash and Cash equivalents	7,116	9,222	7,166	9,222
ROCE - (Including CCE)	-	-	34%	47%
ROCE - (Excluding CCE)	-	-	61%	141%
DSO days	62	59	62	54
Average number of employees	610	633	616	602

Key Financial Ratios

Key financial ratios	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Rule of 40	44.9%	60.0%	65.5%	58.2%	53.1%	44.1%	17.5%	15.7%	17.6%
Revenue growth	24.2%	38.0%	44.3%	35.3%	31.5%	27.7%	1.1%	(1.7%)	(2.3%)
Gross margin %	27.3%	27.7%	27.4%	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%
EBITDA margin %	20.7%	21.5%	21.2%	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%
EBIT margin %	19.2%	20.0%	20.0%	21.7%	20.4%	15.2%	15.2%	16.0%	18.2%
Profit after tax margin %	15.8%	16.7%	16.2%	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%
Free cash flow	1,361	1,285	2,217	302	444	718	(416)	(867)	1,472
Day sales outstanding	58	58	48	54	59	74	61	67	62
ROCE (Including CCE)	46.0%	50.0%	54.0%	51.0%	47.0%	31.7%	32.7%	31.2%	34.0%
ROCE (excluding CCE)	129.0%	169.0%	247.0%	170.0%	141.0%	89.3%	73.9%	57.8%	61.4%

Condensed Consolidated Income Statement

(In ₹ million, unless otherwise stated)

	Three months Ended March 31		Twelve months Ended March 31	
	Q4 FY23	Q4 FY22	FY23	FY22
	(Audited)		(Audited)	
Revenue from operations	8,335	8,531	33,546	32,060
Cost of services	(6,046)	(6,097)	(25,178)	(22,980)
Gross profit	2,289	2,434	8,367	9,080
Operating expenses				
Sales and Marketing	(150)	(142)	(421)	(367)
General and administrative	(478)	(451)	(2,068)	(1,712)
Total operating expenses	(628)	(593)	(2,488)	(2079)
EBITDA	1,661	1,841	5,879	7,001
Depreciation	(146)	(102)	(462)	(409)
EBIT	1,515	1,739	5,415	6,593
Finance cost	(4)	(3)	(14)	(13)
Other income	48	46	262	161
Profit before tax	1,559	1,782	5,666	6,741
Tax expenses	(356)	(376)	(1,189)	(1,348)
Profit after tax	1,203	1,406	4,476	5,392
Earnings per share (In ₹)	8.88	10.36	33.05	39.77

Condensed Consolidated Balance Sheet

(In ₹ million, unless otherwise stated)	Mar 31, 2023 (Audited)	Mar 31, 2022 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,659	429
Platforms	874	484
Customer Relationships	133	257
Brands	2	4
Technology	0	13
Non-Compete	25	30
Intangible assets under development	566	402
Goodwill	1,346	1,346
Right-of-use-lease assets	797	484
Capital work in progress	78	134
Financial assets	149	711
Deferred tax assets (net)	363	396
Other non-current assets	786	310
Total non-current assets	6,777	4,999
Trade receivables	5,700	5,603
Cash and bank balances	7,116	8,623
Other Financial assets	4,203	3,951
Other current assets	330	640
Total current assets	17,348	18,817
TOTAL ASSETS	24,126	23,817
EQUITY AND LIABILITIES		
Equity share capital	134	136
Other equity	15,041	13,404
Total equity	15,175	13,540
Non current liabilities		
Financial liabilities		
Lease liabilities	732	447
Other financial liabilities	8	4
Provisions	18	70
Other non-current liabilities	6	5
Total Non Current Liabilities	764	526
Current liabilities		
Trade payables	5,386	6,785
Lease liabilities	94	89
Other financial liabilities	2,443	2,443
Other current liabilities	203	272
Short term provisions	13	11
Liabilities for current tax (net)	48	150
Total Current liabilities	8,187	9,750
TOTAL EQUITY AND LIABILITIES	24,126	23,817

Condensed Consolidated Statement of Shareholder's Equity

Opening balance 01 April 2021	Share capital	Reserves	Retained earnings	Other contributions	Total
Profit for the period	136	5,452	3,261	82	8,931
Other comprehensive income	-	-	5,393	-	5,393
Issue of equity shares	-	-	-	69	69
Shares bought back	1	11	-	-	11
Dividend declared	(1)	(818)	-	-	(819)
Others	-	-	(135)	-	(135)
Closing balance 31 March 2022	-	-	-	90	90
	136	4,645	8,519	241	13,540
Opening balance 01 April 2022					
Profit for the period	136	4,645	8,519	242	13,540
Other comprehensive income	-	-	4,476	-	4,476
Issue of equity shares	-	-	-	200	200
Shares bought back	0	-	-	-	0
Dividend declared	(2)	(2,124)	-	-	(2,126)
Others	-	-	(1,086)	-	(1,086)
Closing balance 31 Mar 2023	134	2,521	11,910	610	15,175

Condensed Statement of Cash Flow (Audited)

Cash flow (In ₹ million)	Q4 FY23	Q4 FY22	FY23	FY22
Cash flow before changes in working capital	1,683	1,907	6,249	7,249
Changes in working capital	765	(675)	(2,352)	(1,220)
Cash generated from operations	2,448	1,232	3,899	6,029
Taxes	(379)	(516)	(1,432)	(1,165)
Cash flow from operating activities	2,069	716	2,467	4,864
Net investments in tangible and intangible assets	(597)	(272)	(1,560)	(616)
Interest and other income received	61	7	264	107
Movement in other cash balances	-	(600)	600	(600)
Cash flow from investing activities	(536)	(865)	(696)	(1,109)
Issue of shares	-	-	-	11
Buyback of shares	(2,124)	-	(2,124)	(818)
Dividend paid during the year	-	-	(1,086)	(135)
Payment and Interest paid on lease liabilities	27	(20)	(68)	(32)
Cash flow from financing activities	(2,097)	(20)	(3,279)	(974)
Cash flow for the period	(564)	(169)	(1,507)	2,781
Cash & cash equivalents at the beginning of period	7,680	8,791	9,222	5,841
Cash and cash equivalent	-	8,622	-	8,622
Fixed deposits having maturity greater than 12 months	-	600	-	600
Cash & cash equivalents closing balance	7,116	9,222	7,116	9,222

New Disclosures in this Report

We are committed to enhancing our disclosures every quarter. This report includes new disclosures around the following topics

- [Other financial assets](#)
- [Equity and liabilities](#)
- [Reserves and Surplus](#)
- [Non-current liabilities](#)

Management's Discussion and Analysis of financial condition and results of operations:

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations and financial condition of Tanla.

Revenues

Revenue de-grew by 2% YoY to ₹ 8,335 million in Q4 FY23. Platform business grew by 19% YoY in Q4 FY23 driven by Trubloq and Wisely. Enterprise business de-grew by 4% on YoY basis in Q4 FY23. [Refer policies for more details.](#)

The following table shows revenue by platform and enterprise business for the three- and twelve -months period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Platform Business	815	687	3,028	2,523
Enterprise Business	7,520	7,844	30,517	29,537
Total	8,335	8,531	33,546	32,060

Revenue grew by 5% YoY to ₹ 33,546 million in FY23. Platform business grew by 20% driven by Wisely and Trubloq. 32% of platforms revenue in FY23 contributed by Wisely. Enterprise revenue grew by 3% led by incremental growth in Whatsapp, new customer additions, improved pricing in international business and partly offset by impact in domestic business.

We added 269 new customers for FY23 contributing ₹498 million. 28% of new customers have been added in WhatsApp. Product penetration at 2.17 in FY23, improved from 1.95 a year back.

Contribution from customers with greater than ₹10 million annual revenue grew by 16% at ₹32,347 million in FY23. Customer contributing greater than >₹500M revenue grew by 6%. Customer concentration from top twenty customers at 58% in FY23 as against 61% in FY22.

Customer segment	FY22		FY23		Change in count	Change in count
	Count	Revenue	Count	Revenue		
>₹500M	17	17,906	19	19,039	12%	6%
>₹100M - < ₹500M	36	8,510	33	7,470	(8%)	(12%)
>₹10M- < ₹100M	139	4,622	171	5,838	23%	26%
Total	192	31,038	223	32,347	16%	4%

Gross profit

Gross profit was at ₹ 2,289 million and gross margin at 27.5% in Q4 FY23. Gross profit growth led by platform business, however impacted by pricing pressure and lower volumes in enterprise business.

On sequential basis, gross profit grew by 6% to ₹ 2,289 million led by improved margins in enterprise business and incremental growth in Platform business. Enterprise business gross margin improved by 217 basis points at 20.1% in Q4 FY23.

The following table shows Platform and Enterprise business gross profit and gross margin percentage for the three-and twelve-months period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Gross profit				
Platform Business	781	650	2,909	2,360
Enterprise Business	1,508	1,784	5,456	6,721
Total gross profit	2,289	2,434	8,367	9,080
Gross margin percentage				
Platform Business	95.9%	94.7%	96.0%	93.5%
Enterprise Business	20.1%	22.7%	17.9%	22.8%
Gross Margin	27.5%	28.5%	24.9%	28.3%

Gross profit de-grew by 8% YoY ₹ to 8,367 millio for FY23. Gross margin decreased by 338 basis point to 24.9%. Platform business gross profit grew by 23% YoY to ₹ 2,909 million in FY23 driven by Trubloq and Wisely. Wisely contributed to over one-third of platform gross margins in the second half of the year. Enterprise business gross profit decreased in Q1 due to market environment, but then steadily improved back to 20% gross margins by Q4 FY23. Platform business gross margin contribution to total at 35%.

Operating expenses

The following table shows Operating expenses for the three- and twelve-months period ended Mar 31, 2023 and March 31, 2022 were as follow:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Sales & Marketing (S&M)	150	142	421	367
Percentage of revenue	2%	2%	1%	1%
General & Administrative (G&A)	478	450	2,068	1,712
Percentage of revenue	6%	5%	6%	5%
Operating expense	628	593	2,488	2,079

Sales & Marketing

Sales & Marketing expense remain constant at 2% of revenue Q4 FY23. S&M expenses for FY23 have increased due to incremental spends on branding and product marketing. Focused investments in sales team and participation in large marketing events will continue to remain.

General & Administrative

General & Administrative at 6% of revenue at ₹ 478 million Q4 FY23 as against 5% in Q4FY22. Expenses have increased due to spends on ESG and marketing activities partially offset by gain in currency fluctuation. Expenses in FY23 have largely gone up by due to increase spends on employee cost including RSUs, currency fluctuation (₹ 86 million) and ESG (₹ 24 million) and other corporate expenses.

Employee cost

Employee cost at ₹ 307 million in Q4 FY23, 13% of our gross profit. On sequential basis employee cost have gone by due to lower RSU cost. Employee cost at ₹ 1,338 million in FY23, as against ₹ 1,269 million FY22. Employee cost have largely increased due to salary increments and RSU cost.

We have adopted a compensation policy to attract, retain and award individuals and align their long-term interest with those of the Company. High performing employees are granted performance-based restricted stock units. The performance-based awards vest based on achievement of certain goals over specified performance periods. 36 employees (6%) of the total headcount (615) are part of this program.

A summary of the Company's restricted stock unit ("RSU") activity and related information for year ending, 31 March 2023, is as follows:

	No of RSU's
Opening balance as on April 01, 2022	3,00,000
RSU's granted	1,25,000
RSU's vested	79,500
RSU's exercised	71,500
RSU's lapsed	33,000
Balance as on March 31, 2023	3,20,500

Vesting scheduled

Number of RSUs

RSU's vested yet to be exercised for FY 22-23	8,000
FY 23-24	1,08,503
FY 24-25	1,16,499
FY 25-26	74,998
FY 26-27	12,500
Balance as on March 31,2023	3,20,500

Earnings before Interest and Taxes (EBIT)

EBIT at ₹1,515 million and EBIT margin at 18.2% in Q4 FY23. Depreciation at ₹ 146 million in Q4 FY23, as against ₹ 102 million in Q4 FY22. Increase in depreciation by ₹44 million due to capitalization of Innovation & experience center in Q4 FY23 and IT & networks. Innovation and experience center capitalization will result in higher depreciation from Q1 FY24. [Refer key policies for more details:](#)

The following table shows Amortisation & depreciation for the three- and twelve-month period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Amortisation on Platforms	58	34	170	131
Amortisation on Customer Relationship	32	31	124	124
Amortisation on Trade Name	0	9	2	35
Amortisation on Technology	3	6	13	23
Amortisation on Non-compete	1	1	6	5
Depreciation on tangible assets & right of use assets	52	21	147	91
Total Depreciation & amortisation	146	101	462	409

Other income

The Company has 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".

Cash, cash equivalents, and current investments (in form of fixed deposits) were primarily held in INR and U.S. dollars. The Company generally invests only in the financial assets of issuers or funds with a minimum credit rating of "AAA". [Refer key policies for more details:](#)

The following table shows other income for the three- and twelve-month period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Interest income on deposits	48	36	190	131
Interest on income tax refund	-	10	58	30
Others miscellaneous income	0	0	16	0
Total Other income	48	46	262	161
Interest yield	4.5%	4.0%	4.4%	3.9%

Fixed deposits have been placed with housing finance companies such as HDFC Limited and other banks which are in-line with our investment policy. Average interest yield of 4.5% in Q4 FY23. Cash balance held in current (USD accounts) generate no interest. Refer to cash, cash equivalent section for more details.

Profit after tax

Profit after tax at ₹1,203 million and Profit after tax margin at 14.4% in Q4 FY23. Profit after tax at ₹4,476 million and profit after tax margin at 13.3% in FY23. The decrease in profit after tax is due to decrease in gross profit coupled with increase in cost and depreciation.

The following table shows Profit after tax for the three- and twelve-month period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Profit before tax	1,559	1,782	5,666	6,741
Tax expense	(356)	(376)	(1,189)	(1,348)
Profit after tax	1,203	1,406	4,476	5,393
Effective tax rate	22.8%	21.1%	21.0%	20.0%

Tax contribution to exchequer in Q4 FY23 was ₹2,014 million. The contribution includes corporate income taxes and contributions by way of withholding taxes and indirect taxes such as GST in India. Tax contribution to exchequer in FY23 was ₹7,364 million.

Earnings per share

Earnings per share at ₹ 8.88 in Q4 FY23. On sequential basis EPS growth driven by combination of PAT growth and lower equity shares due to buyback. Earnings per shares at ₹ 33.05 in FY23 as against ₹ 39.77. EPS declined due to lower profitability partly offset by benefit of buyback.

The following table shows the computation of basic and diluted earnings per share for the three- and twelve-months period ended March 31, 2023 and March 31, 2022.

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Numerator:				
Profit after tax	1,203	1,406	4,476	5,393
Denominator:				
Weighted-average basic shares outstanding	13,44,00,357	13,57,45,523	13,44,79,523	13,56,00,998
Effect of dilutive shares	68,018	64,938	89,508	85,934
Weighted-average diluted shares	13,44,68,375	13,58,10,461	13,58,69,031	13,56,86,931
Basic earnings per share	8.88	10.36	33.05	39.77
Diluted earnings per share	8.88	10.36	33.04	39.74

Property, Plant and Equipment

The following table shows the net carrying cost of Property, Plant and Equipment as of March 31, 2023 and March 31, 2022.

(In ₹ million, unless otherwise stated)	March 31, 2023	March 31, 2022
Property, Plant and Equipment, Net		
Land	77	77
Buildings	19	24
Leasehold improvements	579	0
Furniture	233	3
Computers	720	318
Office equipment	27	5
Vehicles	3	0
Air conditioners	1	2
Total	1,659	429

Increase in net block of Property, Plant and Equipment due to additions towards leasehold improvements and furniture of ₹ 797 million and IT & networks of ₹ 401 million.

Intangible assets and Intangible assets under development

The following table shows the net carrying cost of Intangible assets, Intangible assets under development and Goodwill as of March 31, 2023 and March 31, 2022.

(In ₹ million, unless otherwise stated)	Mar 31, 2023	Mar 31, 2022
Intangible assets		
Platforms	874	484
Customer Relationships	133	257
Trade Name	2	4
Technology	0	13
Non-compete	25	30
Total Intangible assets	1,035	788
Intangible assets under development	566	402
Goodwill	1,346	1,346

Platforms represents intangible assets developed in house and capitalized in line with the policy. Refer key policies for more details.

Other intangible assets that arose as part of Karix and Gamooga acquisitions are being amortized over their useful life as ascertained under Purchase Price allocation.

Intangible assets under development represents platform, which is being internally developed, whose cost includes third party consultant charges and a small component of internal cost.

Goodwill is tested for impairment at the end of each reporting period using Discounted Cash flow Model. We have obtained the valuation report from external valuer for the year end and concluded that fair value is higher than carrying value for Gamooga. Carrying value of goodwill as of March 31, 2023, stood at ₹ 1,346 Million. Details provided below.

(In ₹ million, unless otherwise stated)	Karix	Gamooga	Total	Useful life	Impairment/ Amortiza- tion	Net Carrying value
Goodwill	1,586	250	1,836	-	490	1,346

Capital work in progress

Capital work in progress represents on-going work towards our offices and is expected to be capitalized in Q2 FY24.

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

(In ₹ million, unless otherwise stated)	Mar 31, 2023
Right of use of assets- short term	94
Right of use of assets- long term	732
Total	826

Increase in right of use of assets primarily on account of new lease agreements entered for corporate office which will be amortized over lease period.

Other financial assets

Other financial assets consist of EMD deposits and rental deposits.

(In ₹ million, unless otherwise stated)	Mar 31, 2023	Mar 31, 2022
EMD deposits	83	65
Rentals deposits	37	44
Other deposits	29	3
Bank deposits with more than twelve months maturity	1	600
Total	149	711

EMD deposits represents security deposits placed with customers while bidding for tenders, primarily contracts with government agencies and PSU. Rental deposits represents security deposits paid towards leased offices.

Trade receivables

The Company has trade receivables outstanding with enterprises, wholesalers, PSU and government customers amounting to ₹ 5,700 Million as of March 31, 2023. Day sales outstanding at 62 days in FY23 as against 54 days in FY22. Aged receivables greater than 365 days at 2% of total trade receivables as of March 31, 2023.

Cash, Cash Equivalents and other bank balances

The following table show the Company's cash, cash equivalents by investment category for last five quarters:

(In ₹ million, unless otherwise stated)	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Cash					
Restricted cash	196	315	185	250	261
Current accounts- INR	597	782	720	470	417
Current accounts- USD	3,208	3,013	1,690	1,480	1,747
Investments					
Fixed deposits	5,221	5,763	5,957	5,480	4,691
Cash and cash equivalents (CCE)	9,222	9,873	8,552	7,680	7,116

Cash, cash equivalents (CCE) at ₹ 7,116 million in Q4 FY23. Independent bank balance confirmation for cash and investments have been obtained by our statutory auditors.

Restricted cash are held as margin money deposits given for cash credit limits and bank guarantees issued to customers. Increase in restricted cash due to issuance of Bank Guarantees for new contracts and participation in RFP.

On sequential basis CCE balance decreased due to buyback of shares.

The following table shows the Company's cash, cash equivalents composition as of March 31, 2023

(In ₹ million, unless otherwise stated)	Current accounts- INR	Current accounts-USD	Fixed deposits	Restricted cash	Total
Cash, cash equivalents composition					
HDFC Bank	99	-	3,428	207	3,734
HDFC Limited	-	-	600	-	600
State Bank of India	36	-	153	-	189
Axis Bank	29	-	2	-	31
Kotak Mahindra Bank	48	-	188	-	236
Citibank (Dubai)	-	559	-	-	559
DBS Bank (Singapore)	-	1,188	-	27	1,215
ICICI Bank	192	-	320	-	512
Others	13	-	-	27	40
Total	417	1,747	4,691	261	7,116

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 on March 31,2023 is 12% of revenue for the year.

Other current assets

Other current asset majorly represents balances revenue authorities towards tax deducted at source (TDS) which is adjusted against subsequent tax due refunds.

Equity and liabilities

The Company has only one class of shares- equity shares at par value of ₹1/- each. The authorized share capital of the Company was 20,00,00,000 equity shares. As on March 31, 2023, paid-up share capital was ₹ 134.4 million as against ₹ 135.7 million as on March 31, 2022. Detailed movement explained below:

Particulars	As on March 31, 2023		As on March 31, 2023	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
Shares outstanding at the beginning of the year	13,57,45,523	13,57,45,523	13,60,36,450	13,60,36,450
Add: Issued and allotted during the year	71,500	71,500	4,14,750	4,14,750
Less: Shares bought back during the year	(14,16,666)	(14,16,666)	(7,05,677)	(7,05,677)
Shares outstanding at the end of the year	13,44,00,357	13,44,00,357	13,57,45,523	13,57,45,523

Reserves and Surplus

(In ₹ million, unless otherwise stated)	Mar 31, 2023	Mar 31, 2022
Capital reserve	70	70
Capital redemption reserve	19	17
General reserve	255	255
Securities premium reserve	2,153	4,259
Employee stock options outstanding account	260	111
Retained earnings	11,910	8,519
Foreign currency translation reserve	384	165
Other items of other comprehensive income	(10)	9
Total	15,041	13,405

Securities premium reverse at ₹ 2,153 million as on March 31, 2023, as against ₹ 4,259 million as on March 31, 2022. The net decrease by ₹ 2,106 million is on account of buyback of equity shares during the year.

Employee stock options outstanding account at ₹ 260 million as on March 31, 2023, as against ₹ 111 million. The increase by ₹ 149 million is on account of issue of Restricted stock units (RSU) during the year.

The movement in retained earnings is on account of profit generated of ₹ 4,476 million and payment of dividend of ₹ 1,086 million to the shareholders.

Non-current liabilities- Provisions

Provisions represents liability accrued in respect of gratuity ₹ 5 million and leave encashment ₹ 17 million payable to employees on retirement, resignation, or superannuation, quantified and charged to expenses at the end of each reporting period.

Gratuity liability is met through a policy held with Life Insurance Corporation of India to cover the liability as and when a claim arise.

Leave encashment represents the liability accrued as per the leave policy of the Company, payable to employees upon retirement, resignation or superannuation. Both gratuity and leave encashment are accrued based on independent actuarial valuation.

Trade payables

Trade payables comprises of payables towards mobile carriers, other suppliers, and other vendors. Micro, Small and Medium Enterprises (MSME) accounted for 0.4% total payable as of March 31, 2023 and will be paid within due dates.

Other financial liabilities

Other financial liabilities comprise of cost of services not yet billed to the Company and payables to capital creditors. Accrued cost of services reduced by 13% to ₹ 2,014 million due to working capital investments made towards strategic partnerships.

Liquidity management

The Company's balances of cash, cash equivalents and investments, along with cash generated by ongoing operations is sufficient to support operations and capital return program. We continue to remain debt free.

The following table shows condensed cash flow the three- and twelve-month period ended March 31, 2023 and March 31, 2022 were as follows:

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Cash flow				
Cash, cash equivalents, beginning balances	7,680	8,791	9,222	5,841
Cash flow from operating activities	2,069	716	2,467	4,864
Cash flow from investing activities	(536)	(865)	(694)	(1,109)
Cash flow from financing activities	(2,097)	(20)	(3,278)	(975)
Cash flow for the period	(564)	(169)	(1,506)	2,780
Fixed deposits with maturity greater than one year	-	600	(600)	600
Cash, cash equivalents, ending balances	7,116	9,222	7,116	9,222

Cash, cash equivalents (CCE) at ₹ 7,116 million in FY23. Overall CCE decreased by 22% due to distribution of cash to shareholders in form of dividend pay-out ₹ 1,086 million, buyback of shares ₹ 2,124 million and capital investments ₹ 1,560 million. Cash generated from operations for FY23 at ₹ 2,467 million and free cash flow of ₹ 907 million.

On sequential basis, we generated strong cash inflows from operating activities. Day sales outstanding (DSO) at 62 days in Q4 FY23 as against 67 days in Q3 FY23, improvement by 5 days. Investments towards strategic partnership continue to remain.

Free cash flow for Q4 FY23 at ₹ 1,472 million, 123% of PAT. Free cash flow for FY23 at ₹ 907 million, 20% of PAT.

The following table shows operating and free cash flow for the three- and twelve-month period ended March 31, 2023 and March 31, 2022 were as follows

(In ₹ million, unless otherwise stated)	Q4 FY23	Q4 FY22	FY23	FY22
Operating cash flow	2,069	716	2,467	4,864
Capital expenditure	(597)	(272)	(1,560)	(616)
Free cash flow	1,472	444	907	4,248

Investments in platforms, IT& network and lease hold improvements increased by ₹ 942 million in FY23 as compared to FY22. Free cash flow for FY23 decreased due to lower generation of operating cash flow due to working capital investments in strategic partnerships and higher cash outflow due to investments in innovation and experience center.

Cash out flows from financing activities were at ₹ 3,278 million in FY23 as against ₹ 975 million in FY22. The cash outflows in FY23 resulted from dividend pay-out ₹ 1,086 million and buyback of shares ₹ 2,124 million.

Quarterly Summary

Revenue (In ₹ million)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Platform	463	555	624	658	687	680	751	782	815
Enterprise	6,023	5,709	7,792	8,191	7,844	7,321	7,759	7,914	7,520
Total	6,486	6,264	8,416	8,849	8,531	8,001	8,510	8,696	8,335

Gross profit (In ₹ million)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Platform	437	533	578	598	650	653	724	751	781
Enterprise	1,332	1,202	1,724	2,012	1,784	1,197	1,332	1,418	1,508
Total	1,769	1,735	2,302	2,610	2,434	1,850	2,056	2,168	2,289

Gross margin	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Platform	94.5%	96.2%	92.7%	90.9%	94.7%	95.9%	96.4%	96.0%	95.9%
Enterprise	22.1%	21.0%	22.1%	24.6%	22.7%	16.4%	17.2%	17.9%	20.1%
Overall gross margin	27.3%	27.7%	27.4%	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%

Gross Margin for Platform are arrived after deducting cloud hosting charges

EBITDA (In ₹ million)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
EBITDA	1,340	1,345	1,787	2,028	1,841	1,307	1,395	1,513	1,661
EBITDA margin	20.7%	21.5%	21.2%	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%
EBITDA/Gross profit	75.7%	77.6%	77.6%	77.7%	75.7%	70.6%	67.8%	69.8%	72.6%
EBITDA/per share	9.85	9.89	13.17	14.97	13.55	9.63	10.28	11.15	12.36

Profit/(loss) after tax (In ₹ million)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Profit/(loss) after tax	1,025	1,045	1,362	1,580	1,406	1,004	1,104	1,165	1,203
Profit after tax margin	15.8%	16.7%	16.2%	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%

Earnings per share (In ₹)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Basic earnings per share	7.54	7.68	10.04	11.66	10.36	7.40	8.14	8.58	8.88

Rule of 40-	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Revenue growth	24.2%	38.0%	44.3%	35.3%	31.5%	27.7%	1.1%	(1.7%)	(2.3%)
EBITDA margin %	20.7%	22.0%	21.2%	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%
Rule of 40	44.9%	60.0%	65.5%	58.2%	53.1%	44.0%	17.5%	15.7%	17.7%

Free cash flow (In ₹ million)	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Free cash flow	1,361	1,285	2,217	302	444	718	(416)	(867)	1,472

Metrics/ Quarter	Growth				Efficiency			
	Organic revenue		Gross margin		EBITDA margin		PAT margin	
	Tanla	Best-in-class	Tanla	Best-in-class	Tanla	Best-in-class	Tanla	Best-in-class
July-Sep 2021	44%	44%- Twilio	27%	73%- Ring Central	21%	21%- Tanla	16%	16%- Tanla
Oct-Dec 2021	35%	35%- Tanla	29%	70%- Ring Central	23%	23%- Tanla	18%	18%- Tanla
Jan-March 2022	32%	35%- Twilio	29%	67%- Ring Central	22%	22%- Tanla	17%	17%- Tanla
April-June 2022	28%	33%- Twilio	23%	67%- Ring Central	17%	17%- Tanla	13%	13%- Tanla
July-Sep 2022	1%	33%- Twilio	24%	67%- Ring Central	17%	17%- Tanla	13%	13%- Tanla
Oct- Dec 2022	(2%)	21%- Twilio	25%	69%- Ring Central	17%	17%- Tanla	13%	13%- Tanla

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, 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 March 31, 2023, paid-up share capital was ₹ 134.4 million

Shareholder Ownership

As of March 31,2023, Company has about 2,23,256 shareholders as compared to 1,30,040 shareholders as on March 31, 2022. Promoters and employees hold 49% of the total equity.

Movement in shareholder pattern for last five quarters:

Shareholder category	31-Mar-22	30-June-22	30-Sep-22	31-Dec 2022	31-Mar 2023
Promoters	43.7%	43.7%	43.7%	43.7%	44.2%
Employees	5.6%	5.5%	5.3%	5.3%	4.8%
Retail	32.4%	32.7%	35.9%	36.9%	36.8%
FII	15.3%	15.4%	14.8%	14.0%	14.2%
DII	3.0%	2.8%	0.17%	0.08%	0.08%
Total	100%	100%	100%	100%	100%

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 amortised over their estimated useful lives using the straight-line method. Right-of-use asset represents leased assets (leased office space) and is depreciated over their useful life.

Capitalization of Platform cost: 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

The provision for bad and doubtful debt policy is a norm-based policy approved by the Audit Committee Debtors are assessed at end of each reporting period and provided for based on the policy, 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

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 which is approved by the Audit Committee. 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.

Dividend policy

The dividend policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining funds for longer term sustainable growth of the Company. The Company would maintain a total dividend pay-out of 30% of the annual Consolidated Profits after Tax (PAT) of the Company. PAT means Profit after tax as per the audited consolidated P&L financials and available as distributable surplus to the shareholders.

Governance policies:

Code of Conduct:

Tanla is committed to follow the best business, commercial and legal practices. The Code of Conduct is intended to guide the Board in implementation of the code. The code is applicable to all employees of Tanla including the Directors of Tanla and its subsidiaries.

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:

The Code prescribes the Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of the Company.

The trading window shall be closed from 1st of month of every quarter till 48 hours after the declaration of the financial results. The Trading window will be closed from 1st March, 1st June, 1st September, 1st December until 48 hours after the declaration of financial results of the Company for the respective quarter.

Risk Management policy:

The Company is affected by general economic, financial, and regulatory developments at the domestic and international level. We have in place a structure, procedures, and control systems to detect & identify risks and implement appropriate measures to mitigate and prevent them.

Related Party Transaction Policy:

Related party transactions are subject to the Audit Committee's approval. As required by the applicable Regulations, all related party transactions are reported on a half-yearly basis to the Stock Exchanges. Our related party transactions are limited to inter-company transactions.

Environmental policy

We endeavour to reduce the impact of our operations and business activities on the environment while influencing the people in our value chain as well as our social interactions to follow the path of environmentally sustainable living.

Definitions

Platform business

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

Enterprise business

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 forming part of S&M), 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.

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, 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 historical fact could be deemed as forward-looking in

Board of Directors

Mr. Uday Reddy
Founder Chairman & CEO

Ms. Amrita Gangotra
Independent Director
Ex CTIO -Vodafone

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

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

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
Rajitha Boorugu - Partner

Consultants

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

Tax consultants
PWC in India
Amit Jain - Partner

ESG consultants
PWC in India
Hemal Uchat-Partner

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.

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Aravind Viswanathan
Chief Financial Officer