



Tanla Platforms Limited
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October 31, 2020

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
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Dear Sir/Madam,

Sub: Investors Updates for quarter ended September 30, 2020.

With reference to the subject cited, we are enclosing herewith Investors Updates for the quarter ended September 30, 2020.

Yours faithfully,

For **Tanla Platforms Limited**

Seshanuradha Chava
General Counsel and Chief Regulatory Officer
ACS-15519

Encl.: as above

We foster an inclusive workplace where all employees are valued and get the opportunity to reach their full potential. Meet our technology masters Ravi, KP & Amar, who pioneered many success stories with over 15 years of commitment to Tanla

Investor Update

EXTERNAL

Second Quarter FY 20-21

Tanla Platforms Limited
October 31, 2020



DISCLAIMER

This investor update presentation might contain ‘forward-looking statements’ that are based on our current expectations, assumptions, estimates and projections about Tanla Platforms Limited (the “Company”), our industry, economic conditions in the markets in which we operate, and certain other matters. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors and they depend on future events and circumstances. Such statements do not guarantee future results or development and the actual results or outcomes may differ materially from those implied by the forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in the services provided by the Company, including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which the Company has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, regulatory changes, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.



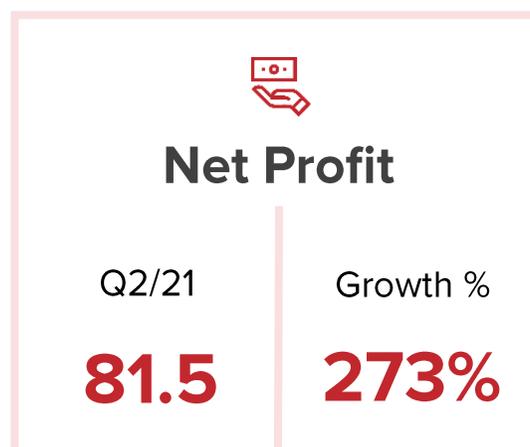
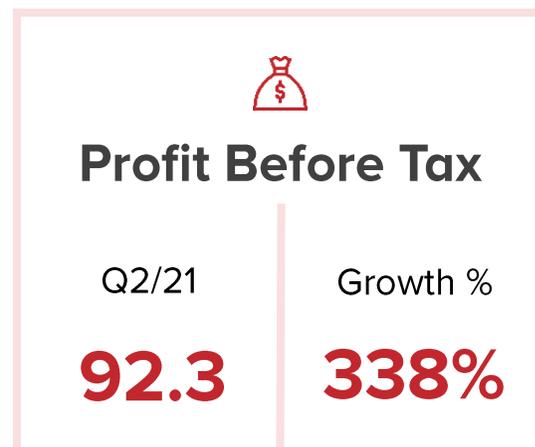
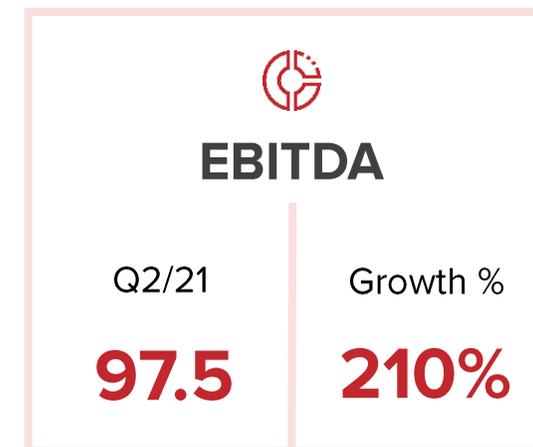
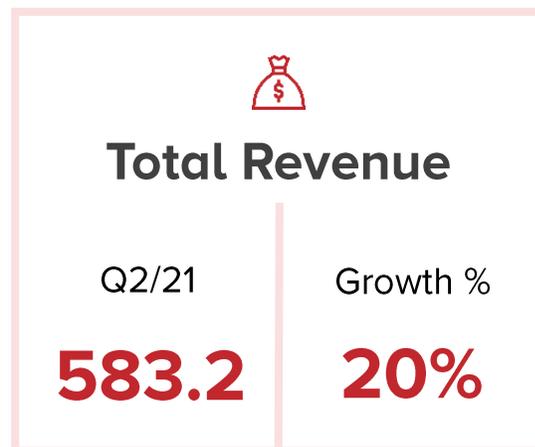
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RECORD SECOND QUARTER 2021

REVENUE, MARGIN, EBITDA, PBT, PAT AND EPS AT ALL TIME HIGH

(₹ Crore)



Note: Growth percentage is over corresponding quarter Q2/20



OTHER FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

SECOND QUARTER IN Q2/21 OVER CORRESPONDING Q2/20

- Gross margin percentage increased by **2.8%** to **23.0%**
- EBITDA percentage increased by **10.2%** to **16.7%**
- EBITDA to Cash Conversion remained robust at **82%**
- Solid cash flow from operating activities was **₹ 166.3 Cr**
- Highest RoCE at **47.5%**
- Capital expenditure was **₹ 6.7 Cr**
- Tanla and all its subsidiaries remain **debt free**
- Trubloq handled **70%** of the total DLT traffic which is 35Bn
- **83** New Customer opportunities were signed up during Q2FY21, with an annual potential revenue of **₹ 76 Cr**
- Tanla expands senior management team by appointing **Chief Technology Officer, Chief Marketing Officer, and Chief Human Resource Officer**
- Strengthened the team with an addition of **52** new recruitments in second quarter totaling to **531** employees



Q2/21 Vs Q1/21 PERFORMANCE

(₹ Crore)

	<u>Q2/21</u>	<u>Q1/21</u>	<u>Δ %</u>	<u>Remarks</u>
Revenue from operations	583.2	455.5	28%	
Cost of Services	(448.9)	(350.2)	28%	
Gross Margin	134.3	105.3	28%	
Operating Expenses	(36.8)	(30.3)	21%	Due to increase in employee benefits payout (₹ 3 Cr) and professional charges (₹ 2.4 Cr).
EBITDA	97.5	75.0	30%	
Other Income	4.7	13.2	-64%	Reversal of provisions in Q1/21: <ul style="list-style-type: none"> • Provision of investments (Franklin Templeton) ₹ 3.67 Cr and profit thereof ₹ 1.78 Cr realized in Q1/21. • Provision of debtors in TMAP (Singapore) of ₹ 2.92 Cr realized in Q1/21.
Tax Expense (including deferred tax)	(10.8)	2.6	521%	Due to increase in current tax expense by ₹ 5 Cr. Further, tax reversal of ₹ 10.7 Cr in TCPL in Q1/21 on considering tax benefit on merger.
Net profit (loss)	81.5	78.6	4%	



PROFIT & LOSS

SECOND QUARTER 2021

(₹ Crore)

	<u>Q2/21</u>	<u>Q2/20</u>	<u>Δ %</u>
Revenue from operations	583.2	487.2	20
Cost of Services	(448.9)	(388.6)	16
Gross Margin	134.3	98.6	36
Gross Margin %	23.0%	20.2%	14
Operating Expenses	(36.8)	(67.1)	(45)
EBITDA	97.5	31.5	210
EBITDA %	16.7%	6.5%	159
Other Income	4.7	1.7	176
Depreciation and Amortization	(9.9)	(69.2)	(86)
Finance Cost	(0.1)	(1.2)	(92)
Share in Net profit/ (loss) of associate	-	(1.5)	(100)
Profit (loss) before tax	92.3	(38.7)	338
Tax Expense (including deferred tax)	(10.8)	(8.3)	30
Net profit (loss)	81.5	(47.0)	273
Earnings per share, basic (in ₹)	5.85	(3.27)	279

Note:

1. Operating expenses in Q2/20 consisted of one-time costs on ESPS of ₹ 29.4 Cr
2. Operating expenses declined Q2/21 on account of reduced G&A expenses of ₹ 2.5 Cr partly offset with increased S&M cost by ₹ 1.6 Cr.
3. Other income increased by ₹ 2.6 Cr on account of interest on fixed deposits



PROFIT & LOSS

FIRST SIX MONTHS 2021

(₹ Crore)

	H1/21	H1/20	Δ %
Revenue from operations	1,038.8	881.7	18
Cost of Services	(799.2)	(706.5)	13
Gross Margin	239.6	175.2	37
Gross Margin %	23.1%	19.9%	16
Operating Expenses	(67.1)	(112.5)	(40)
EBITDA	172.5	62.7	175
EBITDA %	16.6%	7.1%	133
Adjusted EBITDA	173.7	111.7	56
Adjusted EBITDA %	16.7%	12.7%	32
Other Income	18.0	6.4	179
Depreciation and Amortization	(21.4)	(222.9)	(90)
Finance Cost	(0.8)	(2.7)	(70)
Share in Net profit/ (loss) of associate	-	(1.7)	(100)
Profit (loss) before tax	168.3	(158.1)	206
Tax Expense (including deferred tax)	(8.2)	35.3	123
Net profit (loss)	160.1	(122.7)	230
Earnings per share, basic (in ₹)	10.98	(8.54)	229

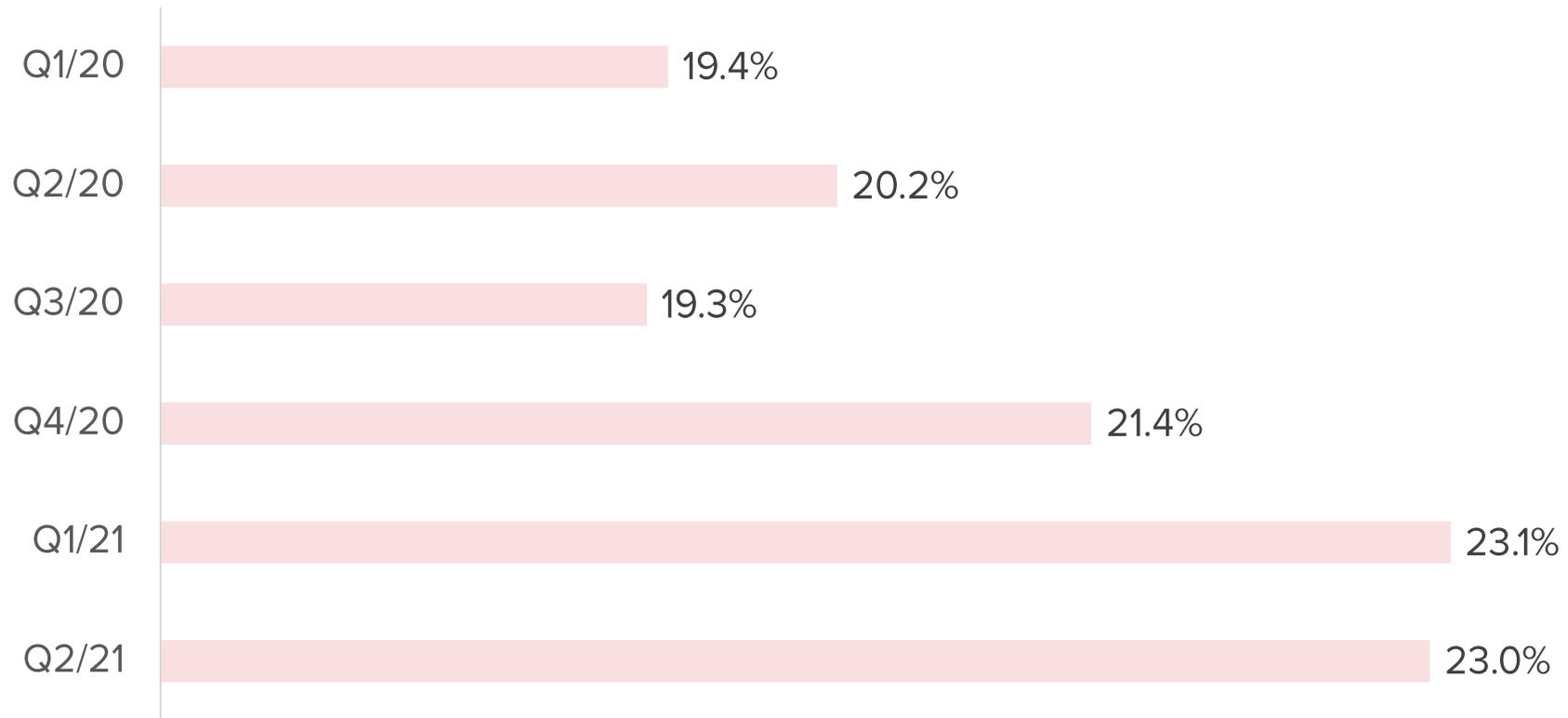
Note:

- Adjusted EBITDA excludes operating expenses consisting of one-time costs on ESPS of ₹ 41.1 Cr and acquisition cost of ₹ 7.7 Cr in H1/20 and Buyback expenses of ₹ 1.1 Cr in H1/21
- Other income in H1/21 increased due to reversal of one-off provision towards investments (Franklin Templeton) of ₹ 3.67 Cr in addition to profit of ₹ 1.78 Cr realized in H1/21 and realization of ₹ 2.92 Cr from provisioned debtors in TMAP (Singapore)
- Tax surplus in H1/20 is due to losses versus tax expense in H1/21 on account of profits.



GROSS MARGIN DEVELOPMENT

GROSS MARGIN UP 2.8 PERCENT YOY



Increased Gross margin percentage is on account of improved contribution from platform business



EBITDA MOVEMENT

UP 4.1 PERCENT YOY



Note:

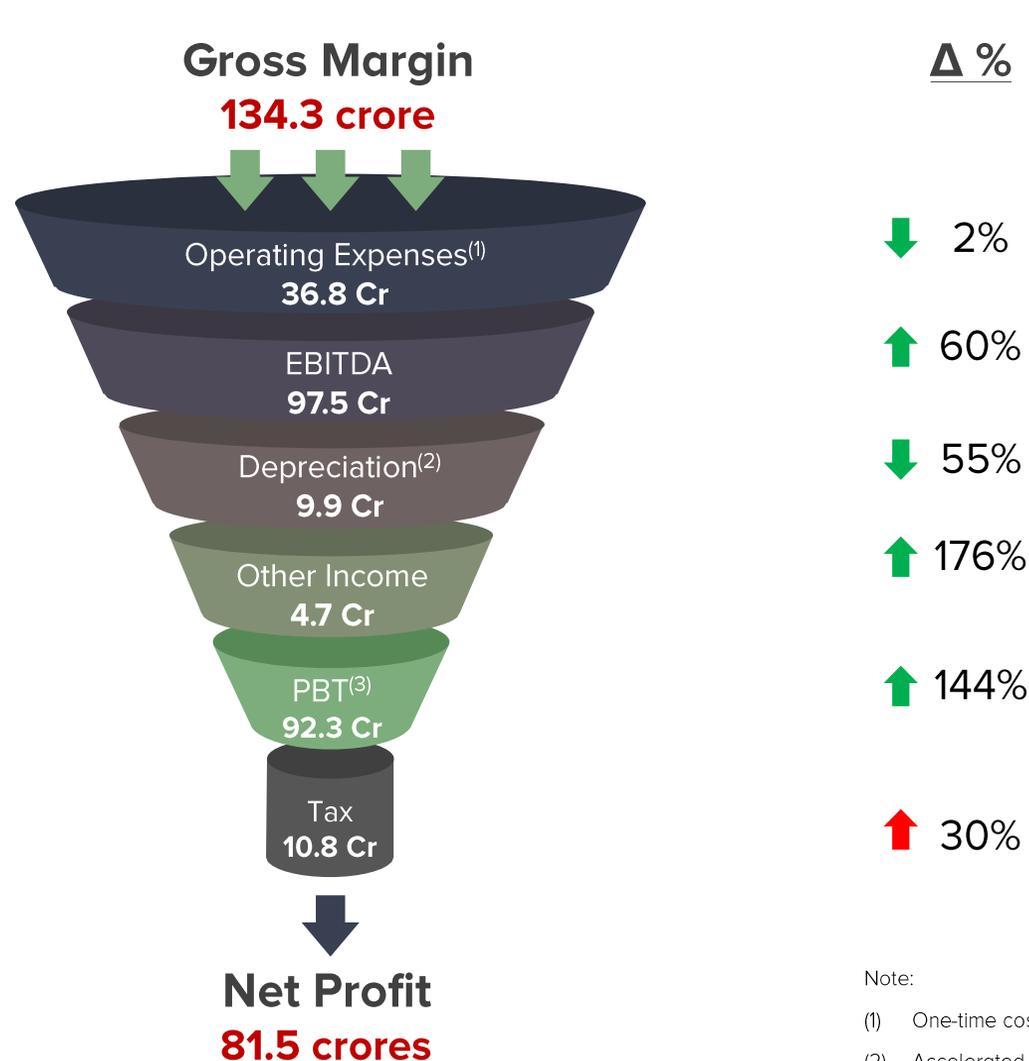
1. Buyback (Q2/21 ₹ 165.9 Crs) and Dividend (Q2/21 ₹ 13.6 Cr and Q3/20 ₹ 6 Cr) not considered in computing free cash flows.
2. Free cash flow is calculated excluding changes in working capital.

Note: Growth percentage is over corresponding quarter Q2/20



GROSS MARGIN COST ALLOCATION

SECOND QUARTER IN Q2/21 OVER CORRESPONDING Q2/20



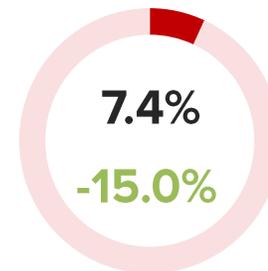
S&M
As % of Gross Margin
₹ 5.7 Cr



G&A
As % of Gross Margin
₹ 31.1 Cr



Depreciation
As % of Gross Margin
₹ 9.9 Cr



Tax
As % of Gross Margin
₹ 10.8 Cr



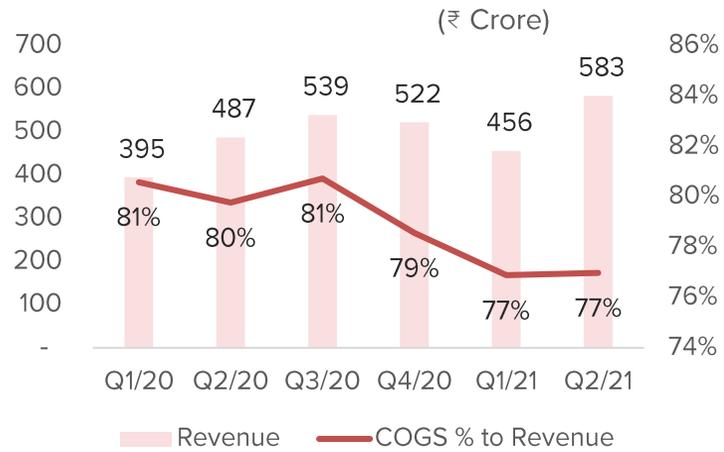
Note:

- (1) One-time costs of ESPS ₹ 29.4 Cr in Q2/20 is excluded in the aforesaid comparison of Operating Expenses
- (2) Accelerated depreciation of ₹ 47.2 Cr is excluded from the aforesaid comparison of Depreciation in Q2/20
- (3) Profit Before Tax (PBT) is after adjustment of finance cost of ₹ 0.1 Cr for Q2/21..

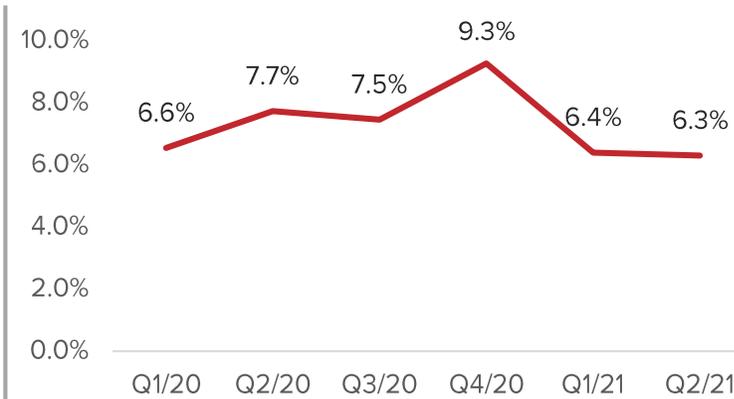


FINANCIAL ANALYSIS TRENDS – PROFIT & LOSS

Revenue and COGS

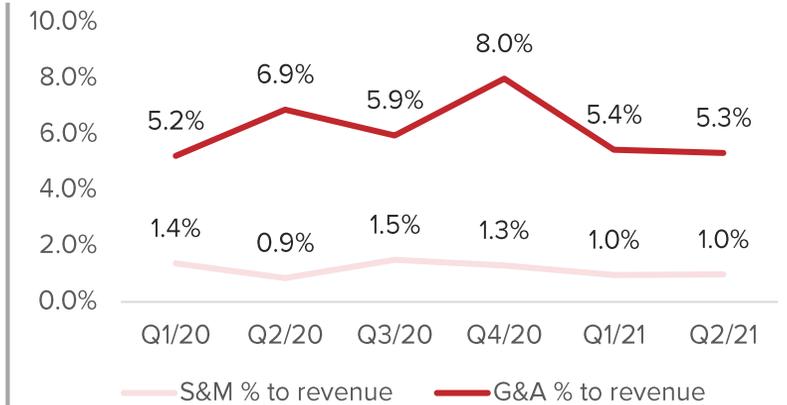


Adjusted Operating Expenses⁽¹⁾



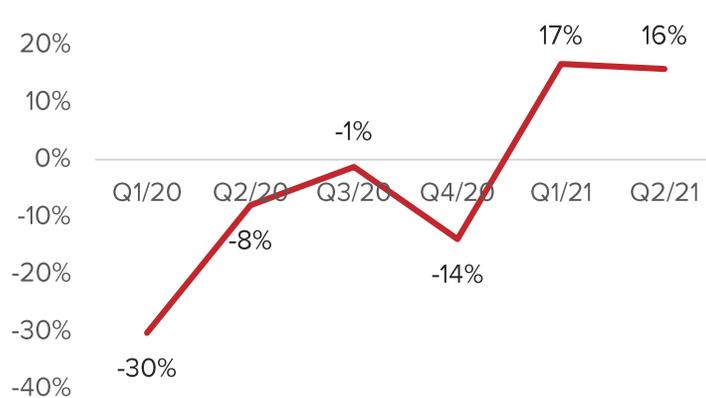
Note: Adjusted Operating Expenses as a percentage to Revenue

Adjusted S&M and G&A ⁽¹⁾



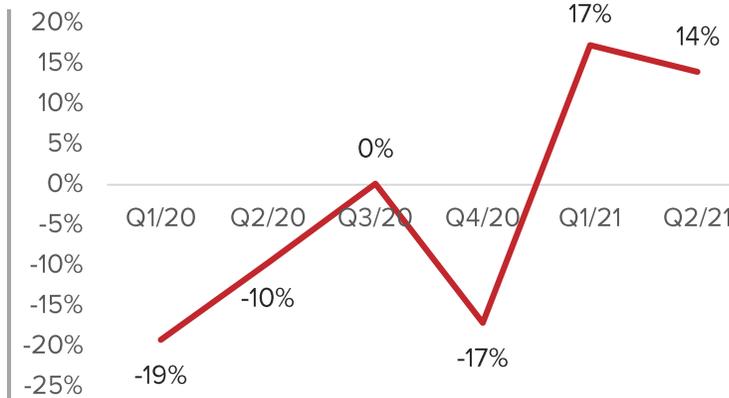
Note: Adjusted S&M and G&A as a percentage to Revenue

Profit Before Tax



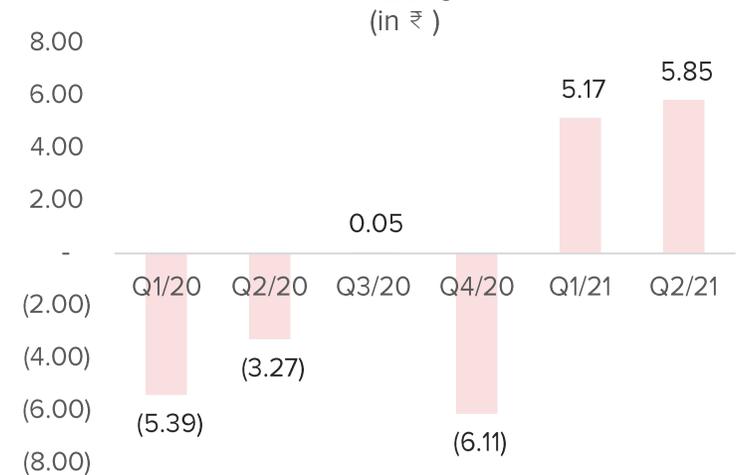
Note: Profit before tax as a percentage to revenue

Net Profit



Note: Net Profit as a percentage to revenue

EPS



Note: (1) One-time expense attributable to the respective quarters as mentioned below are excluded in the aforesaid comparison of Operating Expenses, S&M and G&A:

- ₹ 19.5 Cr for Q1/20, ₹ 29.4 Cr for Q2/20, ₹ 4.9 Cr for Q4/20 and ₹ 1.1 for Q1/21



UNAUDITED BALANCE SHEET CONDENSED

SEPTEMBER 30, 2020

(₹ Crore)

Assets	30-Sep-20	31-Mar-20
Goodwill	134.6	134.6
Intangible assets	94.4	95.1
Property, plant, and equipment	31.0	35.9
Financial Assets	7.0	4.5
Other non-current assets	113.8	141.5
Total non-current assets	380.8	411.5
Cash, cash equivalents and other financial assets	233.9	200.6
Trade and other receivables	372.9	325.8
Other current assets	196.6	251.1
Total current assets	803.5	777.4
Total assets	1,184.2	1188.9

Equity and liabilities	30-Sep-20	31-Mar-20
Total equity	699.0	701.7
Financial liabilities	4.8	4.6
Provisions	5.0	6.5
Other non-current liabilities	3.9	4.3
Total non-current liabilities	13.7	15.3
Trade and other payables	271.6	280.6
Provisions	1.0	0.9
Other liabilities	199.1	190.4
Total current liabilities	471.6	471.9
Total liabilities	485.3	487.2
Total equity and liabilities	1,184.2	1188.9



CASH FLOW STATEMENT

Particulars	(₹ Crore)	
	<u>Q2/21</u>	<u>Q1/21</u>
Net cash provided by (used in)		
Profit before tax	92.3	76.0
Adjustments for dep, interest, ESOP, other income, provision for doubtful debts, forex fluctuations and others	6.0	1.4
Cash flow before changes in working capital	98.2	77.5
Changes in working capital		
Changes in Receivables and Payables (incl. unbilled - revenue and cost of services)	48.5	(47.5)
Changes in Other Current and Non-Current Assets and Liabilities	19.6	(2.9)
Cash flow from operating activities	166.3	27.1
Net investments in fixed assets and intangible assets	(6.3)	(8.7)
Interest & other income received	4.8	10.3
Cash flow from investing activities	(1.5)	1.6
New share issue / warrants	1.9	18.2
Buy back costs	(165.9)	-
Payment towards lease liabilities and interest thereon	(0.3)	(0.5)
Dividends and dividend tax paid during the year	(13.6)	-
Financing activities	(177.9)	17.7
Net increase in cash and cash equivalents	(13.1)	46.4
Cash and cash equivalents at beginning of year	247.0	200.6
Cash and cash equivalents closing balance	233.9	247.0



CAPEX INCURRED

(₹ Crore)

	<u>Q1/20</u>	<u>Q2/20</u>	<u>Q3/20</u>	<u>Q4/20</u>	<u>Q1/21</u>	<u>Q2/21</u>	<u>FY 20</u>	<u>YTD FY21</u>
Platforms	2.1	10.9	2.2	13.6	7.9	4.3	28.8	12.2
IT & Networks	1.6	0.2	1.2	-	0.1	2.2	3.0	2.3
Facilities	3.1	-	-	3.1	0.2	0.2	6.4	0.4
Total Capex Incurred	6.8	11.1	3.4	16.7	8.2	6.7	38.1	14.9

Note:

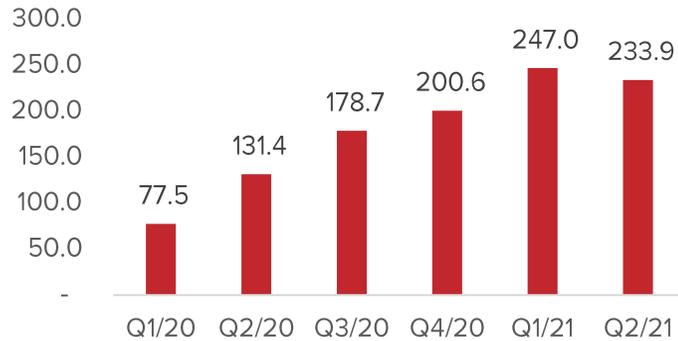
1. Facilities include buildings, furniture and fixtures and office equipment



FINANCIAL ANALYSIS TRENDS – BALANCE SHEET

Cash and Cash Equivalents

(₹ Crore)



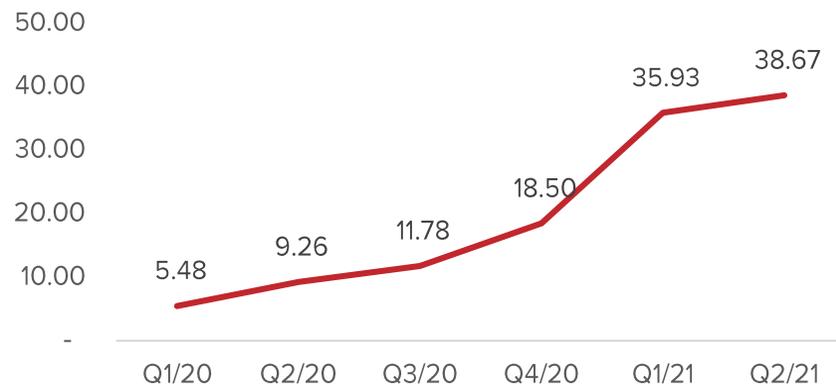
DSO & DPO



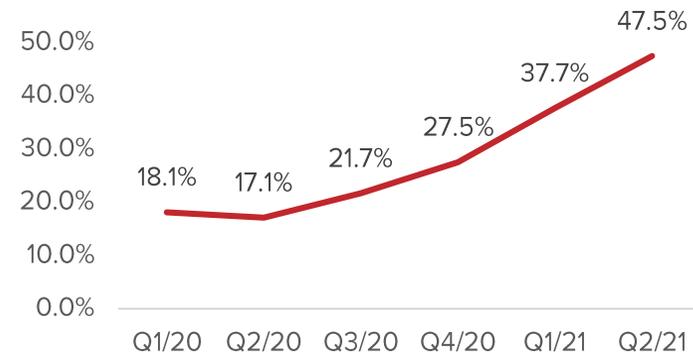
Current Ratio



Fixed Assets Turnover Ratio



Return on Capital Employed



STRONG PERFORMANCE

SECOND QUARTER IN Q2/21 OVER CORRESPONDING Q2/20

Total Revenue

+20%

₹ 583.2 Crore

Revenue Mix

INR Foreign Currency

57% : 43%

Gross Margin

+36%

₹ 134.3 Crore

EBITDA

+210%

₹ 97.5 Crore

Adjusted EBITDA to
Cash conversion

82%

₹ 80.2 Crore

Net Profit

+273%

₹ 81.5 Crore

EPS[^]

₹5.85

+279%

DSO

59 Days

Book Value

₹51.38

-2.6%

Gross Margin %

23.0%

+2.8%

EBITDA %

16.7%

+10.2%

Net Profit %

14.0%

₹ 81.5 Crore

Note:

1. Growth percentage is over corresponding quarter Q2/20
2. [^]EPS is not annualized



KEY RATIOS

Current Ratio

1.70

+7.6%

Quick Ratio

1.65

+13.2%

Cash Ratio

0.50 times

+36.8%

Price to Book Value*

5.67

+475.5%

ROCE

47.5%

+177.4%

**Fixed Assets
Turnover Ratio**

38.67 times

Note:

1. * Is calculated as per the market value on September 30, 2020.
2. Growth percentage is over corresponding quarter Q2/20
3. Cash ratio is cash and cash equivalents divided by current liabilities



Annexures



ADJUSTED EBITDA AND FREE CASH FLOW

(₹ Crore)

Particulars – Adjusted EBITDA	FY 20	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
EBITDA	185	31.3	31.5	63.7	58.6	75	97.5
Acquisition cost	7.8	7.8	-	-	-	-	-
Buy back	-	-	-	-	-	1.1	-
ESPS	41.1	11.7	29.4	-	-	-	-
Provision towards Franklin Templeton investment	3.7	-	-	-	3.7	-	-
MWC Barcelona	1.2	-	-	-	2.6	-	-
Adjusted EBITDA	240.3	50.8	60.9	63.7	64.9	76.1	97.5
Particulars – Free Cash Flow (FCF)	FY 20	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Adjusted EBITDA	240.3	50.8	60.9	63.7	64.9	76.1	97.5
Capex	(38.1)	(6.8)	(11.1)	(3.4)	(16.7)	(8.2)	(6.7)
Finance cost	(6.4)	(1.5)	(1.2)	(1.8)	(1.9)	(0.7)	(0.1)
Current tax	-	-	-	-	-	(5.5)	(10.5)
Free Cash Flow (FCF)	195.8	42.5	48.6	58.5	46.3	61.7	80.2

Note:

- Buyback (Q2/21 ₹ 165.9 Crs) and Dividend (Q2/21 ₹ 13.6 Cr and Q3/20 ₹ 6 Cr) not considered in computing free cash flows.
- Free cash flow is calculated excluding changes in working capital.



The image shows a modern office interior with a wooden wall. A large illuminated sign displays the Tanla logo (a red square with a white 'T') and the word 'tanla' in lowercase. To the right of the logo are two golden Diya (oil lamp) icons. In the foreground, a woman in a light green saree with gold jewelry is kneeling on the left, and another woman in an orange and yellow saree is kneeling on the right. Between them is a tall, ornate golden Diya stand with a horse-shaped finial. The base of the stand is surrounded by a circular arrangement of colorful flower petals (red, yellow, white) and small lit Diyas. The floor has a black and yellow striped safety line.

 tanla  

Yet another Tech Star
Mani Deepa, who has
been managing
complex voice platform
for over a decade

HAPPY
Diwali

Investor Update

EXTERNAL

Second Quarter FY 20-21