



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
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April 26, 2023

To,

| | |
|---|---|
| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 532790 | National Stock Exchange of India Ltd. “Exchange Plaza” Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: TANLA |
|---|---|

Dear Madam/Sir,

Sub: Investor Updates for the quarter and year ended March 31, 2023.

With reference to the above cited subject, we are enclosing herewith the Investor Updates for the quarter and year ended March 31, 2023.

Request you to take the same on record and oblige.

Thanking you

Yours faithfully,
For **Tanla Platforms Limited**

SESHANURA Digitally signed by
SESHANURADHA CHAVA
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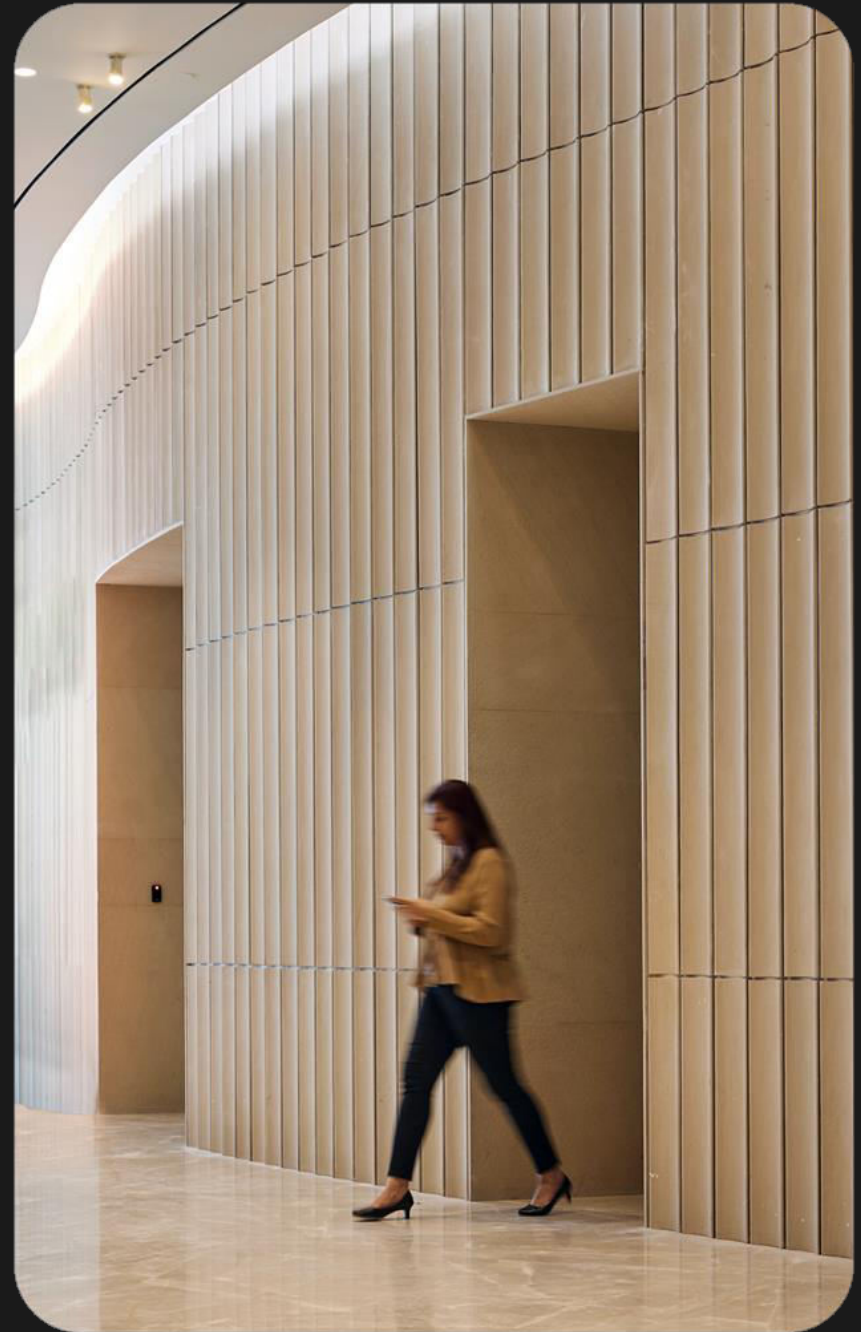
Seshanuradha Chava
General Counsel and Company Secretary
ACS-15519



Investor Update Q4 & Full Year FY23

April 26, 2023

Hyderabad



Safe Harbor and Other Information

The CPaaS business is evolving at a fast pace in India with very little information available in the public domain on the overall market. The financial community has always sought a response on the total market size, key drivers of the industry and the competitive landscape in this space. In order to provide more transparency and to help understand our business better, we are providing indicative data around the market size and our relative share (assuming the indicative data). This indicative data has been arrived at basis our detailed internal analysis. This is being done with an intent to provide an indicative picture of the industry and address queries about the CPaaS space. This must not be seen as a positioning statement of the company, and one should not rely on the company's disclosure for their assessment of the market size.

This presentation contains statements that include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, as well as assumptions relating to the foregoing that involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking in nature. Such statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, although not all forward-looking statements contain these identifying words, you can identify forward-looking statements by terminology such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "plan," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," "shall," and variations of these terms or the negative of these terms and similar expressions. The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements. It is advisable not to place excessive reliance on any of the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Additionally, these forward-looking statements, involve risk, uncertainties and assumptions based on information available to us as of 21/04/23, including those related to the continued impacts of COVID-19 on our business, future financial performance and global economic conditions. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, the timeframes for and severity of social distancing and other mitigation requirements, the timing of headwinds from COVID-19, the availability of vaccinations, the continued impact of COVID-19 on new or existing customers, business decisions and the length of our sales cycles, renewal timing or billings terms, particularly for customers in certain industries highly affected by COVID-19.

If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. We assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations, except as required by law.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information wherever possible, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to place excessive weightage to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information, wherever referred. Certain statements that might or might not be forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

By receiving this presentation 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. Any logos or trademarks other than Tanla, Karix, Gamooga, Trubloq & Wisely included herein are the property of the owners thereof and are used for reference purposes only.

FY23 Results: Snapshot



Revenue

₹33,543 Mn

5% Growth



Gross Profit

₹8,365 Mn

8% De-Growth



EBITDA

₹5,877 Mn

17.5% Margin



FCF

₹907 Mn

20% of PAT



PAT

₹4,476 Mn

13.3% Margin



EPS

₹33.05



Cash

₹7,116 Mn

Down by ₹2,106 Mn YoY due to buyback and dividend



Q4 FY23 Results: Snapshot



Revenue

₹8,335 Mn

2% De-Growth



Gross Profit

₹2,289 Mn

6% De-Growth



EBITDA

₹1,661 Mn

20% Margin



FCF

₹1,472 Mn

123% of PAT



PAT

₹1,203 Mn

14.4% Margin



EPS

₹8.88



Cash

₹7,116 Mn

Down by ₹564 Mn- QoQ due to buyback





Innovation

Platform Innovation: Evidence of success

Platform business delivered **robust financial performance in Q4 FY23** driven by **significant momentum** across key platforms



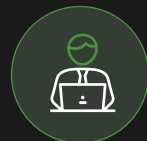
Platform business gross profit grew by 20% in Q4 FY23



30-35 Innovations and improvements across the platforms in the last 6 months



20%+ YoY growth for 11 quarters in a row



Best-in-class innovation center in Hyderabad to foster innovation



Gross profit
(₹ Mn)

Q4 FY22

650

Q4 FY23

781



Contribution to
overall GM

27%

34%

1. TRUBLOQ

Key Details



Gap to competition

World's first blockchain-enabled compliance platform



Innovation

Automated detection and complaint logging for UCC (i.e., spam and leakage) through honeypot deployment

Consent acquisition via multiple industry first channel offerings (e.g., QR code, POS, web)



Impact

All time lowest complaints on misuse of DLT assets

3 Industry first offerings adopted by consortium

Evidence of our success



GM growth

22% (Y-O-Y)



Volume

83 Bn (Q4)
Touching 1BN+ lives

2. Wisely Communicate:

Our innovations

- 1 Improved delivery % via real time smart routing across high performing routes
- 2 <2 days onboarding time
- 3 Enhanced user experience (e.g., new settlement reports, role- based access control) and platform QoS (e.g., delivery, speed)

Progress so far



Customers

Volumes- 200 Mn per month from a banking customer delivering 70% of critical UPI messages

20MN+ users reached



Outcome


Customer Success : 10% increase in OTP consumption and 15% reduction in complaint


3. Wisely OTT

Vertical specific solutions being built on OTT

- **Q4 volume of over 1.5 Bn** across existing customers on Wisely OTT
- **40% QoQ** volume growth on Wisely OTT

Delivering a market beating proposition with advanced features and functionalities

 50+ Enterprises onboarded

 Readability and UX improvement through heads up notifications

4. Wisely Network

ILD leakage prevention for Telcos

Enhanced leakage detection efficiency via AI/ML engines on firewall

AI-ML-NLP backed Intelligent solutions



On track to be ₹1 billion gross margin platform per annum



Blocked 5mn+message per month with <1% leakage

5. Wisely Engage

Re-imagining our vision for performance marketing



Target audience identification via 'Smart feature mart' containing 3000+ intent-based features



Advanced campaign manager with industry-based insights (e.g., lending, gaming)



90%+ TAT time reduction for model building and deployment via automated ML pipelines



Simplification of campaign execution journey (e.g., base uploading & processing) through automation tool

Progress so far

- Initiating POC with clients in Q1 to demonstrate customer success

6. Wisely ATP

Anti Phishing
Technology Platform

ATP launched in MWC Barcelona is a single Platform to protect users from phishing and fraud

AI-ML-NLP
backed
Intelligent
solutions



In-principle sandbox signoff received in TRAI



On-going PoC with three leading banks

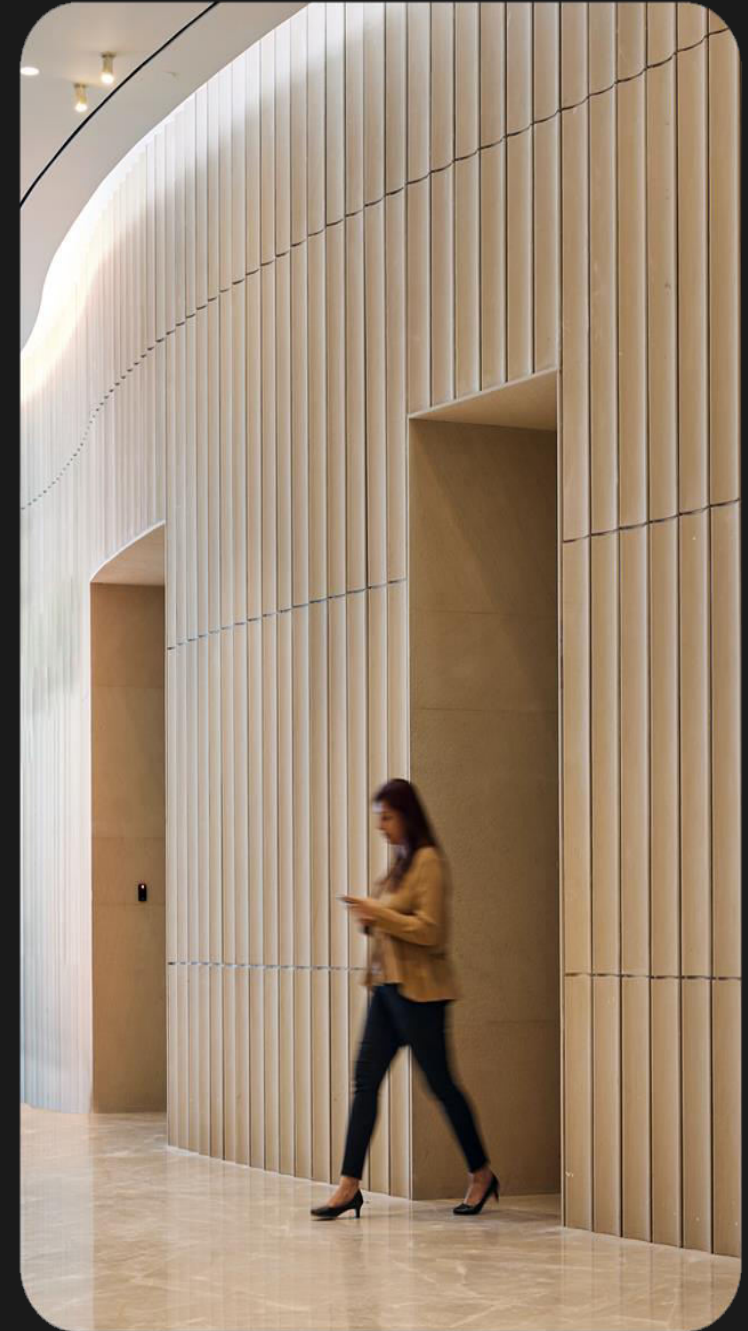


Three in-house ML engines with 99.9% smishing identification accuracy



Partnering within the ecosystem

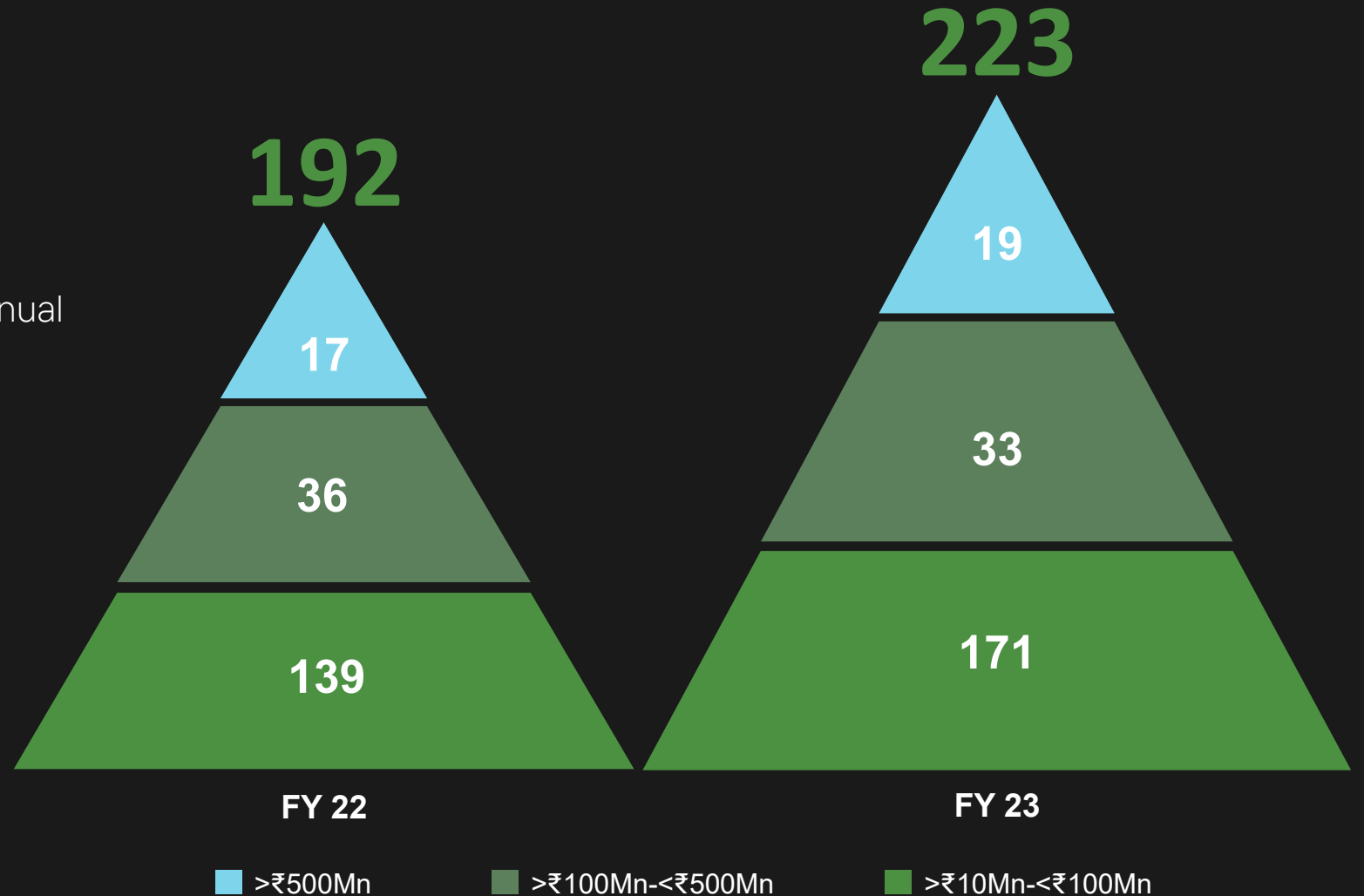
Business



Expansion of customer relationships

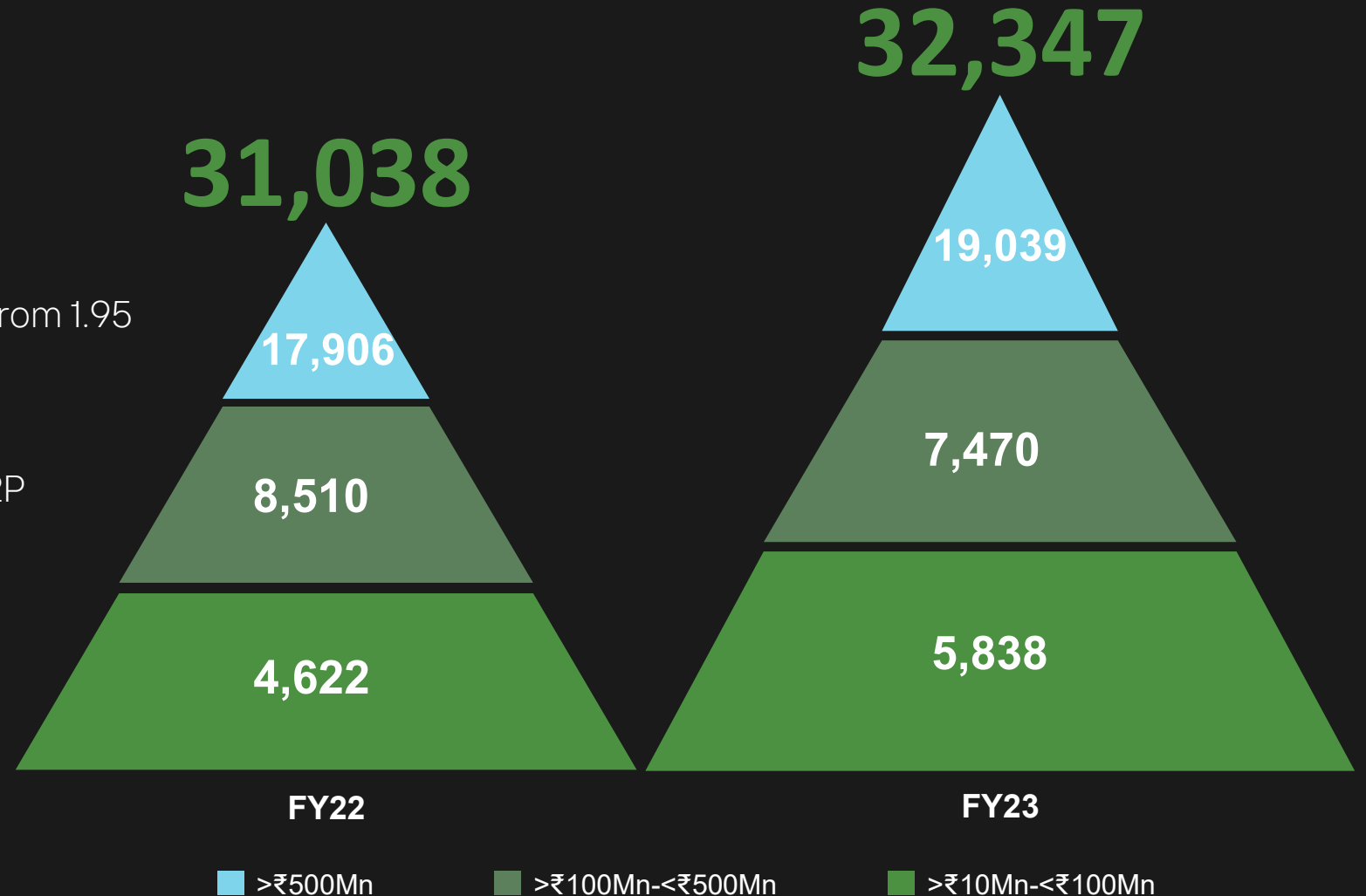
223 customers contributing >10 Mn annual revenue count up by 16%

Count of customers



Increased wallet share and product penetration

- Product penetration improved to 2.17 from 1.95 for our top 120 customers in a year
- Whatsapp is the highest penetrated product across our customers after A2P
- ₹500Mn+ customers revenue grew by 6%

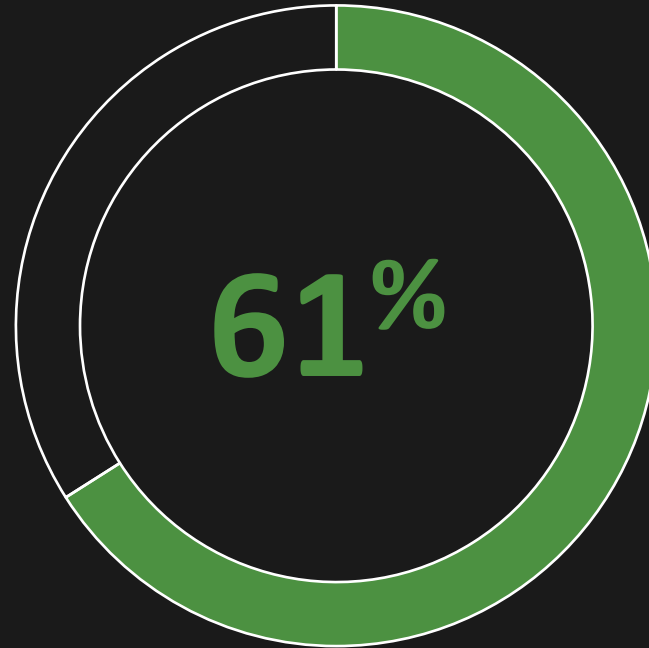


Customer concentration

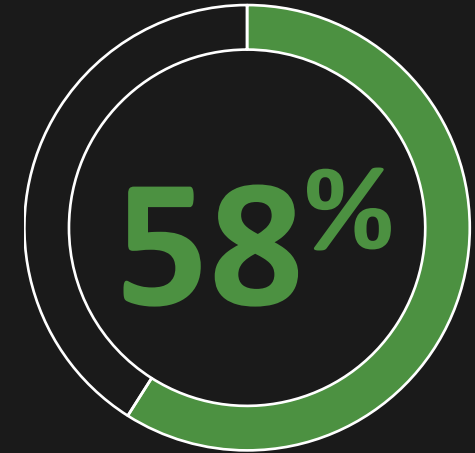
15 

out of 20 customers
of last year continue to be in
Top 20, 18 remain in Top 30

■ Revenue from top 20 customers (₹ Million)



■ 19,401
FY22



■ 19,517
FY23

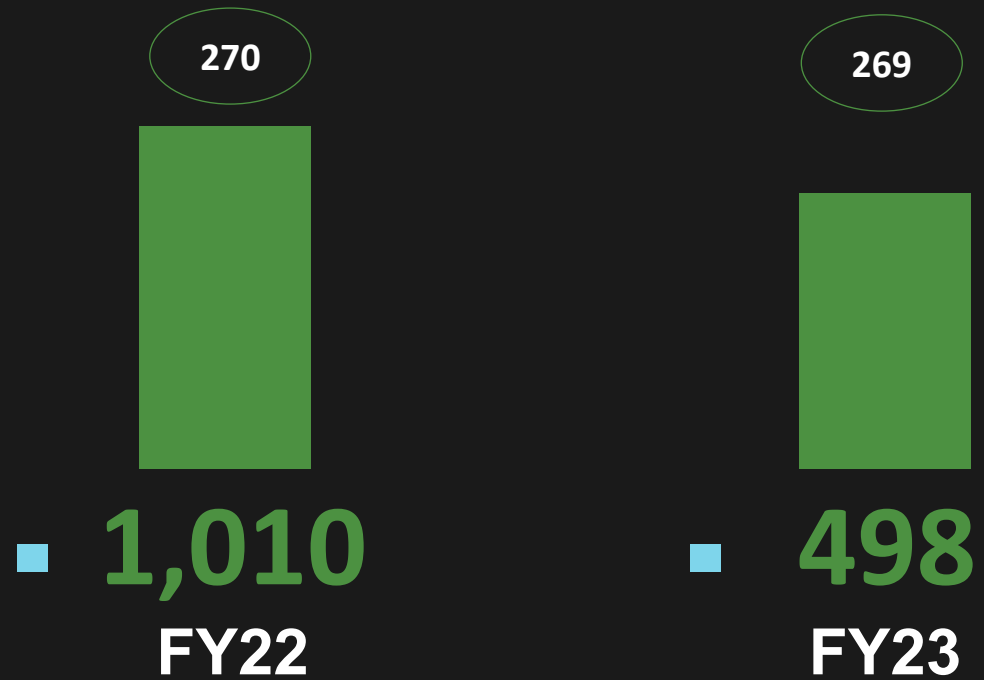
Customer additions

28% 

New customers added on WA

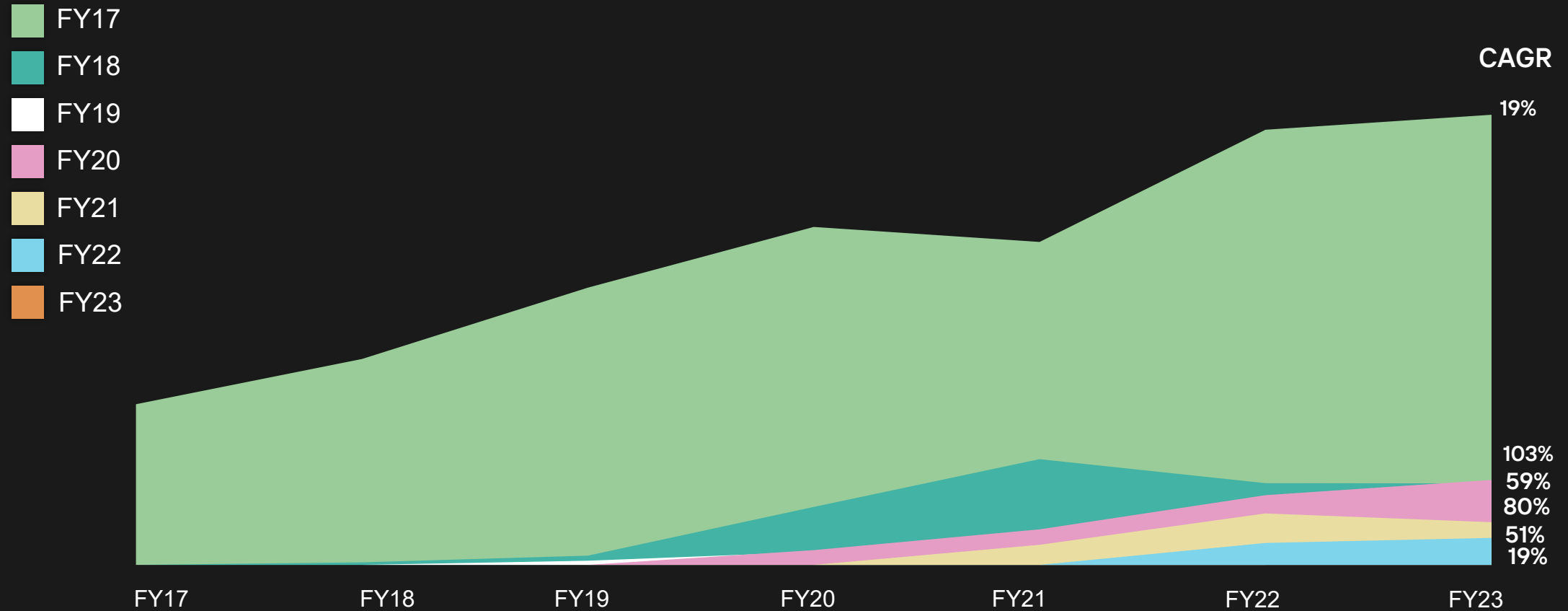
■ Revenue from new customers (₹ Million)

○ Count of customers



1. New customers include every unique contracting entity added during the year

Customer Cohort Growth



1. Represents revenue from our active customers grouped by cohorts based on the year when each customer account cohort originated
2. Cohorts of 16-17 also includes customers acquired during prior period
3. Customer data compiled also includes customers of Karix and Gamooga from pre acquisition period



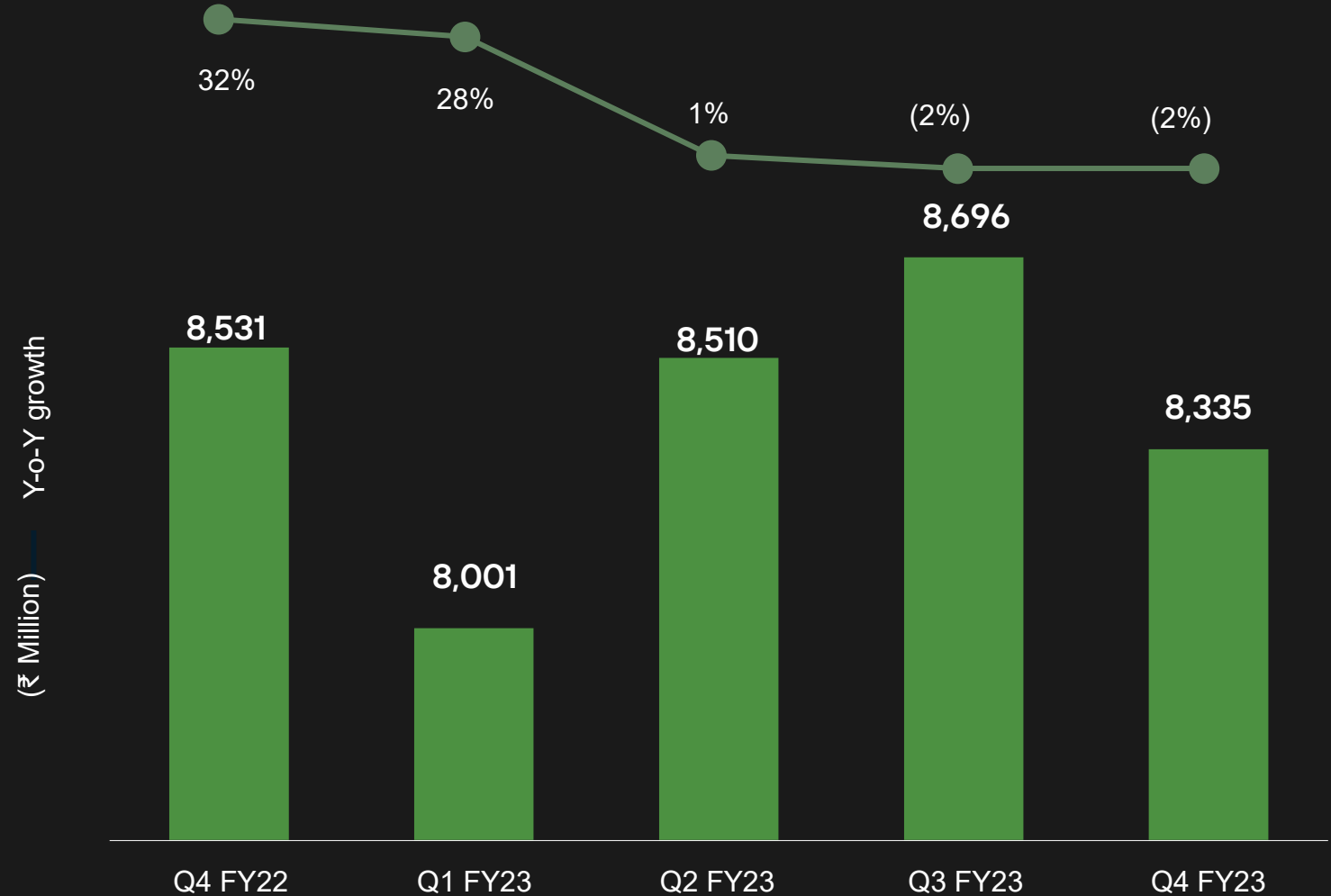
Financials



Enterprise business impacting revenue growth

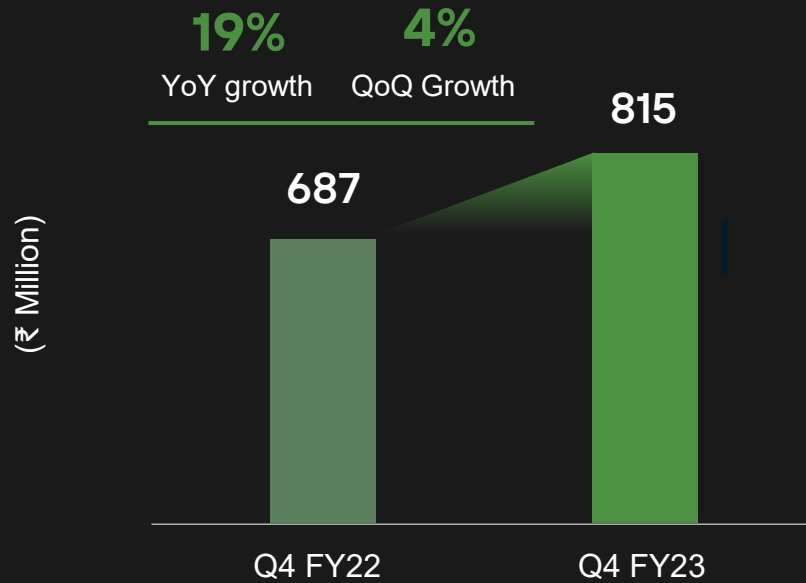
Revenue de-grew by 2% YOY in Q4 FY23, due to decline of Enterprise business of 4%

Platform business grew 19% on YoY basis in Q4 FY23

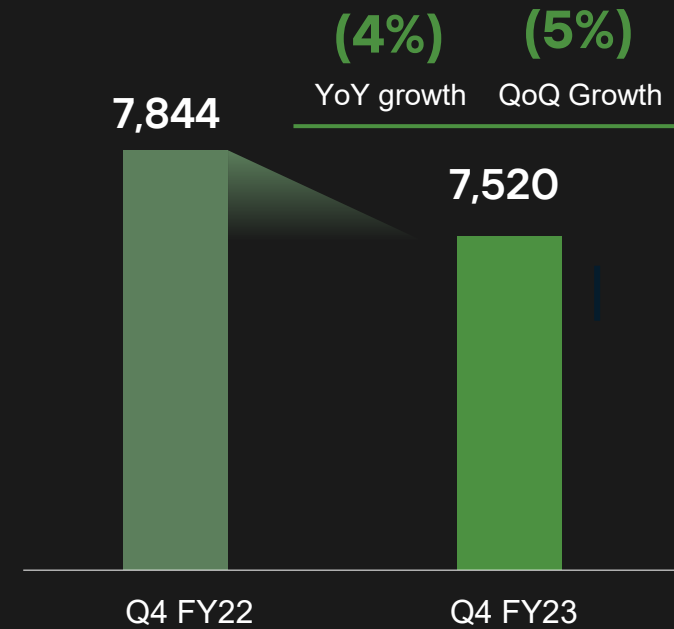


Platform and Enterprise revenue growth

Platform Business



Enterprise Business

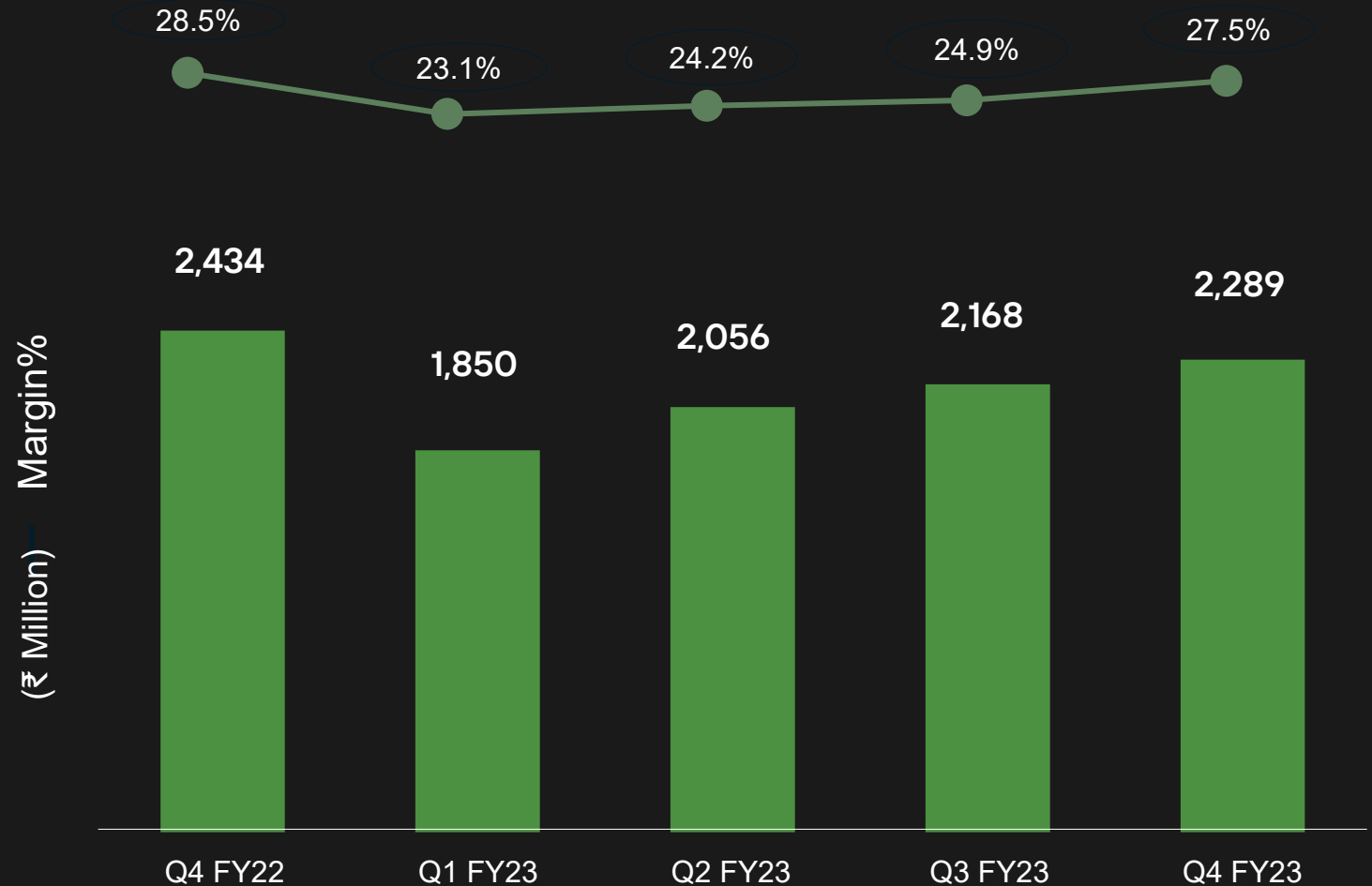


Gross profit improvement

Platform business gross profit grew by 20% at ₹ 781 Mn in Q4 FY23 driven by Wisely and Trubloq. Seq growth of 4% was led by Trubloq

On sequential basis Enterprise business gross profit grew by 6%, driven by operational efficiencies

Q4 Gross Margins are at 27.5% back to historic levels on Gross margins



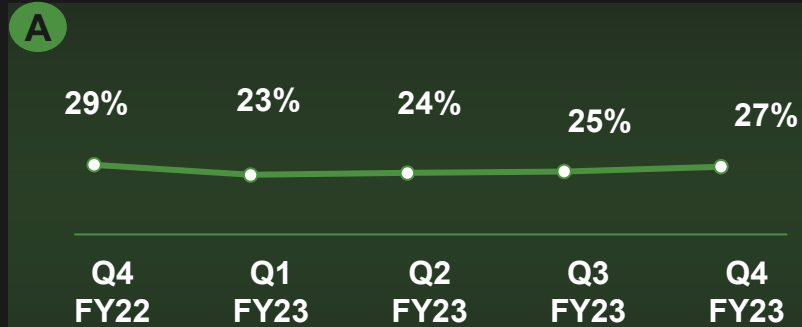
Gross margin mix

A Decrease in gross margin by 106 bps YoY, up 253 bps QoQ

B Platform business gross margin contribution to total at 34%

C QoQ enterprise business gross margin at 20% increased by 214 bps

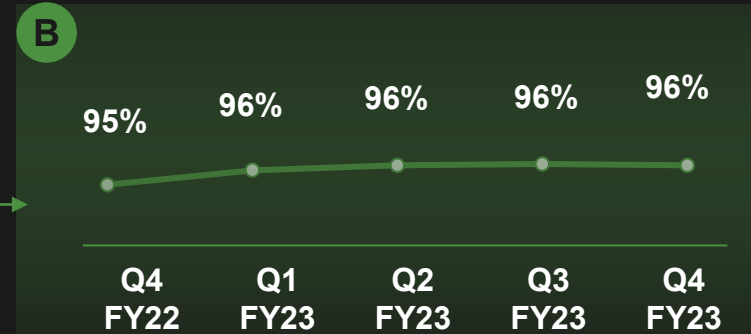
Overall margin



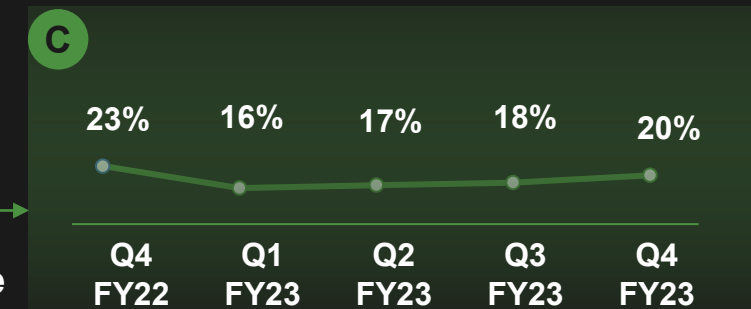
Contribution by platform



Platform business



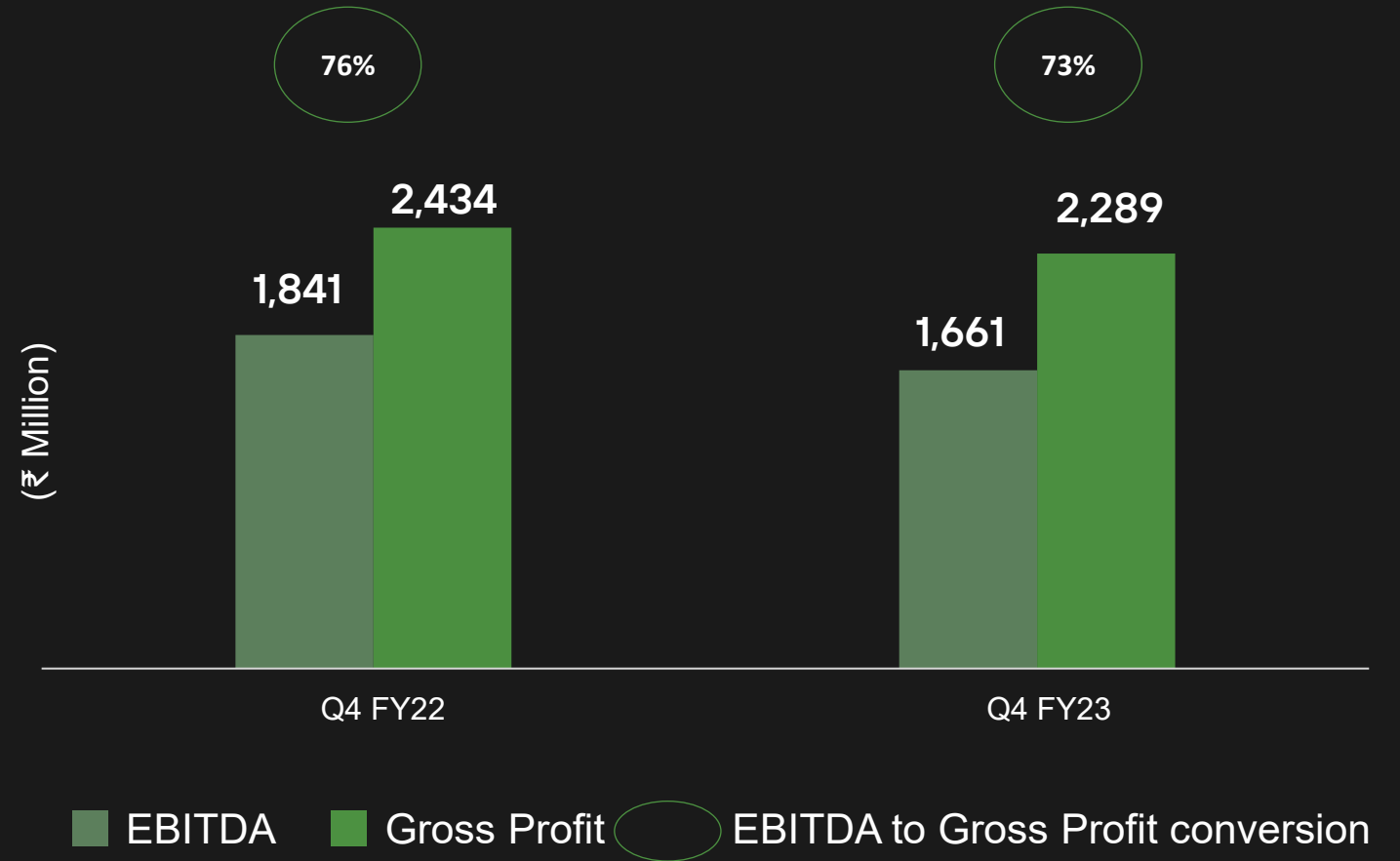
Enterprise business



Efficiency metrics

Increase in marketing spends (MWC) coupled with higher CSR spending and lower gross margin percentage has resulted in other indirect costs rising to 27% of gross profit as against 24% in Q4 FY22

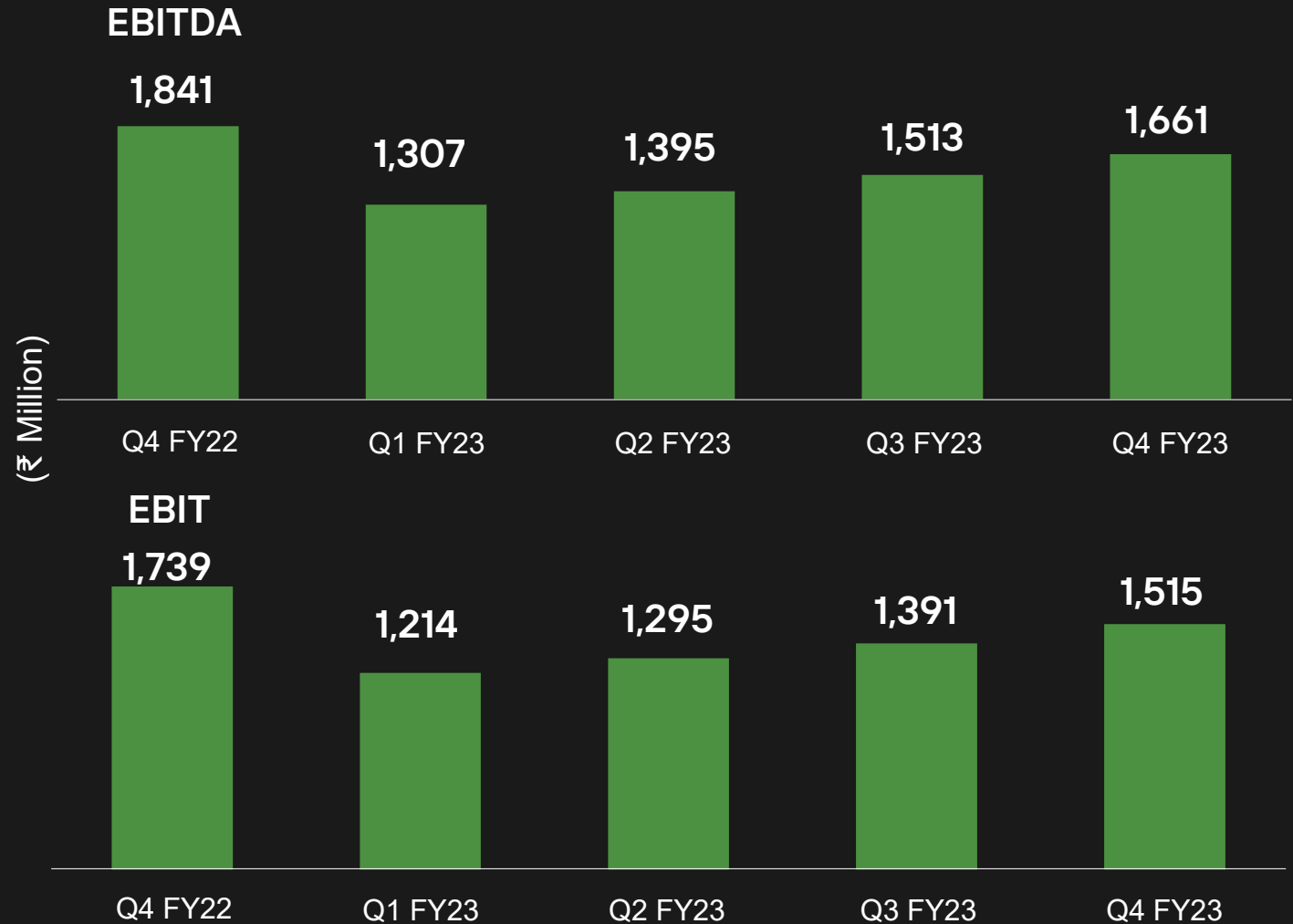
Employee cost at 13% of Gross profit in Q4 FY23, flat as compared to last year



Operating income

EBITDA margin at 20% in Q4 FY23, up 253 bps QoQ

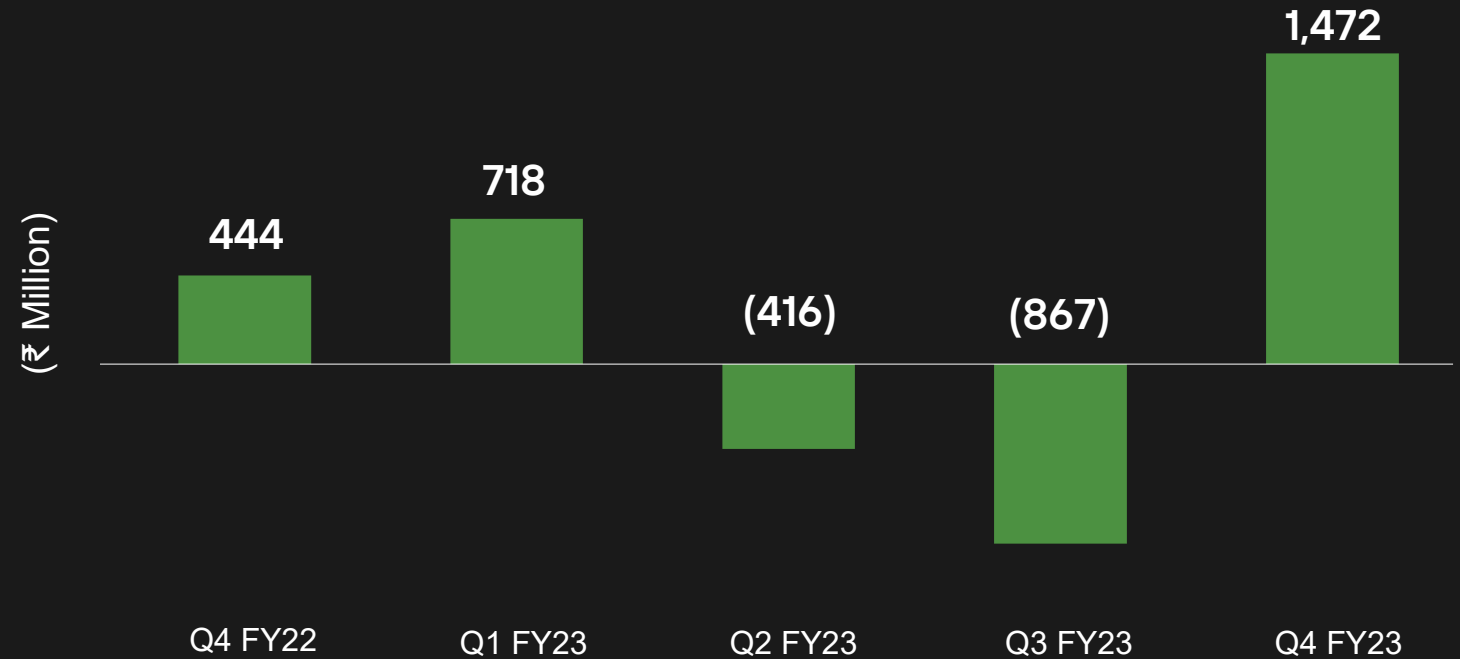
Depreciation at ₹146 Mn in Q4 FY23, as against ₹102 Mn in Q4 FY22. Incremental depreciation due to capitalization of Innovation Center in Q4 FY23



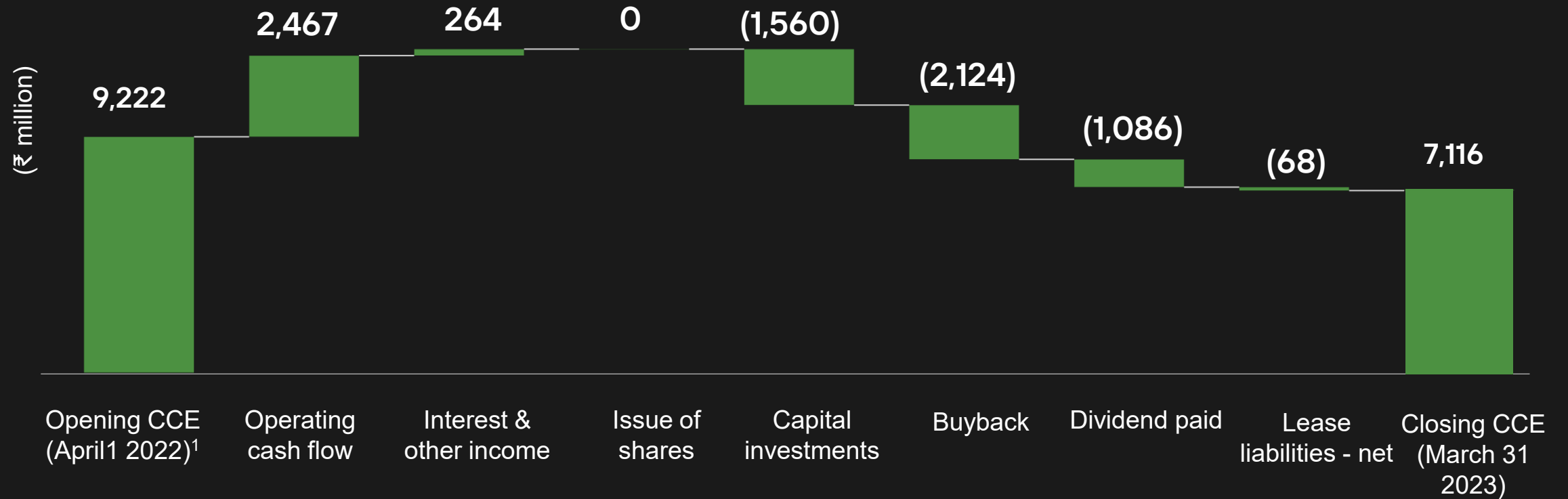
Improved Free Cash flow profile

Improved DSO (5 days) resulted in stronger cash flows

Tax payouts remain consistent. Investments in innovation center and infrastructure will continue in Q1 FY24








Distribution of cash to shareholders and utilized for investments



1. CCE includes fixed deposits held having maturity greater than 12 months

Cash and Cash equivalent break up

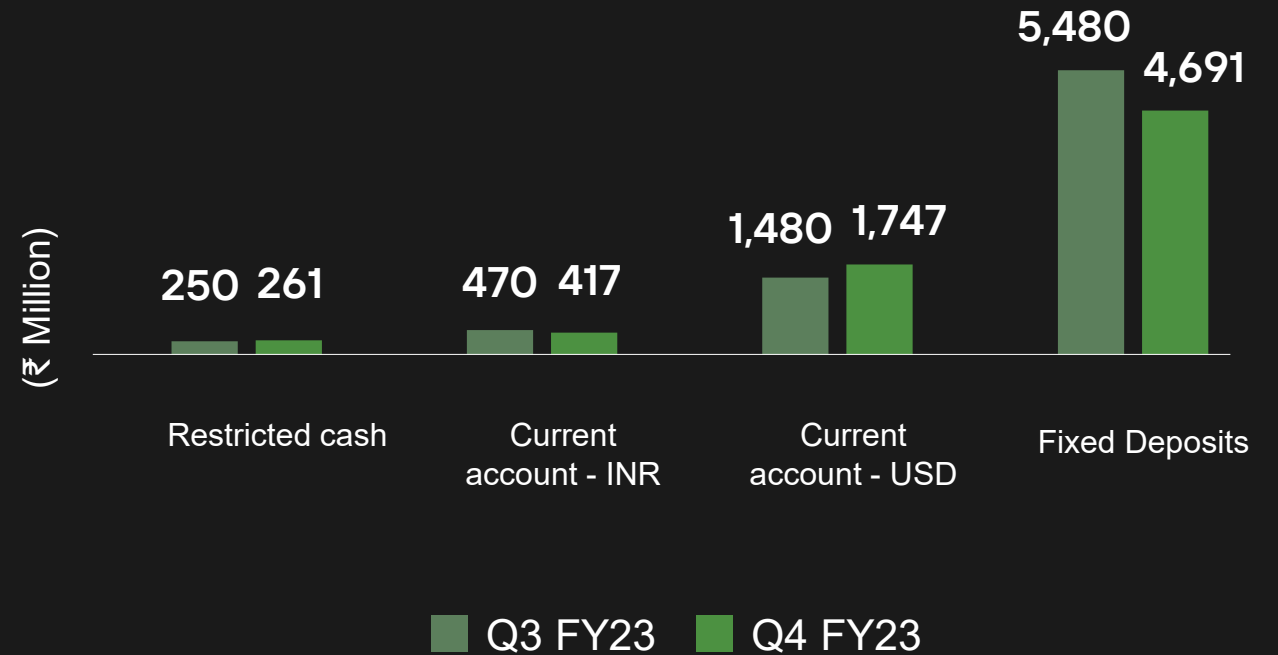
| In Million, unless otherwise stated | Current accounts-INR | Current accounts-USD | Fixed Deposits | Restricted cash | Total |
|---|----------------------|----------------------|----------------|-----------------|--------------|
|  | 99 | - | 3,428 | 207 | 3,734 |
|  | - | - | 600 | - | 600 |
|  | 36 | - | 153 | - | 189 |
|  | 29 | - | 2 | - | 31 |
|  | 48 | - | 188 | - | 236 |
|  | - | 559 | - | - | 559 |
|  | - | 1,188 | - | 27 | 1,215 |
|  | 192 | - | 320 | - | 512 |
| Others | 13 | - | - | 27 | 40 |
| Total | 417 | 1,747 | 4,691 | 261 | 7,116 |

Cash utilization towards return to shareholders

Significant cash utilized towards buyback including distribution tax and other expenses. (₹2,124 Mn)

Cash balance in current account is high due to last day collections

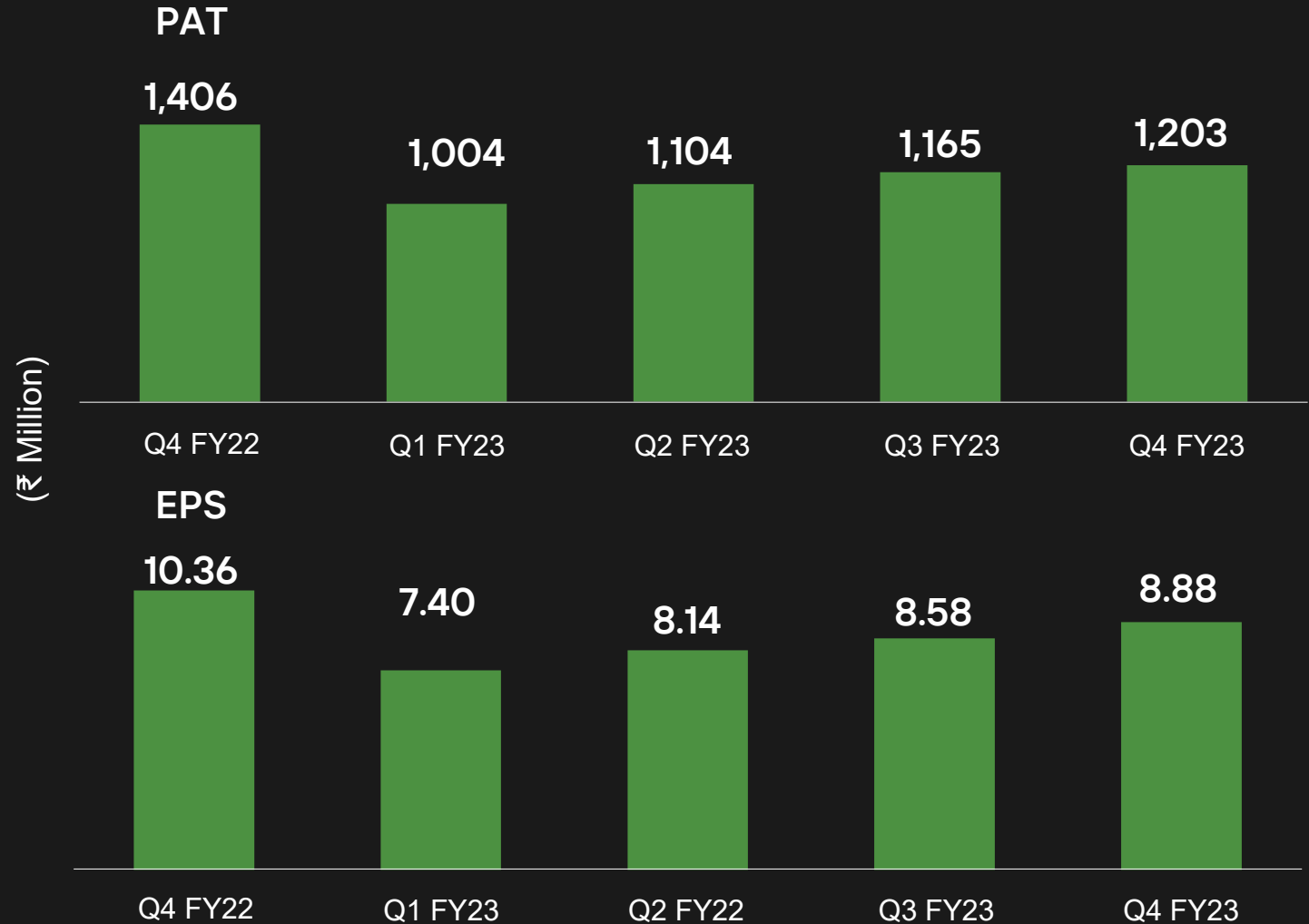
Increase in restricted cash due to issuance of Bank Guarantees for new contracts and participation in RFP



Net income and EPS

Profit tax after margin at 14%, decreased by 206 bps YoY due to drop in EBITDA and higher depreciation

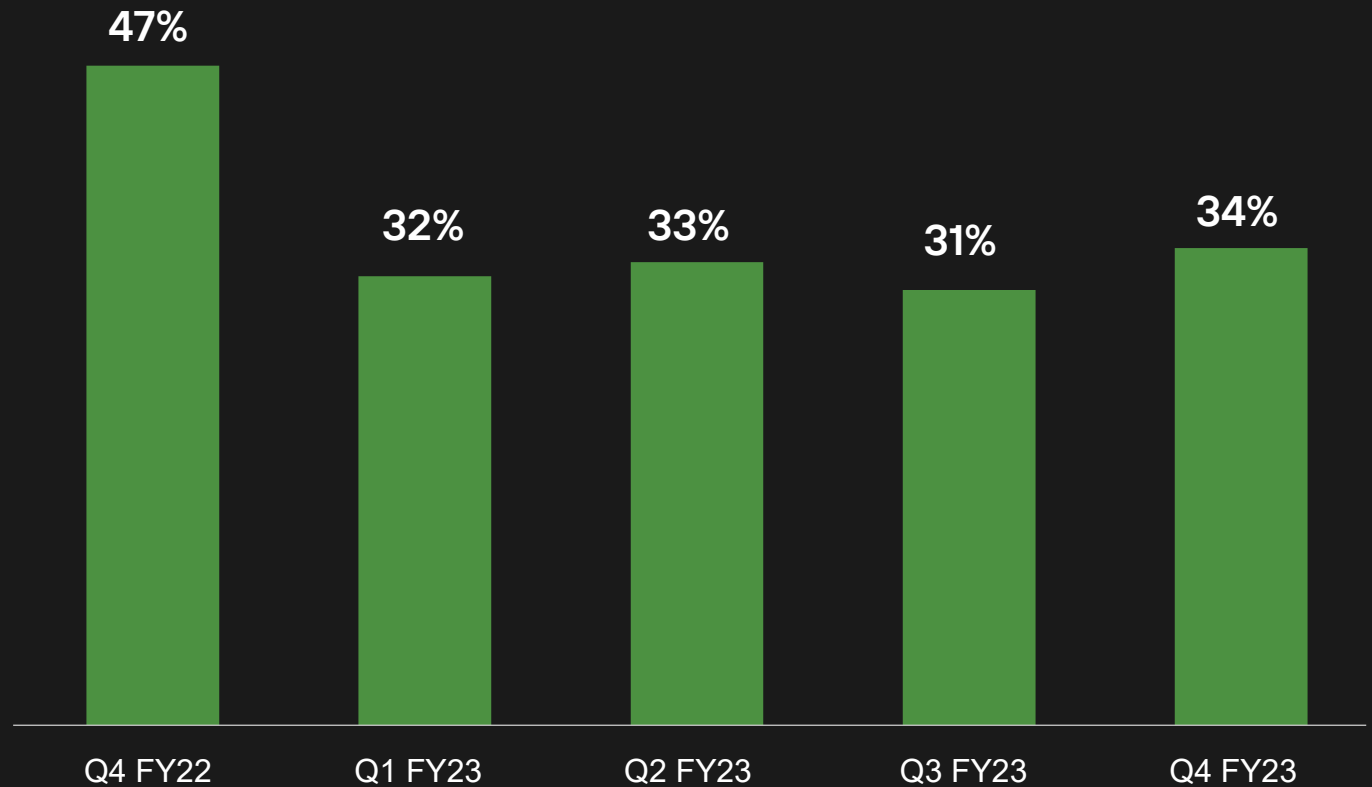
Earnings per share at ₹ 8.88 in Q4 FY23. On sequential basis EPS growth driven by combination of PAT growth and lower equity shares due to buyback



Return on capital employed

61%

excluding CCE as against
141% last year



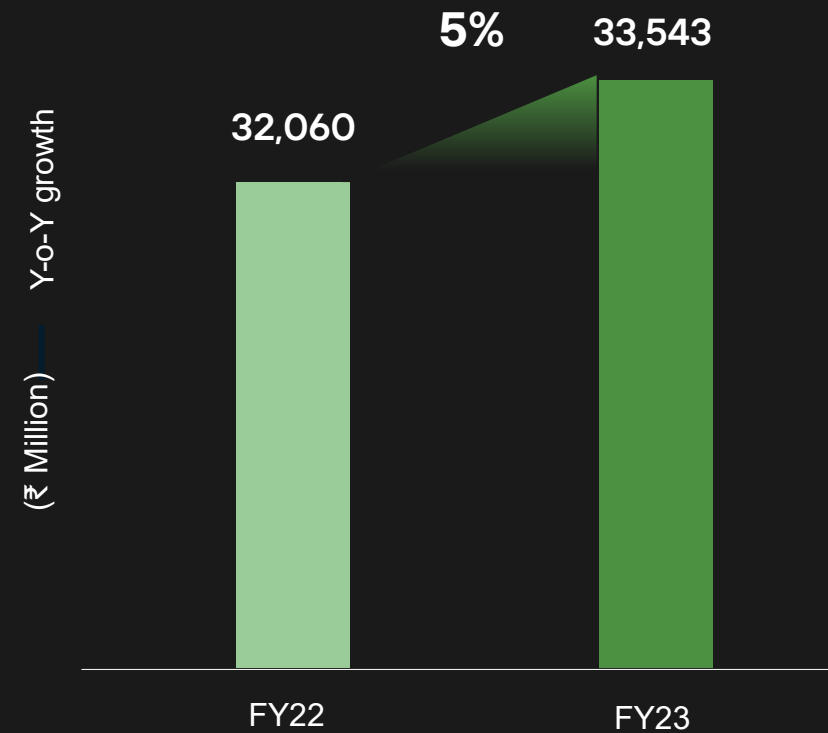
ROCE- Return on capital employed; CCE- Cash & cash equivalents

Full year Revenue

Revenue grew by 5% YoY

Platform business grew by 20%, driven by Trubloq and Wisely

Enterprise business grew by 3%, led by Whatsapp



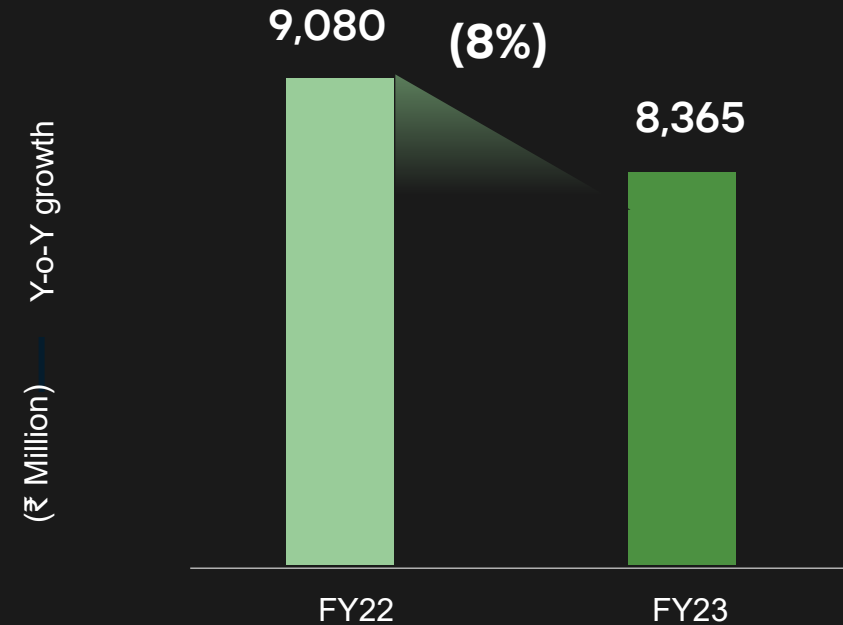
Full year Gross profit

Gross profit de-grew by 8% YoY

Gross profit margin at 25%,
decreased by 339 bps

Platform business gross profit
grew by 23%, driven by Trubloq
and Wisely

Enterprise business gross profit de-
grew by 19%

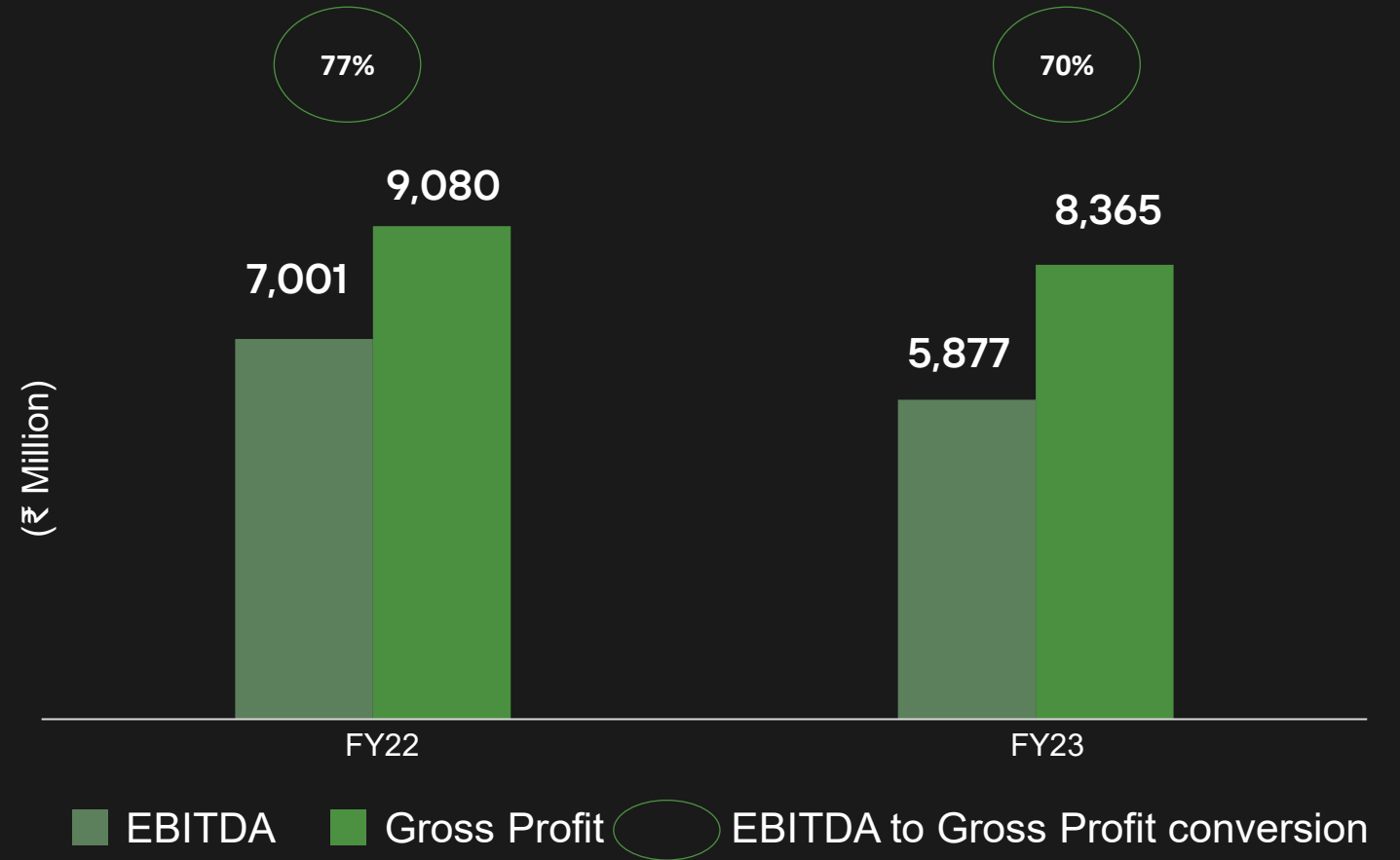


Efficiency metrics for full year

EBITDA margin at 18% in FY23, decreased by 432 bps.

Operating expense increased due to incremental spends on salaries (₹ 70 Mn), impact of currency fluctuation (₹ 86 Mn), marketing and travelling (₹ 90 Mn) coupled with decrease in gross profit

Increased spends on CSR by ₹24 Mn for FY23



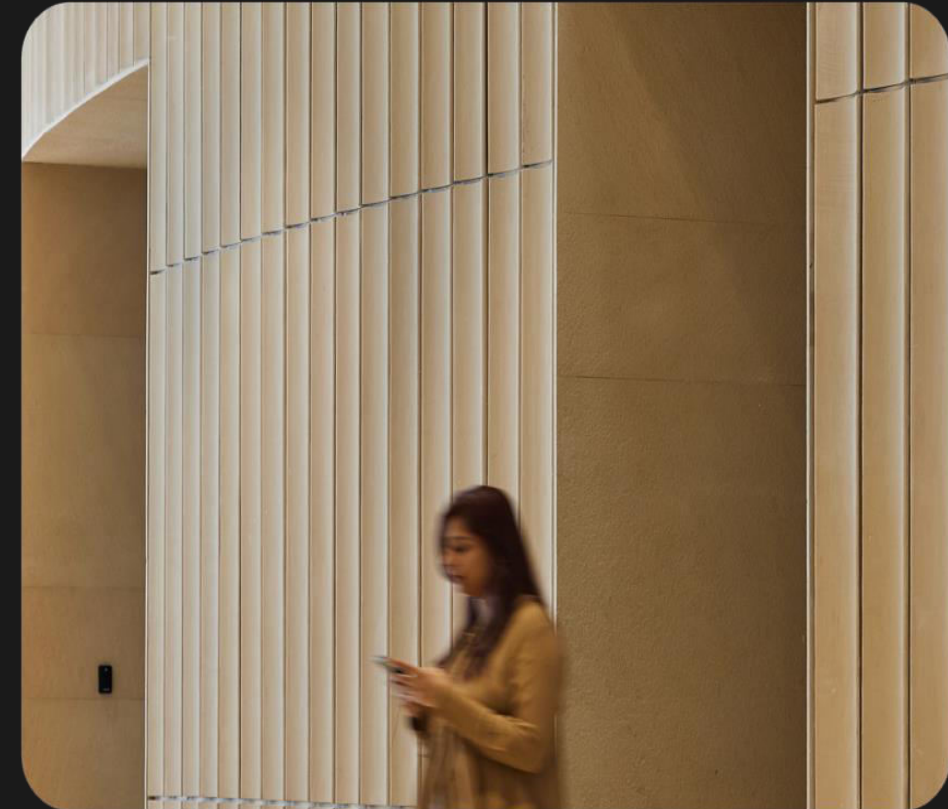
Strong balance sheet

₹15,175 Mn Strong Equity and Reserves

₹7,116 Mn Cash & cash equivalents

61% ROCE (excluding cash & cash equivalents)

Debt Free





Corporate

ESG update Q4 FY23



Environmental

Steps towards creating a greener & cleaner tomorrow

- Announced support for TCFD – Task Force on Climate Related Financial Disclosures. Post signing up for the initiative have commenced work on the core elements which include Governance, Strategy, Risk Management and Metrics & Targets



Social

Giving back to the society and developing our employees

- The Skill Development & Training Centre in Khammam completed training for 300 candidates in the trades of Warehouse Picker, DEO & CRM (non voice). Interviews and placements are in progress. And, in Hyderabad, 100 candidates are undergoing training at NAC – National Academy of Construction – for JCB Operator, Land Surveyor, Electrician and other construction industry related skills.
- Donated ₹1.5 Million to Heal A Child Foundation that supports hospitalization expenses for underprivileged children in Hyderabad



Governance

Integrating ESG in our business

- Human Rights Due Diligence with multiple stake-holders survey. This is the first step followed with assessment and mitigation strategy
- Established Speak-Up as a Single Window Redressal Mechanism for both internal and external violations of policies like Code of Conduct, Code of Ethics, Supplier Code of Conduct and all other such policies violations

Appendix

Profit & Loss Q4 FY23

| In ₹ Million, unless otherwise stated | Q4 FY23 | Q4 FY22 | Δ % | Q3 FY23 |
|---|---------|---------|------|---------|
| Revenue from operations | 8,335 | 8,531 | (2) | 8,696 |
| Cost of services | (6,046) | (6,097) | (1) | (6,528) |
| Gross profit | 2,289 | 2,434 | (6) | 2,168 |
| Operating expenses | (628) | (593) | 6 | (655) |
| EBITDA | 1,661 | 1,841 | (10) | 1,513 |
| Depreciation & amortization | (146) | (102) | 44 | (122) |
| EBIT | 1,515 | 1,739 | (13) | 1,391 |
| Finance cost | (4) | (3) | 41 | (2) |
| Other income | 48 | 46 | 5 | 61 |
| Profit before taxes | 1,559 | 1,782 | (13) | 1,450 |
| Tax expense (including deferred tax) | (356) | (376) | (5) | (285) |
| Profit after tax | 1,203 | 1,406 | (14) | 1,165 |
| Earning per share (₹) | 8.88 | 10.36 | (14) | 8.58 |
| Weighted average number of shares outstanding | 134.4 | 135.7 | - | 135.6 |

Profit & Loss FY23

| In ₹ Million, unless otherwise stated | FY23 | FY22 | Δ % |
|---|----------|----------|------|
| Revenue from operations | 33,543 | 32,060 | 5 |
| Cost of services | (25,178) | (22,980) | 10 |
| Gross profit | 8,365 | 9,080 | (8) |
| Operating expenses | (2,488) | (2,079) | 20 |
| EBITDA | 5,877 | 7,001 | (16) |
| Depreciation & amortization | (462) | (408) | 13 |
| EBIT | 5,415 | 6,593 | (18) |
| Finance cost | (14) | (13) | 3 |
| Other income | 264 | 161 | 64 |
| Profit before taxes | 5,665 | 6,741 | (16) |
| Tax expense (including deferred tax) | (1,189) | (1,348) | (12) |
| Profit after tax | 4,476 | 5,393 | (17) |
| Earning per share (₹) | 33.05 | 39.77 | (17) |
| Weighted average number of shares outstanding | 134.4 | 135.7 | - |

Balance Sheet Mar 31, 2023

| In ₹ Mn, unless otherwise stated | Mar 31, 2023 | Mar 31,2022 | In ₹ Mn, unless otherwise stated | Mar 31, 2023 | Mar 31,2022 |
|------------------------------------|---------------|---------------|--------------------------------------|---------------|---------------|
| ASSETS | | | EQUITY AND LIABILITIES | | |
| Non-current assets | | | Equity share capital | 134 | 136 |
| Property, plant and equipment | 1,659 | 429 | Other equity | 15,041 | 13,404 |
| Platforms | 874 | 484 | Total equity | 15,175 | 13,540 |
| Customer Relationships | 133 | 257 | Financial liabilities | | |
| Brands | 2 | 4 | Lease liabilities | 732 | 446 |
| Technology | 0 | 13 | Other financial liabilities | 8 | 4 |
| Non-Compete | 25 | 30 | Provisions | 18 | 71 |
| Intangible assets underdevelopment | 566 | 402 | Other non-current liabilities | 6 | 5 |
| Goodwill | 1,346 | 1,346 | Total Non-current Liabilities | 764 | 526 |
| Right-of-use-lease assets | 797 | 484 | Current liabilities | | |
| Capital work in progress | 78 | 134 | Trade payables | 5,386 | 6,785 |
| Financial assets | 149 | 711 | Lease liabilities | 94 | 89 |
| Deferred tax assets (net) | 363 | 395 | Other financial liabilities | 2,443 | 2,443 |
| Other non-current assets | 785 | 310 | Other current liabilities | 203 | 272 |
| Total non-current assets | 6,777 | 4,999 | Short term provisions | 13 | 11 |
| Trade receivables | 5,700 | 5,603 | Liabilities for current tax (net) | 48 | 150 |
| Cash and bank balances | 7,116 | 8,623 | Total Current liabilities | 8,187 | 9,750 |
| Other Financial assets | 4,203 | 3,951 | TOTAL EQUITY AND LIABILITIES | 24,126 | 23,816 |
| Other current assets | 330 | 640 | | | |
| Total current assets | 17,348 | 18,817 | | | |
| TOTAL ASSETS | 24,126 | 23,816 | | | |

Previous period/year figures have been regrouped/reclassified where necessary, to confirm to current period/year classification

Condensed Cash flow

| In ₹ Million, unless otherwise stated | Q4 FY23 | Q3 FY23 |
|--|---------|---------|
| Cash flow before changes in working capital | 1,683 | 1,605 |
| Changes in working capital | 765 | (1,792) |
| Cash generated from operations | 2,448 | (187) |
| Taxes | (379) | (421) |
| Cash flow from operating activities | 2,069 | (608) |
| Net investments in tangible and intangible assets | (597) | (259) |
| Interest and other income | 61 | 99 |
| Cash flow from investing activities | (536) | (160) |
| Issue of Shares | 0 | 0 |
| Buyback of shares | (2,124) | - |
| Dividend paid | - | - |
| Interest paid on lease liabilities | 27 | (75) |
| Cash flow from financing activities | (2,097) | (75) |
| Cash flow for the period | (564) | (843) |
| Cash and cash equivalents at the beginning of period | 7,680 | 8,523 |
| Cash and cash equivalents closing balance | 7,116 | 7,680 |

Condensed Cash flow

| In ₹ Million, unless otherwise stated | FY23 | FY22 |
|--|---------|---------|
| Cash flow before changes in working capital | 6,249 | 7,249 |
| Changes in working capital | (2,352) | (1,220) |
| Cash generated from operations | 3,899 | 6,029 |
| Taxes | (1,432) | (1,165) |
| Cash flow from operating activities | 2,467 | 4,864 |
| Net investments in tangible and intangible assets | (1,560) | (616) |
| Interest and other income | 264 | 107 |
| Movement in cash balance | 600 | (600) |
| Cash flow from investing activities | (696) | (1,109) |
| Issue of Shares | 0 | 11 |
| Buyback of shares | (2,124) | (818) |
| Dividend paid | (1,086) | (135) |
| Interest paid on lease liabilities | (68) | (32) |
| Cash flow from financing activities | (3,278) | (975) |
| Cash flow for the period | (1,507) | 2,780 |
| Cash and cash equivalents at the beginning of period | 9,222 | 5,841 |
| Fixed deposit with maturity greater than one year | (600) | 8,622 |
| Cash and cash equivalents at the beginning of period | 8,623 | 600 |
| Cash and cash equivalents at the closing of period | 7,116 | 9,222 |

Free cash flow

In ₹ Million, unless otherwise stated

| | Q4 FY23 | Q4 FY22 | Δ % | Q3 FY23 |
|--|---------|---------|-----|---------|
| Operating cash flow | 2,069 | 716 | 189 | (608) |
| Capital expenditure | (597) | (272) | 119 | (259) |
| Free cash flow | 1,472 | 444 | 232 | (867) |
| Free cash flow in percent of total revenue | 18% | 5% | - | - |
| Free cash flow as % of PAT | 123% | 32% | - | - |



Thank you