SHAREHOLDERS
LETTER AND RESULTS

Q1 FY24 | JULY 20, 2023

Financial Performance

Revenue

₹ 9,111 Million

13.9% YoY growth

Gross Profit

₹ 2,413 Million

30.4% YoY growth

EBITDA

₹ 1,822 Million

39.4% YoY growth

PAT

₹ 1,354 Million

34.8% YoY growth

EPS

₹ 10.07 Per Share

36.1% YoY growth

Cash and Cash equivalents

₹ 8,039 Million

923 million QoQ

Digital Platforms

Revenue

₹ 879 Million

29.1% YoY growth

Gross Profit

₹ 851 Million

30.3% YoY growth

EBIT

₹ 609 Million

69.3% Margin

Enterprise Communications

Revenue

₹ 8,232 Million

12.5% YoY growth

Gross Profit

₹ 1,562 Million

30.4% YoY growth

EBIT

₹ 1,049 Million

12.7% Margin

> We have delivered strong growth across both Digital Platforms and Enterprise Communications business. Our strategic bets are giving us tremendous scale and reach to enterprises, while continuing to have an incredible innovation engine - **Uday Reddy, Founder Chairman & CEO**

Significant events during the quarter

- Tanla acquired ValueFirst Digital Media Private Limited, India ("VF Digital India") (and its subsidiaries) from Twilio. The acquisition was closed on July 03, 2023, for an all- cash consideration of $ 45.5 Million (₹ 3,737 Million)
- Tanla to acquire 100% of ValueFirst Middle East FZ LLC, UAE (and its subsidiaries) for a cumulative consideration of ₹200 Million through a combination of primary and secondary purchase from existing shareholders, subject to closing conditions. This is expected to close by September 2023
- We successfully completed proof-of-concept (PoC) with three leading private banks on Wisely ATP™, the World's first AI/ML based Anti-Phishing Technology Platform
- Signed a direct contract with World's largest e-commerce and cloud computing company for CPaaS services

Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on July 21, 2023 at 4.30 PM IST. Watch the presentation at Watch the presentation at https://bit.ly/q124r

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United Kingdom	:	08081011573	Singapore	:	8001012045
United States	:	18667462133			

Message from Chairman

We have had a great start to the year across all dimensions. Our financial numbers for Q1 are exciting in a seasonally weak quarter, we have grown 9% sequentially while maintaining our EBITDA margins at 20%. We have seen all our profitability metrics grow over 30% on a YoY basis, while generating strong free cash flows.

Q1 has also been a milestone quarter for the progress we have made in our strategic initiatives, both in our Digital Platforms as well as Enterprise Communications businesses. Let me give you an update on them.

Digital Platforms: We are building a platform business which demonstrates all the characteristics which make SaaS businesses globally so attractive.

a. **Operating at Rule of 60** - Our platform business operates at close to Rule of 100 today. Given that our current base is small, we expect to this business to deliver at Rule of 60 even at a scale

b. **Highly predictable** – We have seen 30% growth YoY in gross profits, our 12th consecutive quarter of 20%+ growth

c. **Strong IP led value proposition resulting in high profitability** – our business runs at EBIT of close to 70%. We have patents around Wisely and we will scale this in the coming quarters

d. 100% of our platform business revenues operate at SaaS business models, where our billing is per user or transaction or subscription

e. Our platforms address all the buying centers across the universe of digital interaction in an Enterprise.

Wisely ATP is a great example of innovation – we have successfully completed our PoC with 3 leading private banks with 99%+ identification and prevention of smishing attacks targeted at bank users. We are in the process of closing commercial arrangements with them in early part of Q2.

We are making progress on all of our platforms – Wisely Network and Wisely OTT are scaling up well, while Wisely Communicate and Engage should see traction in the coming quarters. Wisely platforms are contributing to 37% of the overall digital platform gross profits in the quarter.

Our success in platform business is rooted in our Innovation DNA. We have a world class 100,000 sq feet innovation center in Hyderabad and hiring best-in-class talent. We are fostering innovation and constantly looking at new platforms which address the evolving needs of the digital economy. We are not opportunity constrained and we are very excited for our platform roadmap.

Enterprise Communications: We saw a strong growth in the Enterprise Communications business with double digit revenue growth and 30% gross profit growth. The biggest positive for me is the structural change we have made in our Enterprise Communications business, which augurs well for the future. Let me talk in detail about this.

a. **Scale** - With the acquisition of ValueFirst from Twilio, we have further added to our scale with over 35% market share in India. We have been consistently maintaining that one needs deep local knowledge and ability to work with the entire ecosystem to succeed in India and acquiring ValueFirst from Twilio is validation of this long-standing belief. We have an enviable track record of success in India and it continues to be a very attractive market

b. **Pricing environment** – While there was significant price disruption over the past 15 months, we are now in a phase of price expansion. We have been talking about pricing reset every 3 years in the industry and we now see visibility of that playing out in Q2.

c. **Global expansion** - With the acquisition of ValueFirst, we will significantly scale our international operations. ValueFirst is a big player in UAE, Saudi and making inroads in Indonesia.

d. **New customer acquisitions** – we have accelerated our new customer acquisition with 80 new customers in Q1. We have also signed a direct contract with world's largest e-commerce and cloud computing company and started domestic business with them. This relationship has huge potential and we are working to scale this in the coming quarters.

With these, we have addressed many of the structural concerns and are now in a runway for strong growth.

In summary, we have entered the year with lot of tailwinds for both our businesses. We are making the right investments across platforms, customer success, brand, talent and ESG. We are very excited and our team is confident of scaling to new heights. We look forward to the continued support from all our stakeholders.

Hyderabad, July 20, 2023

Uday Reddy
Founder Chairman & CEO

We have attempted to address below the key questions that we anticipate investors will ask, as well as some questions that have been posed to us in recent times.

Q1. Can you provide an overview on your Q1 performance?

Revenue grew by 14% YoY to ₹ 9,111 million in Q1 FY24 and sequentially grew by 9%. Digital Platforms revenue grew by 29% YoY and 8% sequentially. Enterprise Communications revenue grew by 14% YoY and 9% sequentially.

Gross profit grew by 30% YoY and gross margin improved by 335 bps YoY in Q1 FY24. Sequentially gross margin decreased by 99 bps. EBITDA margin was at 20% and EBIT margin was at 18% in Q1.

Below table presents the quarterly breakdown of Revenue, Gross Profit and EBIT for our two main business segments:

(In ₹ million, unless otherwise stated)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Revenues					
Digital Platforms	680	751	782	815	879
Enterprise Communications	7,321	7,759	7,914	7,520	8,232
Total revenues	**8,001**	**8,510**	**8,696**	**8,335**	**9,111**
YoY % change	27.7%	1.1%	(1.7%)	(2.3%)	13.9%
Gross Profit					
Digital Platforms	653	724	751	781	851
Enterprise Communications	1,197	1,332	1,418	1,508	1,562
Total Gross profit	**1,850**	**2,056**	**2,169**	**2,289**	**2,413**
YoY % change	6.7%	(10.7%)	(16.9%)	(5.9%)	30.4%
EBIT[1]					
Digital Platforms	-	-	-	-	609
Enterprise Communications	-	-	-	-	1.049
Total EBIT	**-**	**-**	**-**	**-**	**1,658**

Notes:
1) We have started providing EBIT for Digital Platforms and Enterprise Communications only from Q1 FY24 and hence compartive figures are not available.

Q2. Why did we break down our business into two segments – Digital Platforms and Enterprise Communications. What is the strategic rationale behind this?

We have two synergistic businesses – Digital Platforms and Enterprise Communications. We have been disclosing revenues, gross margins and now EBIT separately for these two businesses. Our view is that these businesses have different growth drivers and financial characteristics and believe that it would help investors understand our business better by looking at them separately. In addition to the revenues and gross margins that have been shared historically , we have started to share split upto EBIT.

Q3. Given that this is the first time that you are providing EBIT for Digital Platforms and Enterprise Communications, can you share the definition of EBIT. Also is there any reason to share EBIT instead of EBITDA?

EBIT is defined as: Revenues – Cost of sales (where applicable) – indirect cost (includes platform operational cost, people cost and overheads, SG&A) – depreciation – allocated corporate costs.

We believe EBIT is a better measure than EBITDA for two reasons

1. EBIT reflects the true profitability of the business irrespective of whether the platform is on cloud or bare metal servers. This is a technology choice, and we want the profitability measure to capture the cost appropriately

2. Platform build cost are capitalized and amortized over the useful life. It is important to look at the profitability post amortization of platforms to present a true picture of profitability.

Q4. Now that you have explained the rationale of looking at two business separately. Can you elaborate what is driving growth for Digital Platforms?

Digital Platforms revenue grew by 29% YoY to ₹ 879 million. Revenue growth was led by Trubloq and Wisely Network and OTT. Gross profit grew by 30% YoY in Q1. We have seen 12th consecutive quarter of 20%+ gross profit growth.

Digital Platforms are operating at 68% EBIT. Today Digital Platforms is operating close to Rule of 100. (Revenue growth 29% + EBIT margin 69%). We expect Digital Platforms to deliver Rule of 60 even at a scale.

Wisely platforms are contributing to 37% of the overall Digital Platforms gross profits in Q1 FY24.

Q5. There is an excitement around Wisely ATP, your anti-phishing platform. Can you give us an update on when will we have reveneus flowing ?

Wisely ATP has been the biggest innovation in our history. We demonstrated our solution during a three month regulatory sandbox with TRAI with 99%+ identification and prevention of smishing attacks on users. We have successfully completed Proof of Concept (PoC) with three leading private banks and are in active discussions with them for commercial closure. We are very excited by the feedback and have started a broad-based GTM engagement with enterprises. We expect closure of contracts with enterprises in Q2 subject to regulatory approvals.

Q6. Moving on, Enterprise Communications has seen growth after four quarters. What led to this growth?

We have delivered 9% sequential revenue growth in a seasonally weak quarter driven by WhatsApp and price increase in ILD. WhatsApp channel grew 170% YoY led by new customer additions and scaling up of existing business.
Gross profit grew by 30% YoY led by WhatsApp and lower telco cost. On a sequential basis gross margin

Q7. There has been a lot of buzz around possible price increase in the NLD business. What is the update on that?

Price increase in our industry are driven by Telcos. We had pricing disruption in the market beginning of last financial year and we saw some stability in this calendar year. Historically, the industry has seen a reset in prices every three years, and we now see visibility of uplift in pricing during Q2.

Q8. We have seen a healthy addition of new customers in Q1. By when will these customers scale up and what is the revenue contribution from new customers?

We have implemented a highly aggressive campaign to acquire new customers. Our efforts have resulted in the addition of customers across various segments, and we anticipate their scaling within a timeframe of 6-8 months. We have added 80 new logos, 19% of new additions are on WhatsApp. The revenue contribution from these newly acquired customers amounts to ₹ 102 million.

Q9. How have your existing customers grown?

Contribution from customers with greater than ₹10 million annual revenue grew by 16% in Q1 . Customer contributing greater than >₹500M revenue grew by 29% YoY in Q1. Customer concentration from top twenty customers are at 62% in Q1. We have expanded our strategic client base from 120 to 170 customers. Product penetration for this larger client base is at 1.87.

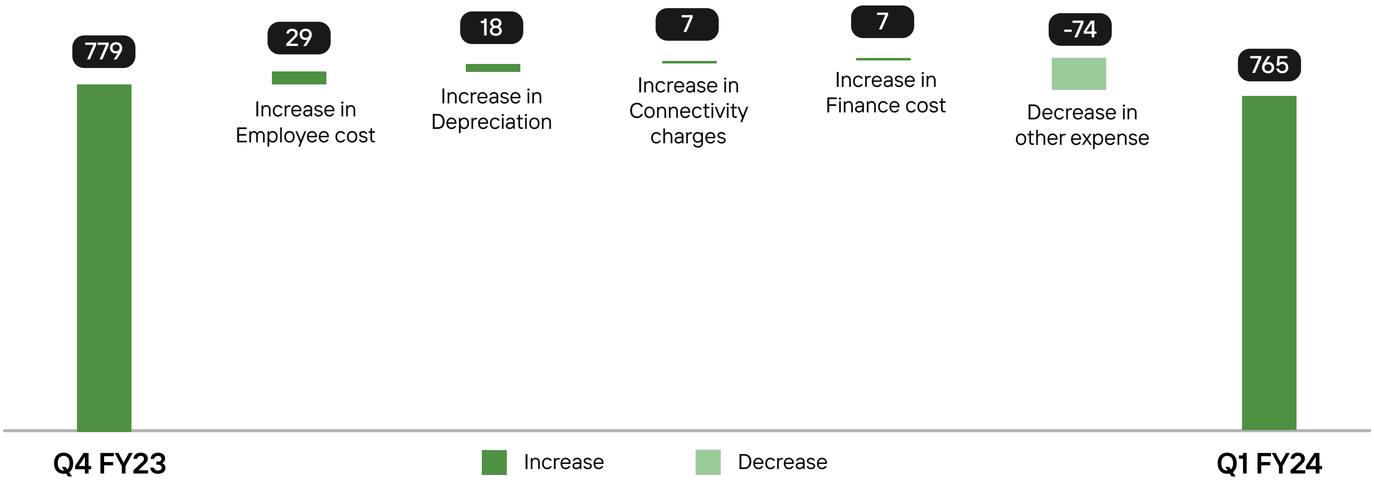
Customer segment	Q1 FY23		Q1 FY24		Change in count	Change in count
	Count	Revenue	Count	Revenue		
>₹500M	16	4,250	19	5,498	19%	29%
>₹100M - < ₹500M	39	2,366	41	2,216	5%	(6%)
>₹10M- < ₹100M	147	1,156	161	1,320	6%	15%
Total	**202**	**7,772**	**221**	**9,034**	**9%**	**16%**

Q10. Your acquisition of ValueFirst has been very well received. Can you share with us when we can see that reflect in the financials?

We had no impact of ValueFirst acquisition in our Q1 financials. We completed the acquisition of ValueFirst India business from Twilio on July 3, 2023 and we will see the full consolidation of the India business as part of our Q2 FY24 results. As we had communicated at the time of announcement, we would complete the acquisition of ValueFirst International business by end of Q2 FY24 and we would see the full consolidation of this business in Q3 FY24.

Q11. Moving on, we saw a decline in gross margin sequentially, although EBIT margin remains same. Can you throw some color on the same?

Our total indirect cost including depreciation was at ₹ 765 million. On a sequential basis indirect expenses decreased by ₹ 38 million due to lower spends on sales and marketing. Depreciation has increased by ₹ 18 million due to the capitalization of our innovation center in Q4 FY23.Below is break-up of the indirect cost:



Below table presents Amorisation & Depreciation:

(In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Amortisation on Platforms	50	26	170
Amortisation on Customer Relationship	31	31	124
Amortisation on Trade Name	1	-	2
Amortisation on Technology	-	6	13
Amortisation on Non-compete	1	1	6
Amortisation on Software	2	-	-
Depreciation on tangible assets & right of use assets	80	29	147
Total Depreciation & amortisation	165	93	462

Q12: What are your focus areas for investments?

We make focused investments on five areas with strong impetus to ROI.

- **Platforms (Innovation+ Improvement) :** We are continuously investing in building new platforms. We have invested ₹ 144 million on Platform builds and ₹ 220 million towards improvement in Q1
- **Customer success and GTM:** We invested ₹ 207 million towards customer success and GTM
- **Brands:** In addition to the ₹ 24 million invested on Brands in Q1, we will continue to invest significantly in brands
- **Talent:** We have invested significantly on Talent and Infrastructure, and have built a state of art innovation center. We have a talent pool with 200+ resources, across products and technology. We have invested ₹56 million towards talent in Q1
- **ESG:** ESG is close to our heart where we have invested ₹ 25 million.

Q13: Can you give a view on effective tax rate (ETR)?

Profit after tax is at ₹1,354 million and Profit after tax margin is at 14.9% in Q1 FY24. Profit after tax grew by 35% YoY. The increase in profit after tax is due to expansion in gross margin and partially off-set by increase in depreciation. Effective tax rate for Q1 at 20%.

Tax contribution to exchequer in Q1 was ₹1,812 million. The contribution includes corporate income taxes and contributions by way of withholding taxes and indirect taxes such as GST in India.

(In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Profit before tax	1,700	1,256	5,666
Tax expense	(346)	(252)	(1,189)
Profit after tax	1,354	1,004	4,476
Effective tax rate	20%	20%	21%

Q14: What is cash balance position now?

Cash, cash equivalents (CCE) is at ₹ 8,039 million in Q1 FY24 as compared to ₹ 7,116 million in Q4 FY23. In Q1 FY24, we generated a surplus of cash of ₹ 923 million. Below table shows CCE investment by category for last five quarters.

In million, unless otherwise stated	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Cash					
Restricted cash	315	185	250	261	263
Current accounts- INR	782	720	470	417	1,089
Current accounts- USD	**3,013**	**1,690**	**1,480**	**1,747**	**1,704**
Investments					
Fixed deposits	5,763	5,957	5,480	4,691	4,982
Cash and cash equivalents (CCE)	**9,873**	**8,552**	**7,680**	**7,116**	**8,039**

On a quarterly basis independent confirmation for 100% of cash and bank balances are obtained by our statutory auditors.Restricted cash is held as margin money deposits given for bank guarantees and cash credit limits.

The below presents cash, cash equivalents composition as of June 30, 2023

(In ₹ million, unless otherwise stated)	Current accounts- INR	Current accounts-USD	Fixed deposits	Restricted cash	Total
Cash, cash equivalents composition					
HDFC Bank	410	-	4,466	208	5,084
HDFC Limited	-	-	-	-	-
State Bank of India	13	-	225	-	238
Axis Bank	419	-	1	1	421
Kotak Mahindra Bank	14	-	90	-	104
Citibank (Dubai)	-	591	-	-	591
DBS Bank (Singapore)	-	1,113	-	30	1,143
ICICI Bank	217	-	201	-	418
Others	16	-	-	24	40
Total	**1,089**	**1,704**	**4,982**	**263**	**8,039**

Q15. We have generated cash this quarter. Can you throw some color on free cash flow profile?

We had a second consecutive quarter of strong cash flows. Cash generated from operations for Q1 FY24 is at ₹ 1,294 million (96% of PAT) and Free cash flow of ₹ 869 million (64% of PAT). Day sales outstanding (DSO) is at 67 days.

Below table presents summary of cash flows:

(In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Cash flow			
Cash, cash equivalents, beginning balances	7,116	8,623	9,222
Cash flow from operating activities	1,294	965	2,467
Cash flow from investing activities	(372)	370	(696)
Cash flow from financing activities	2	(85)	(3,279)
Cash flow for the period	923	1,250	(1,507)

Fixed deposits with maturity greater than one year	-	-	-
Cash, cash equivalents, ending balances	8,039	9,873	7,116

Below table presents summary of Free cash flows:

(In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Operating cash flow	1,294	965	2,467
Capital expenditure	(425)	(247)	(1,560)
Free cash flow	869	718	907

Q16. What is the update on ESG front?

In FY24, Tanla's ESG outlook evolved from an 'initiative-based' to 'framework-based' function, where we looked at DJSI Corporate Sustainability Assessment (CSA) as a key anchor to drive and strengthen strategic priorities within ESG. We formulated a dedicated ESG policy to holistically embed sustainability in its value chain and maximize positive impact on its key stakeholders. We identified vital areas of work for this year and created a roadmap for the next year based on CSA priorities, industry best practices as well as Tanla's goals & material issues identified.

Tanla has created a sustainability framework and focused on **3Is**, which is further integrated and reflected in each of the initiatives undertaken by Tanla under Environment, Social & Governance:

- **Innovation** - Innovating for a Sustainable & Greener Future
- **Integrity** - Delivering with Transparency & Responsibility
- **Impact** - Enabling an intentional, positive impact on our stakeholders & community

We took individual awareness and capacity building sessions for relevant internal team members on different aspects of Corporate Sustainability Assessment (CSA) including Risk Management, IT Security, Corporate Governance, HR, CSR, Products & Innovation etc. Some of the more significant initiatives and processes under CSA that we completed in Q1 are as follows:

- **Governance** - Risk Management Process, Governance Structure, Material Risks with Mitigation Plan
- **Environment** - Scope 1,2,3 emissions calculation and Measuring Resource Efficiency & Circularity (On Energy Consumption & Water)
- **Social** - Conducting Human Rights Diligence & Response/Outcome Assessment and Revising Occupational Health & Safety Policy

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 June 30, 2023, paid-up share capital was ₹ 134.4 million

Shareholder Ownership

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

Movement in shareholder pattern for last five quarters:

Shareholder category	30-June-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Promoters	43.7%	43.7%	43.7%	44.2%	44.2%
Employees	5.5%	5.3%	5.3%	4.8%	4.8%
Retail	32.7%	35.9%	36.9%	36.8%	36.0%
FII	15.4%	14.8%	14.0%	14.2%	14.6%
Mutual Funds	-	-	-	-	0.4%
DII	2.8%	0.09%	0.08%	0.08%	0.02%
Total	100%	100%	100%	100%	100%

Annexure- 1 Quartely Discloures

(In ₹ million, unless otherwise stated)	Three months Ended June 30 (Un-Audited)		Twelve months Ended March 31 (Audited)
	Q1 FY24	**Q1 FY23**	**FY23**
Revenue from operations	9,111	8,001	33,546
Gross profit	2,413	1,850	8,367
Gross margin	**26.5%**	**23.1%**	**24.9%**
EBITDA	1,822	1,307	5,879
EBITDA margin	**20.0%**	**16.3%**	**17.5%**
EBITDA/ Gross profit	75.5%	70.6%	70.3%
EBIT	1,658	1,214	5,418
EBIT margin	**18.2%**	**15.2%**	**16.2%**
Interest Income	47.5	44	192
Interest yield	5%	4.0%	4.4%
Profit after tax	1,354	1,004	4,476
Profit after tax margin	**14.9%**	**12.5%**	**13.3%**
Free cash flow	869	718	907
Earnings per share (In ₹)	**10.07**	**7.4**	**33.05**
EBITDA per share (In ₹)	13.56	9.63	43.41
Cash and Cash equivalents	**8,039**	**9,873**	**7,166**
ROCE - (Including CCE)	-	32%	34%
ROCE - (Excluding CCE)	**-**	**89%**	**61%**
DSO days	**67**	**74**	**62**
Average number of employees	625	630	616

CONDENSED CONSOLIDATED INCOME STATEMENT

(In ₹ million, unless otherwise stated)	Three months Ended June 30 (Un-Audited)		Twelve months Ended March'23 (Audited)
	Q1 FY24	**Q1 FY23**	**FY23**
Revenue from operations	**9,111**	**8,001**	**33,546**
Cost of services	(6,698)	(6,151)	(25,178)
Gross profit	**2,413**	**1,850**	**8,367**
Operating expenses			
Sales and Marketing	(104)	(73)	(421)
General and administrative	(487)	(470)	(2,068)
Total operating expenses	**(591)**	**(543)**	**(2,488)**
EBITDA	**1,822**	**1,307**	**5,879**

Depreciation	(164)	(93)	(461)
EBIT	**1,658**	**1,214**	**5,418**
Finance cost	(10)	(3)	(14)
Other income	52	45	262
Profit before tax	**1,700**	**1,256**	**5,666**
Tax expenses	(346)	(252)	(1,189)
Profit after tax	**1,354**	**1,004**	**4,476**
Earnings per share (In ₹)	**10.07**	**7.40**	**33.05**

CONDENSED CONSOLIDATED BALANCE SHEET

(In ₹ million, unless otherwise stated)	June 30, 2023 (Un-Audited)	March 31, 2023 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,624	1,659
Platforms	824	874
Customer Relationships	102	1,332
Brands	2	2
Non-Compete	23	25
Technology & Software	44	-
Intangible assets under development	664	566
Goodwill	1,346	1,346
Right-of-use-lease assets	713	797
Capital work in progress	174	78
Financial assets	148	149
Deferred tax assets (net)	361	363
Other non-current assets	760	785
Total non-current assets	**6,785**	**6,777**
Trade receivables	7,247	5,700
Cash and bank balances	8,039	7,116
Other Financial assets	4,434	4,203
Other current assets	284	330
Total current assets	**20,004**	**17,349**
TOTAL ASSETS	**26,789**	**24,126**

EQUITY AND LIABILITIES

Equity share capital	134	134
Other equity	16,415	15,041

Total equity	16,549	15,175
Non current liabilities		
Financial liabilities		
Lease liabilities	687	732
Other financial liabilities	8	8
Provisions	22	18
Other non-current liabilities	6	6
Total Non Current Liabilities	**723**	**764**
Current liabilities		
Trade payables	8,367	5,386
Lease liabilities	86	94
Other financial liabilities	854	2,443
Other current liabilities	124	203
Short term provisions	14	13
Liabilities for current tax (net)	72	48
Total Current liabilities	**9,517**	**8,187**
TOTAL EQUITY AND LIABILITIES	**26,789**	**24,126**

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(In ₹ million, unless otherwise stated)	Share capital	Reserves	Retained earnings	Other contributions	Total
Opening balance 01 April 2022					
Profit for the period	**136**	**4,645**	**8,519**	**242**	**13,542**
Other comprehensive income	-	-	4,476	-	4,476
Issue of equity shares	-	-	-	200	200
Shares bought back	-	-	-	-	-
Dividend declared	(2)	(2,124)	-	-	(2,126)
Others	-	-	(1,086)	169	(917)
Closing balance 31 March 2023	**134**	**2,521**	**11,909**	**611**	**15,175**
Opening balance 01 April 2023	**134**	**2,521**	**11,909**	**611**	**15,175**
Profit for the period	-	-	1,354	-	1,354
Other comprehensive income	-	(3)	-	-	(3)
Issue of equity shares	-	-	-	-	-
Shares bought back	-	-	-	-	-
Dividend declared	-	-	-	-	-
Others	-	-	-	23	23
Closing balance 30 June 2023	**134**	**2,518**	**13,263**	**634**	**16,549**

CONDENSED STATEMENT OF CASH FLOWS (Un-Audited)

(In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Cash flow before changes in working capital	1,879	1,513	6,249
Changes in working capital	(285)	(278)	(2,352)
Cash generated from operations	**1,594**	**1,235**	**3,899**
Taxes	(300)	(270)	(1,432)
Cash flow from operating activities	**1,294**	**965**	**2,467**
Net investments in tangible and intangible assets	(425)	(247)	(1,560)
Interest and other income received	52	17	264
Movement in other cash balances	-	600	600
Cash flow from investing activities	**(373)**	**370**	**(696)**
Issue of shares	-	-	-
Buyback of shares	-	-	(2,124)
Dividend paid during the year	-	-	(1,086)
Payment and Interest paid on lease liabilities	2	(85)	(68)
Cash flow from financing activities	**2**	**(85)**	**(3,279)**
Cash flow for the period	**923**	**1,250**	**(1,507)**
Cash, cash equivalents at the beginning of period	7,116	8,623	9,222
Cash and cash equivalent	-	9,873	-
Fixed deposits having maturity greater than 12 months	-	-	
Cash, cash equivalents closing balance	**8,039**	**9,873**	**7,116**

Annexure- 2 Quartely trends

Key financial ratios	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Revenue growth	38.0%	44.3%	35.3%	31.5%	27.7%	1.1%	(1.7%)	(2.3%)	13.9%
Gross margin %	27.7%	27.4%	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%	26.5%
EBITDA margin %	21.5%	21.2%	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%	20.0%
EBIT margin %	20.0%	20.0%	21.7%	20.4%	15.2%	15.2%	16.0%	18.2%	18.2%
Net profit margin %	16.7%	16.2%	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%	14.9%
Free cash flow	1,285	2,217	302	444	718	(416)	(867)	1,472	869
Day sales outstanding	58	48	54	59	74	61	67	62	67
ROCE (Including CCE)	50.0%	54.0%	51.0%	47.0%	31.7%	32.7%	31.2%	34.0%	38.4%
ROCE (excluding CCE)	169.0%	247.0%	170.0%	141.0%	89.3%	73.9%	57.8%	61.4%	71.8%

Revenue (In ₹ million)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Platform	555	624	658	687	680	751	782	815	879
Enterprise	5,709	7,792	8,191	7,844	7,321	7,759	7,914	7,520	8,232
Total	6,264	8,416	8,849	8,531	8,001	8,510	8,696	8,335	9,111

Gross profit (In ₹ million)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Platform	533	578	598	650	653	724	751	781	851
Enterprise	1,202	1,724	2,012	1,784	1,197	1,332	1,418	1,508	1,562
Total	1,735	**2,302**	**2,610**	**2,434**	**1,850**	**2,056**	**2,168**	**2,289**	**2,413**

Gross margin	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Platform	96.2%	92.7%	90.9%	94.7%	95.9%	96.4%	96.0%	95.9%	96.8%
Enterprise	21.0%	22.1%	24.6%	22.7%	16.4%	17.2%	17.9%	20.1%	19.0%
Total	27.7%	27.4%	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%	26.5%

EBITDA (In ₹ million)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
EBITDA	1,345	1,787	2,028	1,841	1,307	1,395	1,513	1,661	1,822
EBITDA margin	21.5%	21.2%	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%	20.0%
EBITDA/Gross profit	**77.6%**	**77.6%**	**77.7%**	**75.7%**	**70.6%**	**67.8%**	**69.8%**	**72.6%**	**75.5%**
EBITDA/per share	9.89	13.17	14.97	13.55	9.63	10.28	11.15	12.36	13.56

Profit/(loss) after tax (In ₹ million)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Profit/(loss) after tax	1,045	1,362	1,580	1,406	1,004	1,104	1,165	1,203	1,354
Profit after tax margin	16.7%	16.2%	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%	14.9%

Earnings per share (In ₹)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Basic earnings per share	7.68	10.04	11.66	10.36	7.40	8.14	8.58	8.88	10.07

Free cash flow (In ₹ million)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Free cash flow	1,285	2,217	302	444	718	(416)	(867)	1,472	869

RSU's vested yet to be exercised for FY 23-24	No of RSU's
Opening Balance April 1, 2023	3,20,500
RSU's granted	-
RSU's vested	25,003
RSU's exercised	-
RSU's lapsed	13,500
Balance as on June 30, 2023	**3,07,000**

RSU's vested yet to be exercised for FY 23-24	No of RSU's
RSU's vested yet to be exercised as on June 30, 2023	33,003
FY 23-24	76,500
FY 24-25	1,09,999
FY 25-26	74,998
FY 26-27	12,500
Balance as on June 30, 2023	**3,07,000**

Other Income (In ₹ million, unless otherwise stated)	Q1 FY24	Q1 FY23	FY23
Interest income	48	44	190
Interest on income tax refund	-	-	58
Others	5	-	16
Other income	53	44	262
Interest yield	5%	4%	4.4%

Property, Plant and Equipment (In ₹ million, unless otherwise stated)	June 30, 2023	March 31, 2023
Property, Plant and Equipment, Net		
Land	77	77
Buildings	18	19
Leasehold improvements	589	579
Furniture	204	233
Computers	706	720
Office equipment	27	27
Vehicles	3	3
Air conditioners	1	1
Total	**1,625**	**1,659**

Intangible assets (In ₹ million, unless otherwise stated)	June 30, 2023	March 31, 2023
Intangible assets		
Platforms	824	875
Customer Relationships	102	133
Trade Name	2	2
Non-compete	23	25
Software	44	-
Total Intangible assets	995	1,035
Intangible assets under development	664	566
Goodwill	**1,346**	**1,346**

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

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.
EBIT	Revenues – Cost of sales (where applicable) – indirect cost (includes platform operational cost, people cost and overheads, SG&A) – depreciation – allocated corporate 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 60	Rule of 60 metric is used to measure performance of SaaS companies. This metric which is a summation of Revenue growth and EBIT margin is expected to be at or above 60%. We are tracking this metric only for Digital Platforms.
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).

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.

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 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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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