



Investor Update

Q1 FY25

July 18, 2024

Durgam cheruvu overlooking Tanla Innovation Center, Hyderabad, India

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 or the relevant share of any participants in the market.

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," "PROPOSED," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," "shall," and variations of these terms or the negative of these terms and similar or derivative 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 15/07/24, 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, ValueFirst, Gamooga, Trubloq & Wisely included herein are the property of the owners thereof and are used for reference purposes only.



Q1 FY25 Results – Snapshot

All numbers are INR, unless otherwise stated



Revenue

10,022 Mn

10.0 % Growth ↑



Gross Profit

2,694 Mn

11.7% Growth ↑



EBITDA

1,886 Mn

3.5% Growth ↑



FCF

744 Mn

53% of PAT



PAT

1,412 Mn

4.3% Growth ↑



EPS

10.50

4.3% Growth ↑



Cash⁽¹⁾

7,572 Mn

Increased by INR **763 Mn**
QoQ

Note: All growth numbers are over Q1FY24, i.e., YoY growth

1. Cash balance includes fixed deposits with maturity greater than twelve months classified under Non-Current Assets



Tanla has track record of Strong Performance

All numbers are INR, unless otherwise stated

Sustained Value Creation

19%

Revenue growth¹

22%

Gross profit¹

19%

EBITDA growth¹

6,596 Mn

Cash returned to shareholders

15%

PAT growth¹

69%+

Increase in stock price²

Best-in-class Execution

100+

Innovations³

5+

Patents⁴

2,000+

Customers across segments

100+

Partners⁵

323

Customers with >10 MN INR Revenue p.a.

50%

Rev. from 50 / top 100 cust., retained for > 5 yr.

World Class Culture

1000+

Employees in India and beyond

19,749

Training hours

25%

Women in leadership

Zero

POSH and human rights complaints

68/100

S&P Global ESG Score

100%

Return-to-Work Rate from Parental leave

Listed in indices



Awards



Recognitions



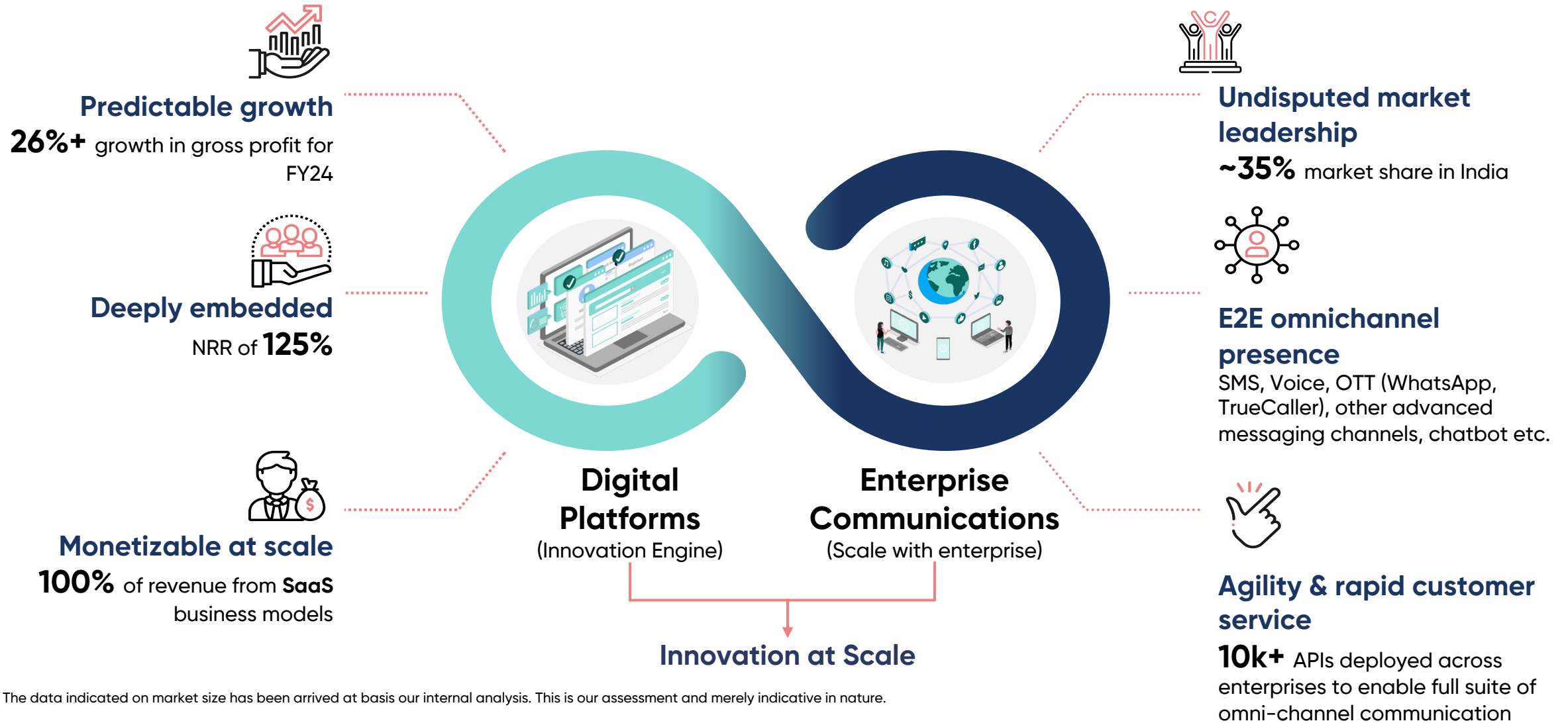
1. CAGR growth over four years starting from FY21 to FY24

2. INR 524 on 31st Mar 2023 vs 942 on 30th June 2024; 3. Including enhancements; 4. patents granted for Wisely; 4 provisional patents for ATP and Trubloq 2.0 5. Includes all 3rd party contractors

Source: Team analysis



Today, Tanla focuses on two synergistic businesses - Digital Platforms & Enterprise Communications



The data indicated on market size has been arrived at basis our internal analysis. This is our assessment and merely indicative in nature.



Business Outcomes

Customer cohorts: Expansion of Customer Relationships

329 customers contributing > INR 10 Mn annual revenue, count up by **49%** on YoY basis

Customers contributing > INR 10 Mn annualized revenue grew by **3%** on YoY basis

12 out of top 20 customers of last year continue to be in top 20



Count of customers

1. Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)
 2. Customer segments on YoY basis are not comparable since ValueFirst was one of the large customers before the acquisition.

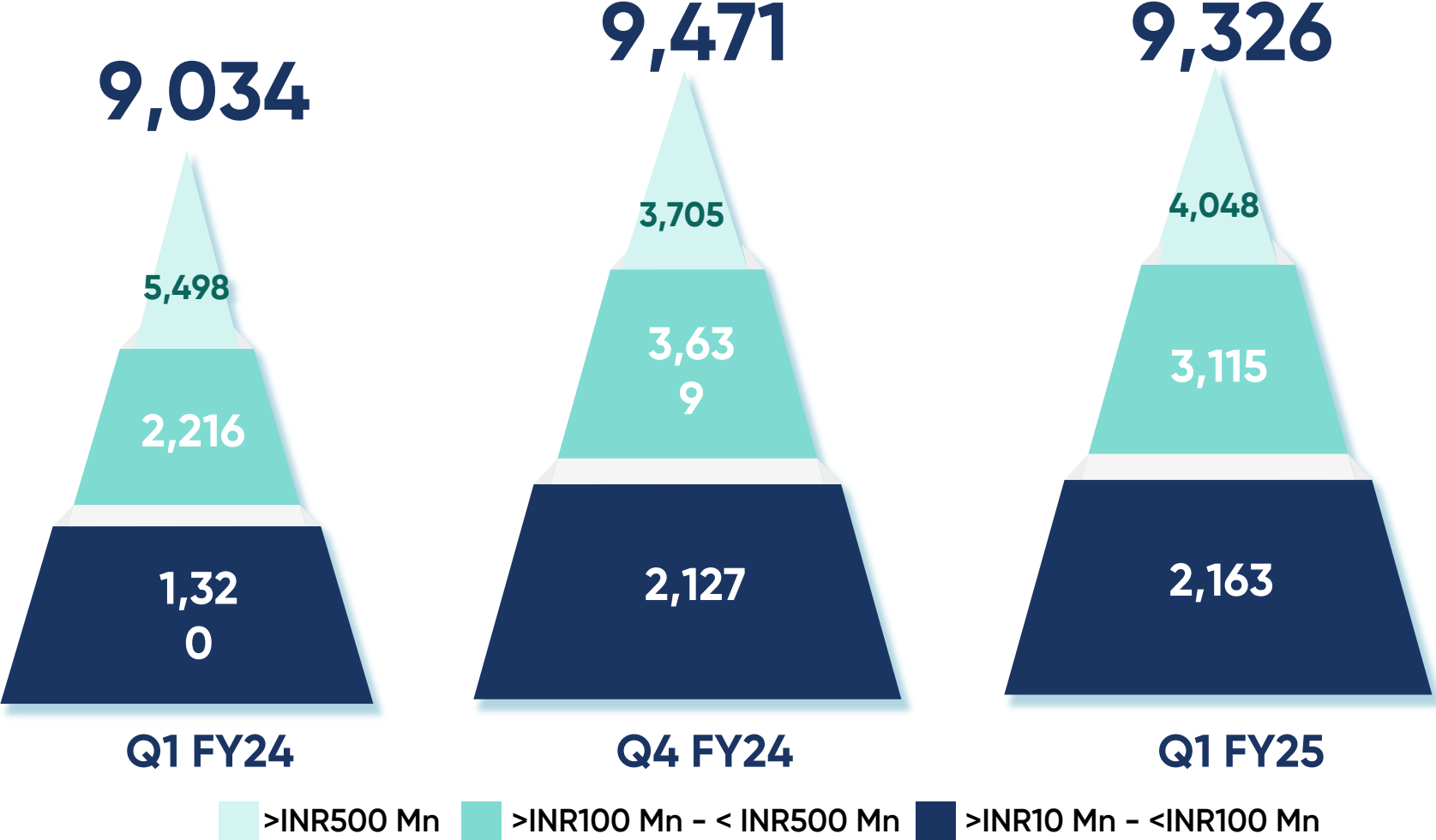


Customer cohorts: Increase in Product Penetration

Product penetration improved to **2.37** from 2.17 in Q1 FY25 on a larger customer base, driven by growing adoption of WhatsApp and other newer channels

Top **20** customers are contributing to **43%** of revenue (INR 4,294 Mn) in Q1 FY25

Customers contributing > INR 500 Mn annual revenue grew by **9%** on QoQ basis



1. Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)
 2. Customer segments on YoY basis are not comparable since ValueFirst was one of the large customers before the acquisition.

Revenue from customer in (INR Mn)

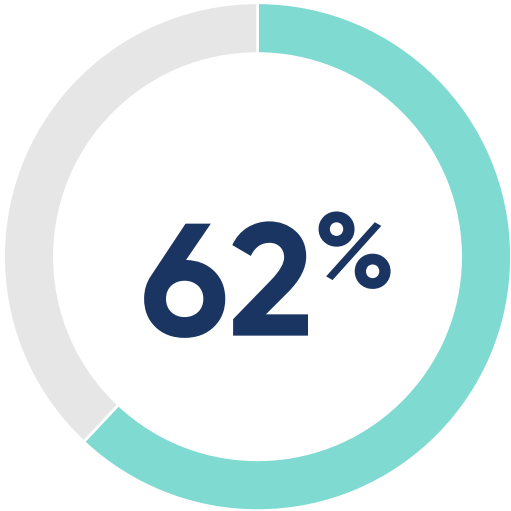


Customer Concentration

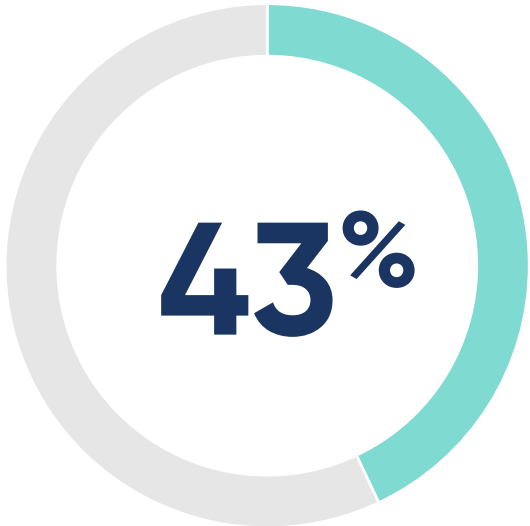
12
out of 20 customers of last year continue to be in Top 20

In Q1 FY24, ValueFirst was one of our top customers. Post acquisition it ceases to be our top customer and its impact can be seen in customer concentration mix

● Revenue from top 20 customers (INR Mn)



● **5,621**
Q1 FY24



● **4,294**
Q1 FY25

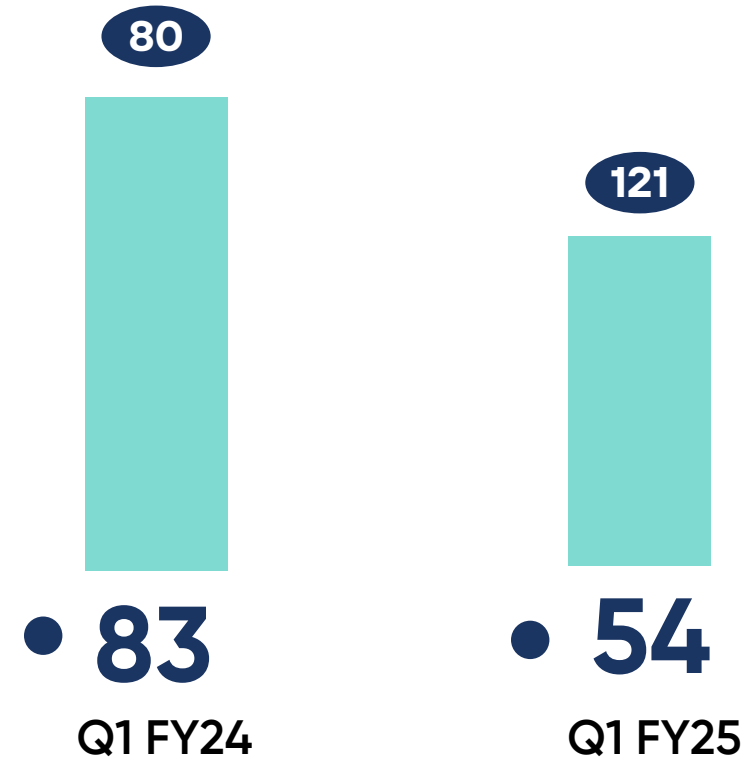


Winning New Logos

19%

New Customers
added on WA

- Revenue from new customers (INR Mn)
- Count of customers



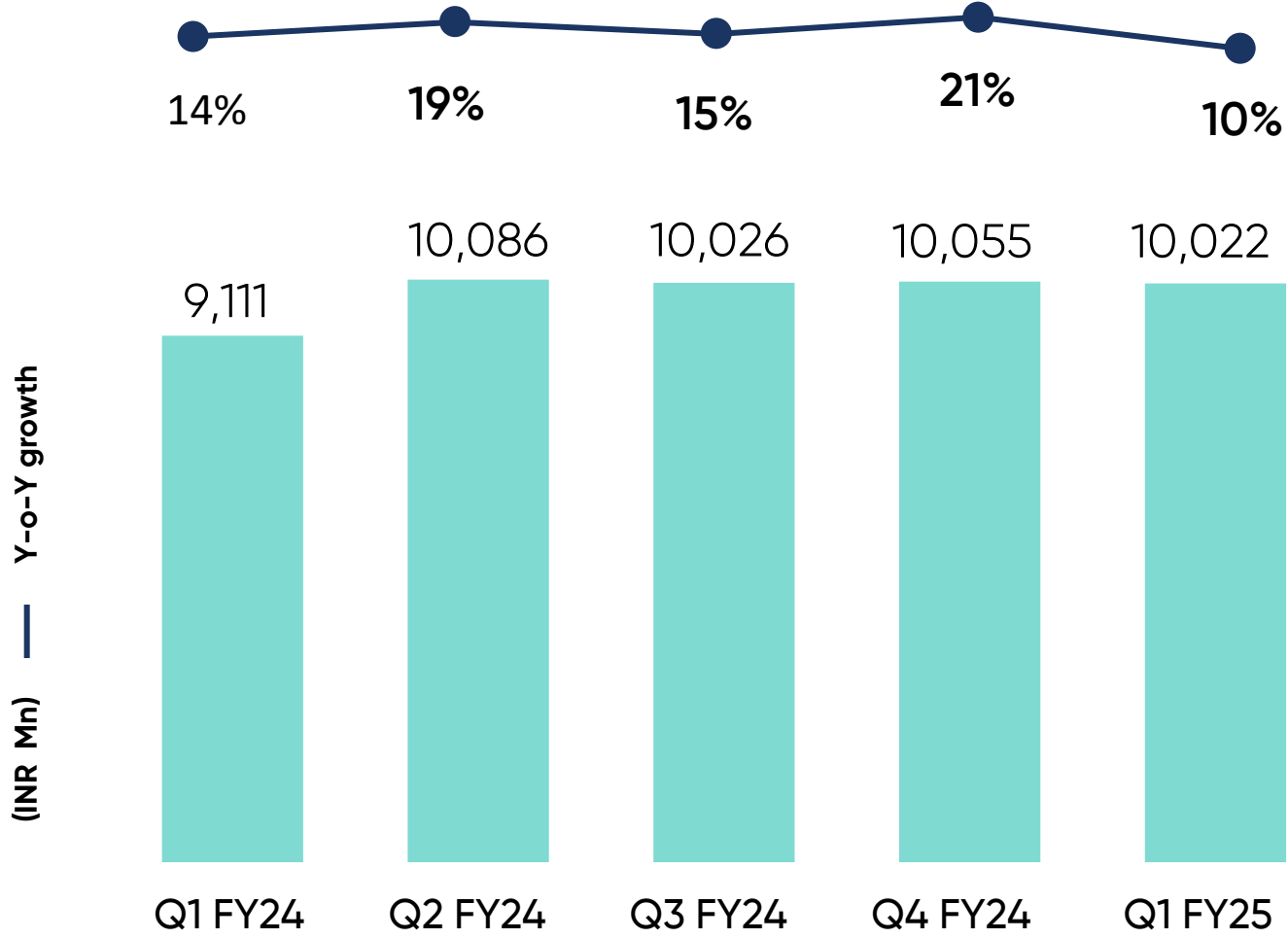
1. New customers include every unique contracting entity added during the year






A large group of approximately 100 employees of Tanla, mostly men and women, are posed on a wide set of stone stairs outdoors. They are all wearing dark blue or black polo shirts with a small logo on the chest. Many of the employees have their arms raised in celebratory gestures, such as thumbs up, peace signs, or open palms. The background shows lush green foliage and classical-style stone pillars. The overall atmosphere is one of joy and team spirit.

Financial Outcomes

Revenue: Flat growth sequentially in a seasonally weak quarter



-  Revenue grew by 10.0% YoY to INR 10,022 Mn, driven by Enterprise Communications
-  Enterprise revenue grew by 11.2% YoY to INR 9,154 Mn
-  OTT contribution to overall revenue was 19.9% in Q1 FY25 as against 7.9% in Q1 FY24



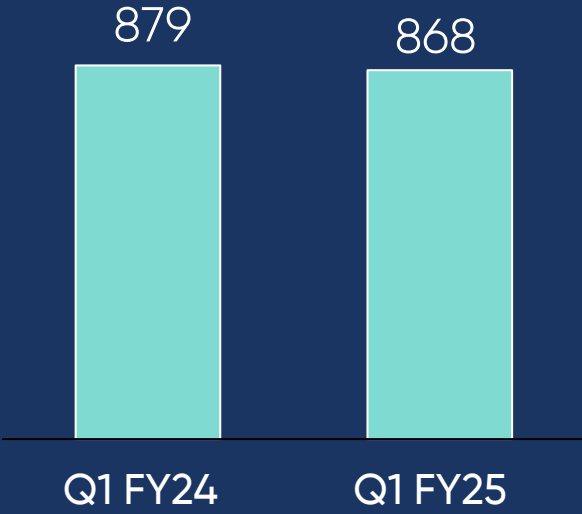
Q1 FY25 – Digital Platforms & Enterprise Communications Revenue

(INR Mn)



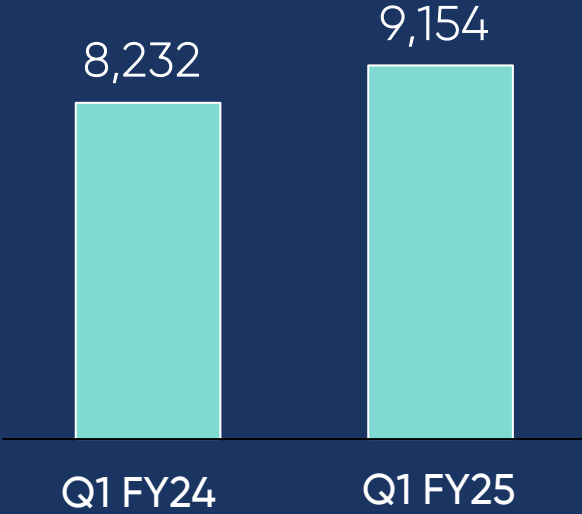
Digital Platforms

De-grew by 1.2%
31% YoY growth excluding Vi impact

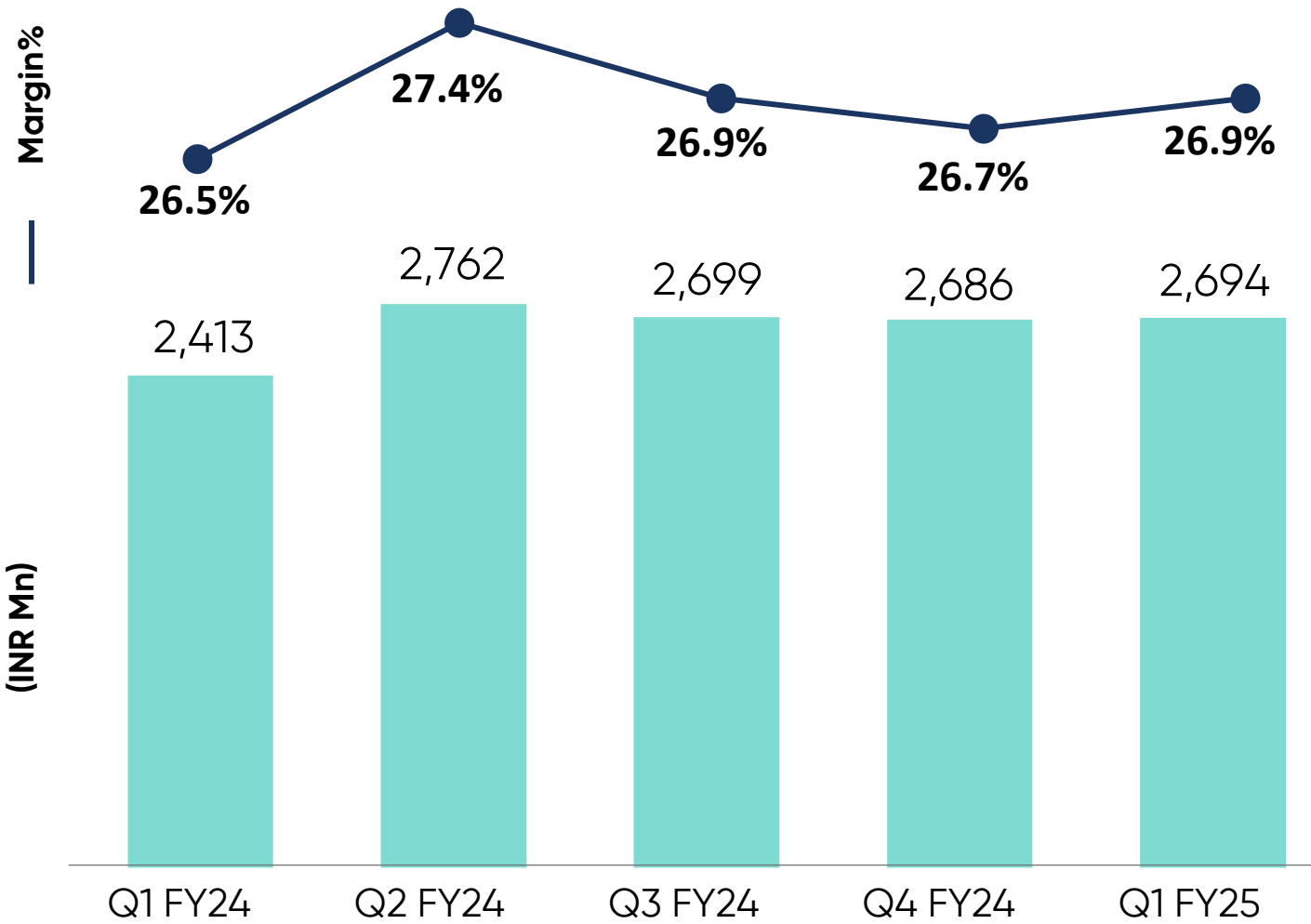


Enterprise Communications

11.2% Growth
YoY



Gross profit: YoY growth of 11.7%



Gross profit grew by 11.7% YoY. Gross margin was at 26.9% in Q1 FY25 improved by 40 bps



Digital Platform gross profit grew by 0.7% YoY and de-grew 3.1% sequentially due to Vi impact. If adjusted for the above the gross profit would grow by 30% YoY



Enterprise communications gross profit grew by 17.7% YoY

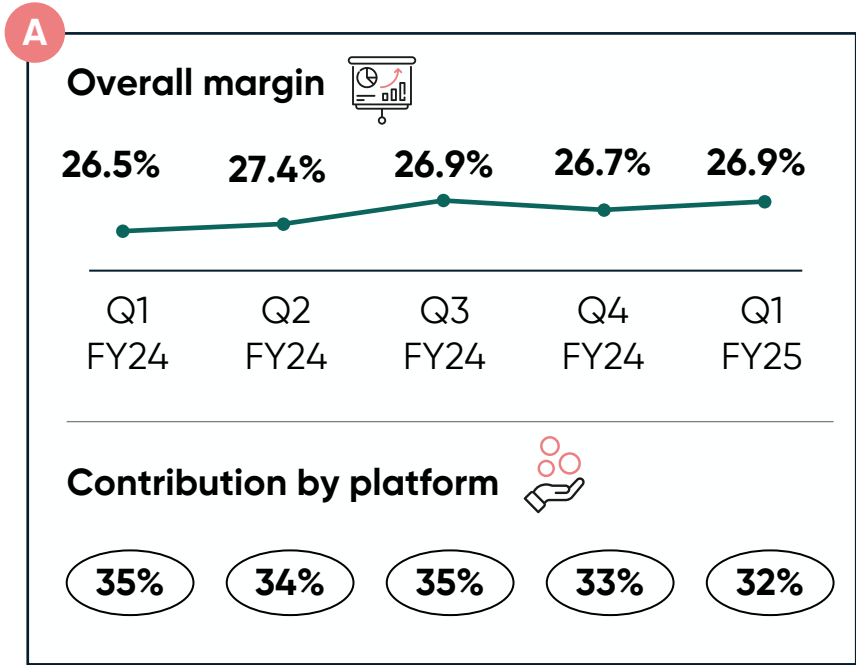


On sequential basis, gross margin % increased by 17 bps

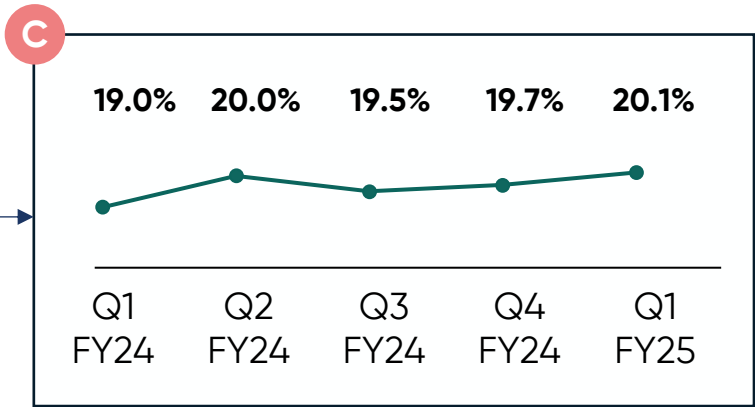
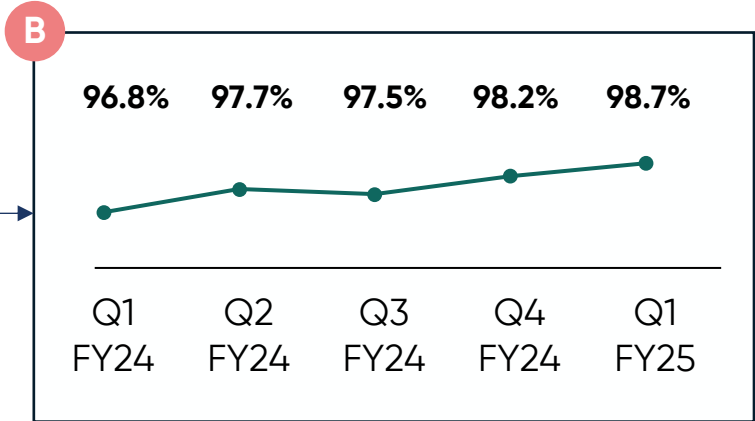


Gross margin profile

- A** Increase in gross margin by 40 bps YoY, and 17 bps QoQ
- B** Digital Platform gross margin contribution to total at 32%
- C** Enterprise communications gross margin at 20.1% in Q1



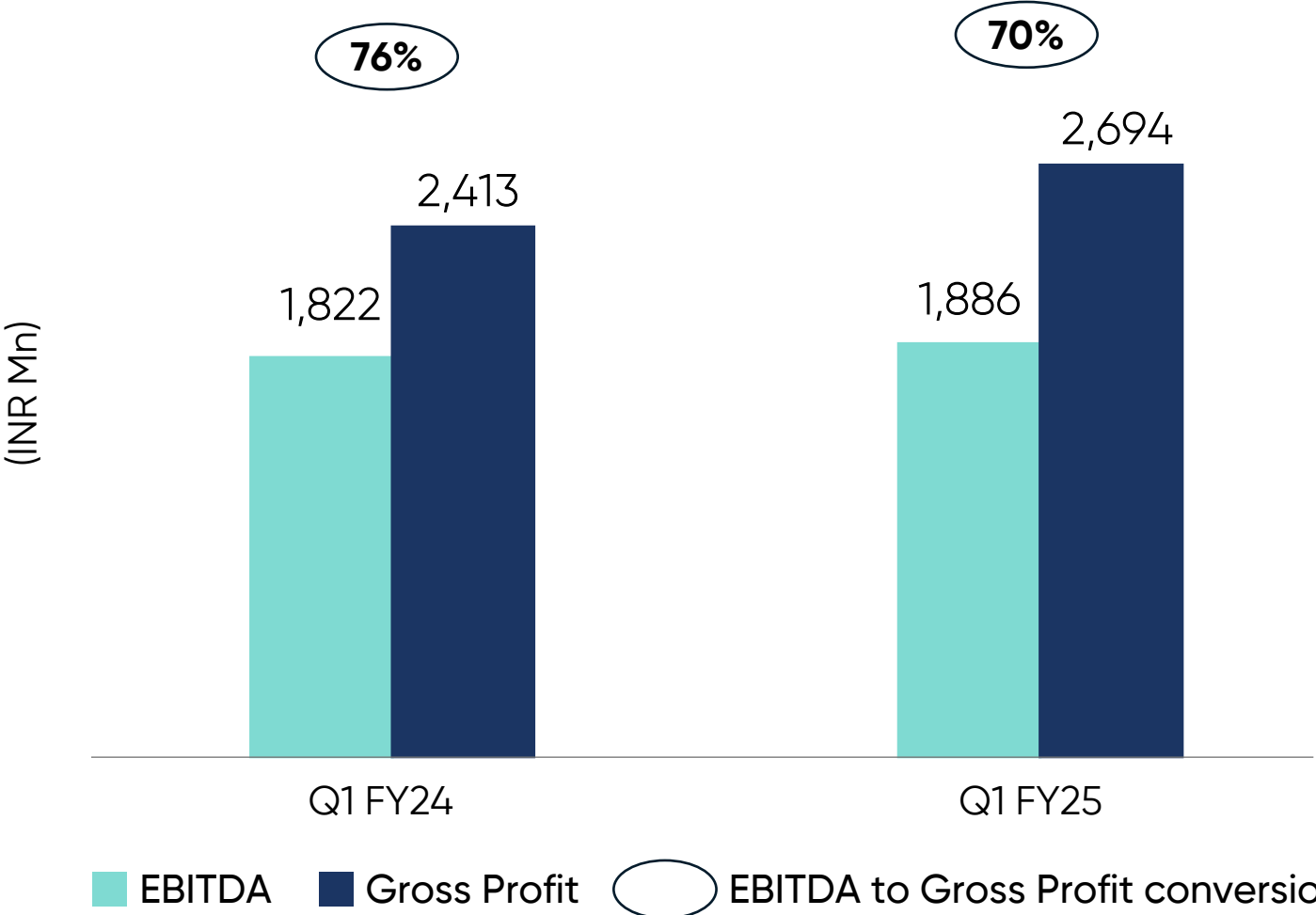
Platform business




Enterprise business




Efficiency Metrics




¹ We have considered adjusted EBITDA . Please refer slide no 29 for reconciliation between reported number to adjusted number



EBITDA was at **INR 1,886 Mn**, YoY growth of 3.5% and sequential growth of 0.4%¹. The YoY growth in EBITDA is post consolidation of ValueFirst India business



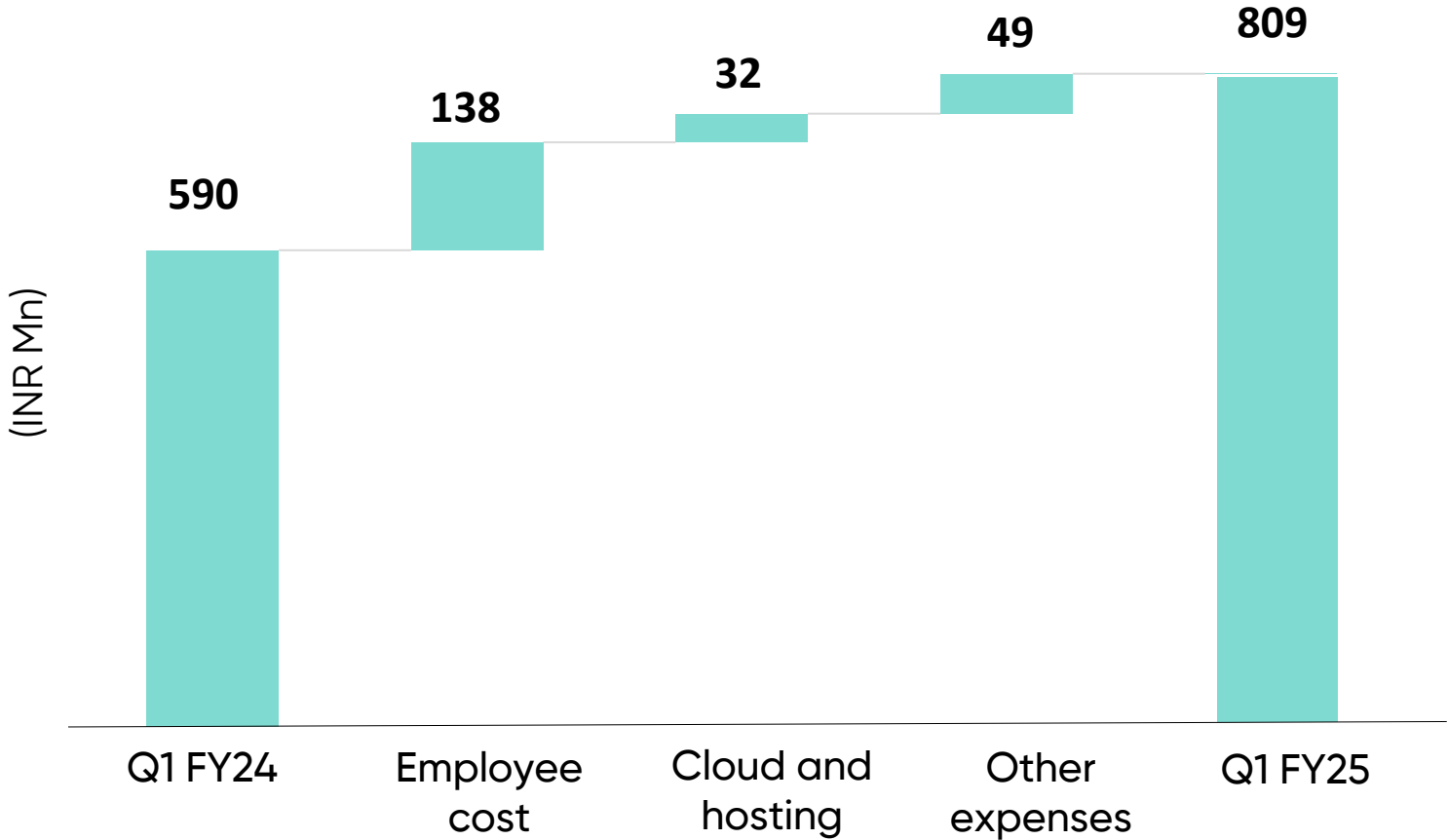
EBITDA margin increased by 14¹ basis points sequentially and declined by 119 basis points YoY



Indirect cost was at 8.1% of revenue in Q1 FY25 as against 6.5% in Q1 FY24 (prior to ValueFirst acquisition)



Indirect cost walk YoY



Employee cost increased due to ValueFirst acquisition, net additions and partly offset by lower RSU cost



Cloud and hosting charges increased due to ValueFirst acquisition

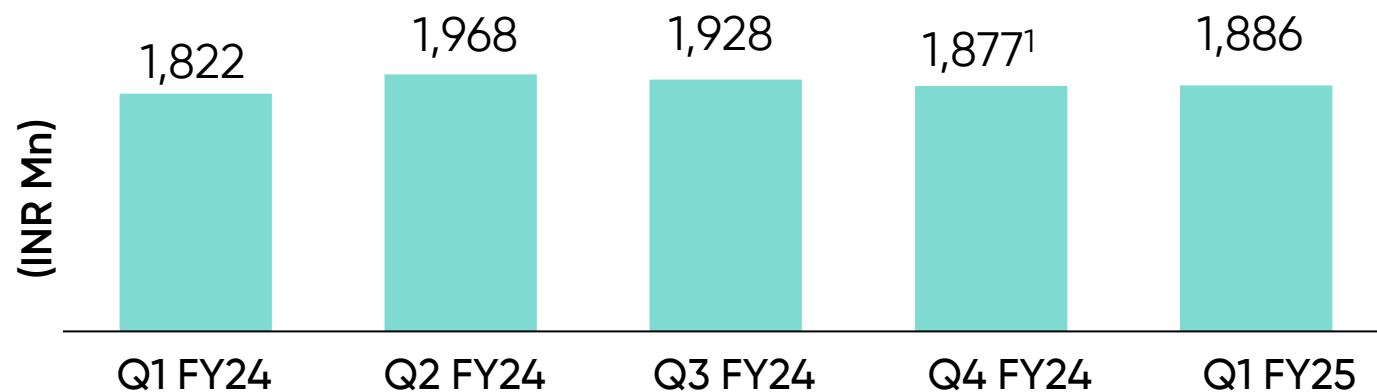


Other expense increased due to incremental spends on marketing and other general expenses

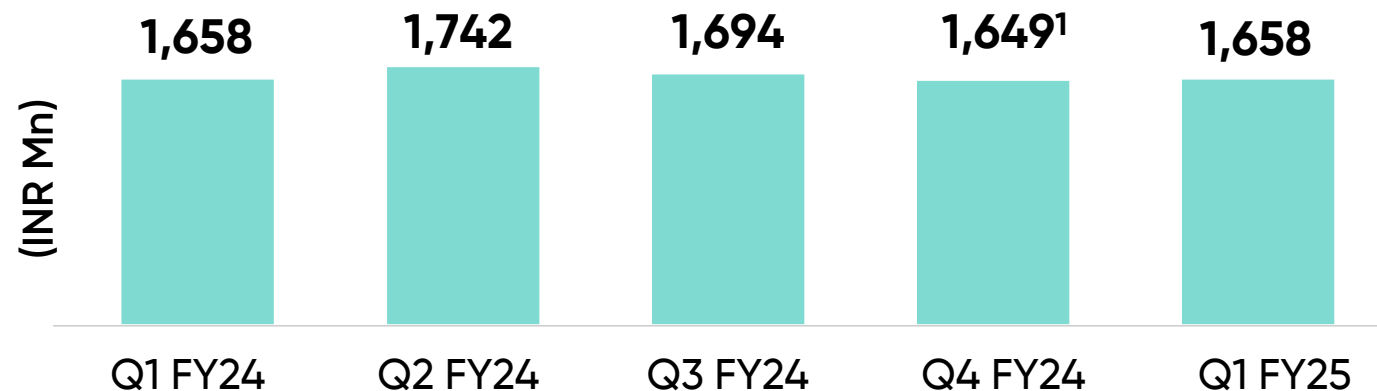


Operating Income

EBITDA



EBIT



¹ We have considered adjusted EBITDA and EBIT. Please refer slide no 29 for reconciliation between reported number to adjusted number



EBITDA was at INR 1,886 Mn, YoY growth of 3.5% and sequential growth of 0.4%¹.



Depreciation was at INR 227 Mn in Q1 FY25, as against INR165 Mn in Q1FY24

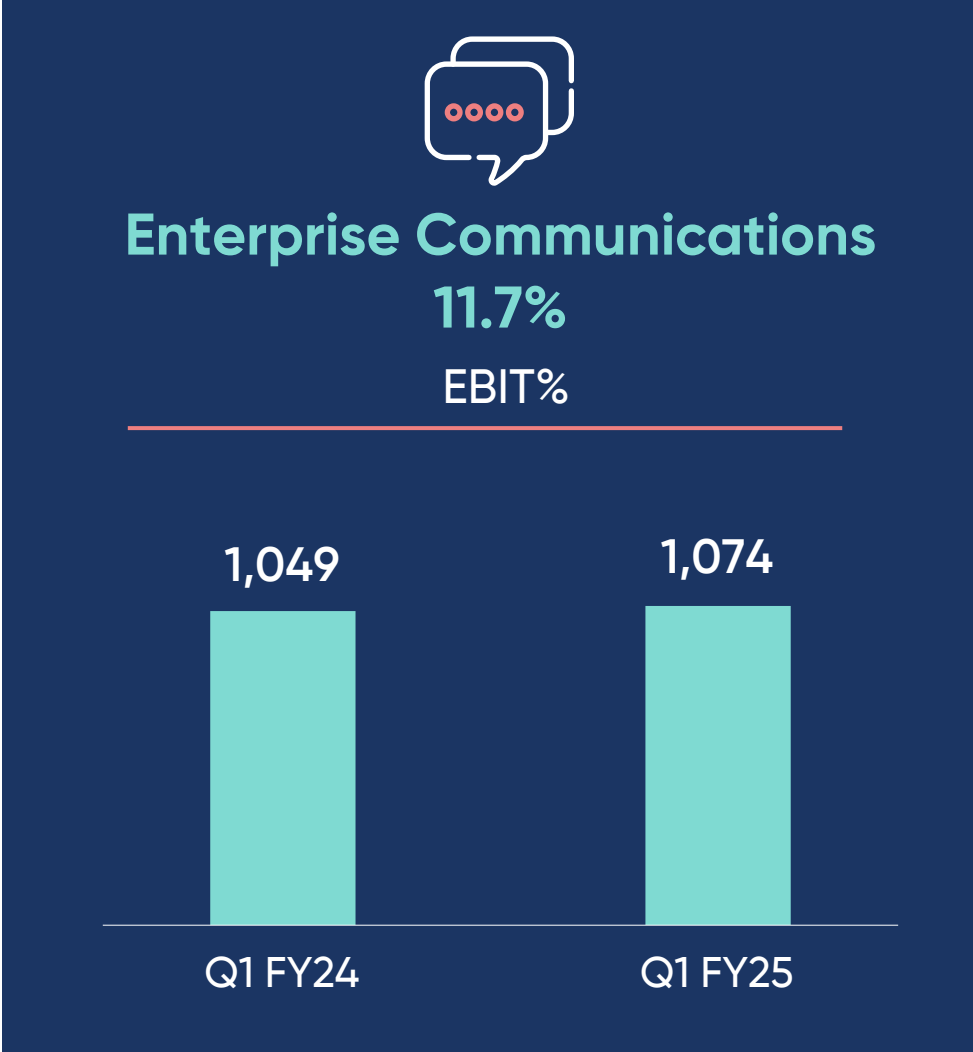
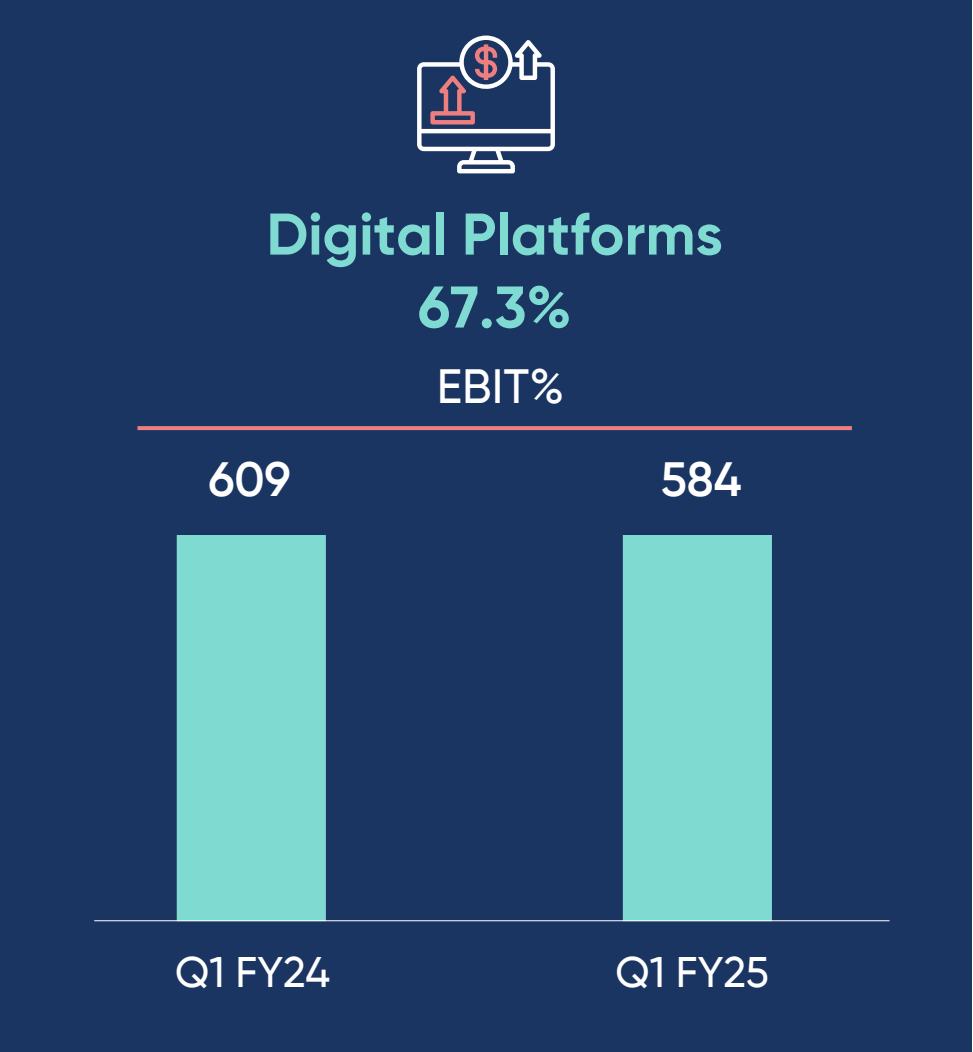


EBIT was at INR 1,658 Mn in Q1 and EBIT margin at 16.5%

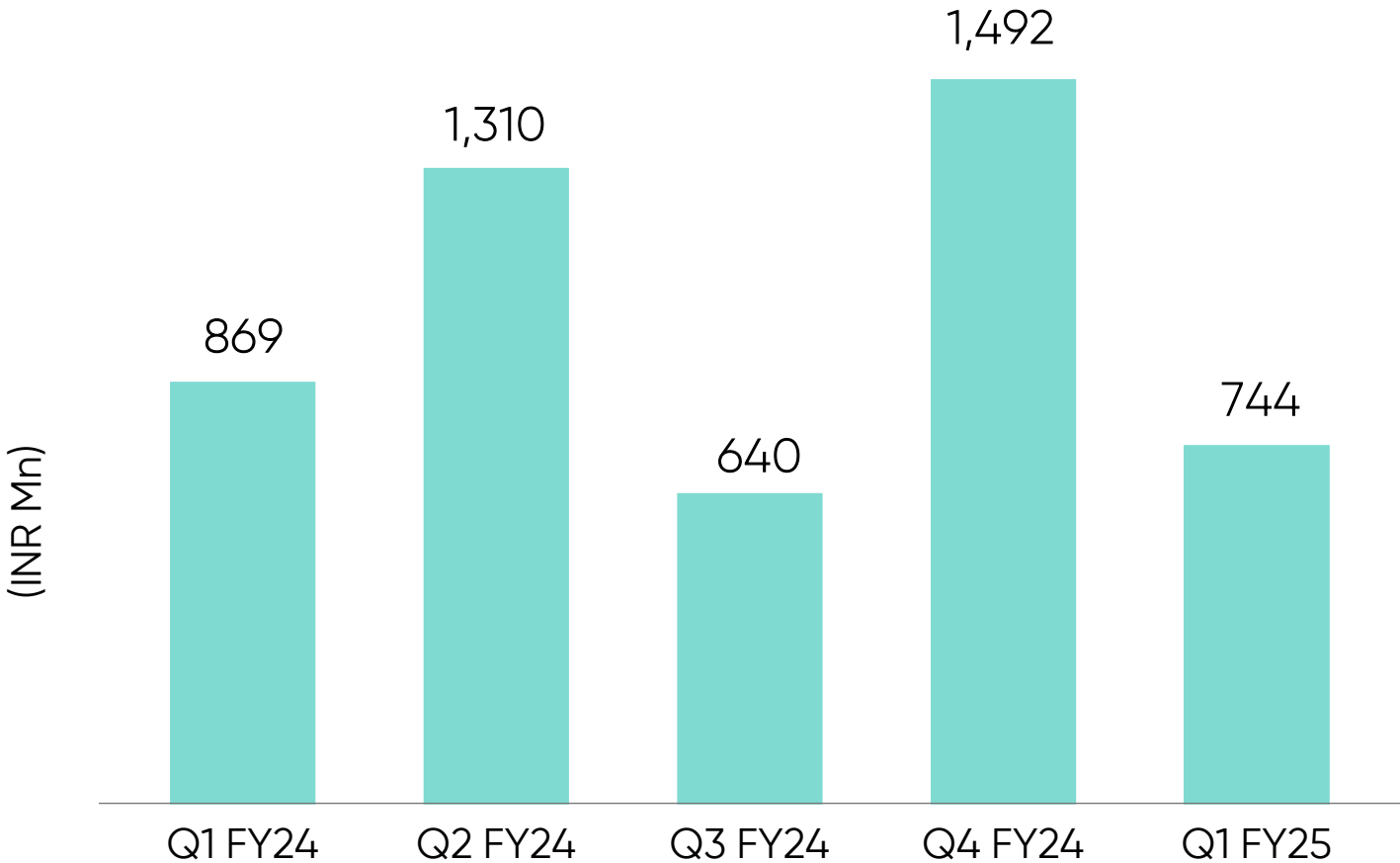


EBIT Profile

(INR Mn)



Cash Flow Generation

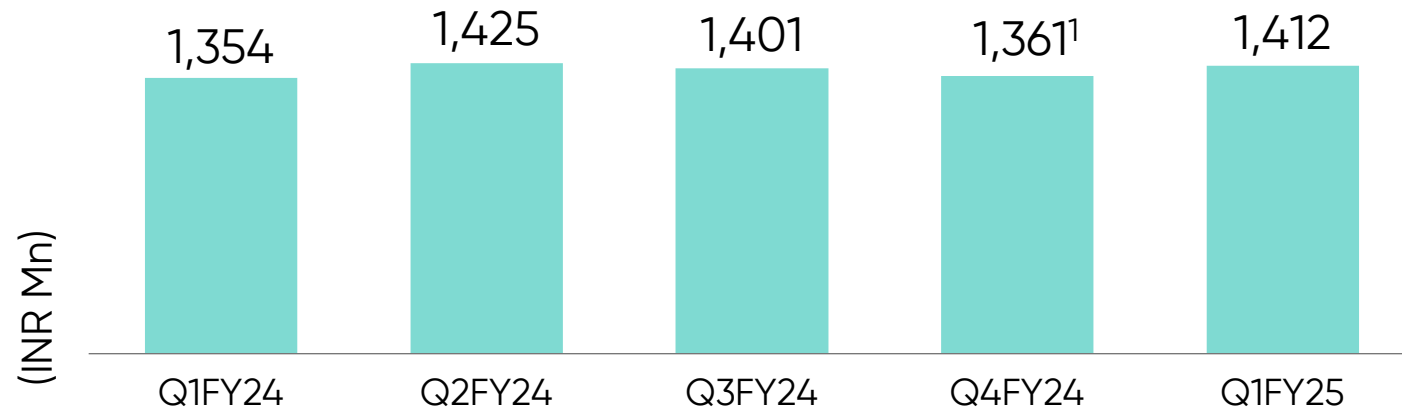


In Q1, we generated INR 744 Mn as free cash flow. Our cash collections were spilled over in July impacting DSO days and free cash flow

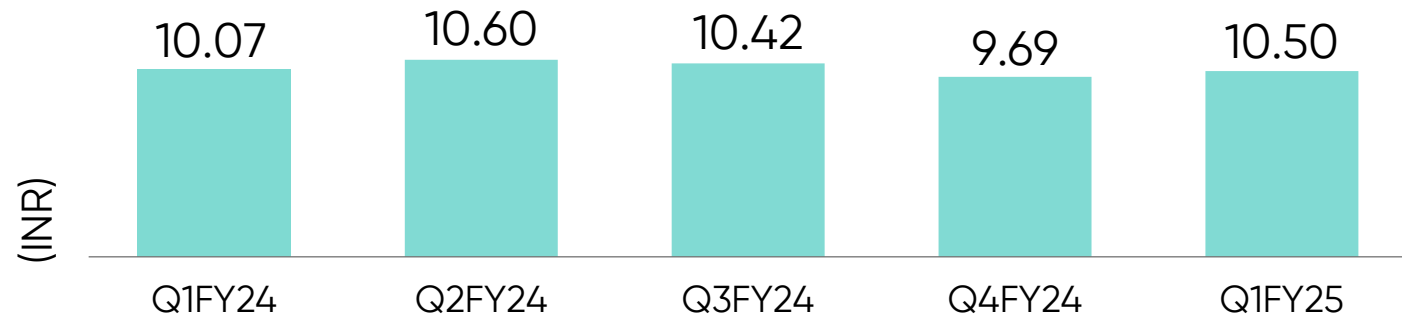


Profit After Tax & EPS

Profit After Tax (PAT)



EPS



¹ We have considered adjusted PAT. Please refer slide no 29 for reconciliation between reported number to adjusted number



PAT was at INR 1,412 Mn in Q1. PAT grew by 3.8% sequentially (adjusted PAT) and 4.3% YoY



Effective tax rate for Q1 FY25 is at 18.8%



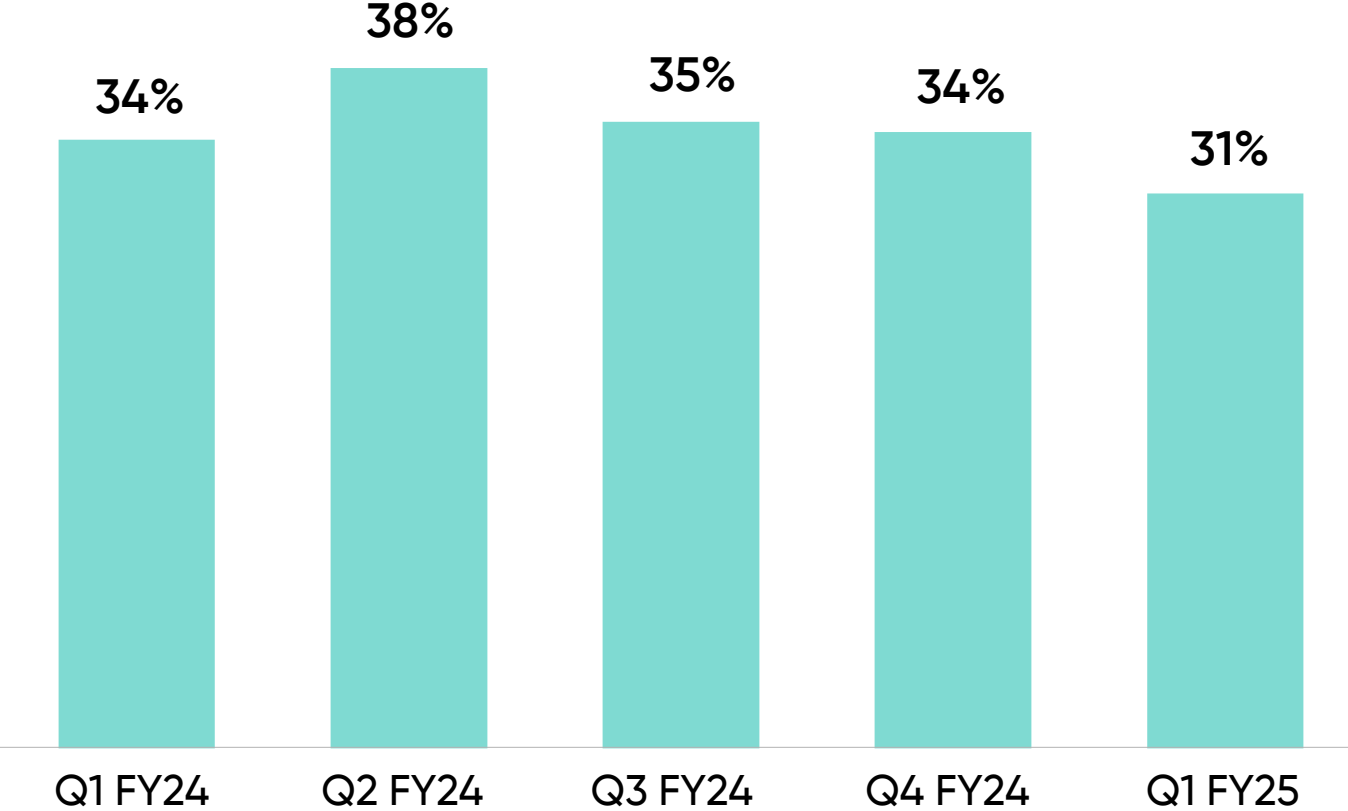
EPS was at INR 10.50, grew by 4.3% YoY, led by profit expansion



Return on Capital Employed

47%¹

excluding CCE as against 72% last year



ROCE- Return on capital employed; CCE- Cash & cash equivalents
1. ROCE is not comparable to previous year as it is impacted by ValueFirst acquisition



Strong Balance Sheet

All numbers are INR, unless otherwise stated



20,822 Mn

Strong Equity and Reserves

7,572 Mn

Cash & cash equivalents

47%

ROCE (excluding cash & cash equivalents)

Debt Free



Annexures

Profit & Loss

Q1 FY25



In INR Mn, unless otherwise stated	Q1 FY25	Q1 FY24	Δ%	Q4 FY24
Revenue from operations (net)	10,022	9,111	10	10,055
Cost of services	(7,328)	(6,698)	9	(7,369)
Gross Profit	2,694	2,413	12	2,686
Operating Expenses	(808)	(591)	37	(1,081)
EBITDA	1,886	1,822	4	1,605
Depreciation and Amortization	(228)	(164)	39	(229)
EBIT	1,658	1,658	0	1,376
Finance Cost	(15)	(10)	50	(17)
Other income	96	52	85	260
Profit before taxes	1,739	1,700	2	1,619
Tax expenses (including differed taxes)	(327)	(346)	(5)	(317)
Profit after taxes	1,412	1,354	4	1,302
Earnings per share	10.50	10.07	4	9.69
Weighted average shares outstanding	134.4	134.4		134.5



Balance Sheet June 30, 2024

In INR Mn, unless otherwise stated	Unaudited June 30, 2024	Audited Mar 31, 2024
Assets		
Non-current assets		
Property, plant and equipment	2,093	2,058
Internally developed - Platforms	917	988
Customer Relationships	289	308
Trade name	30	34
Technology	99	107
Non Compete	18	19
Intangible assets under development	942	777
Goodwill	2,646	2,646
Right-of-use assets	623	656
Deferred tax assets (net)	405	393
Other non-current assets	1,627	938
Capital work-in-progress	158	234
Financial assets	526	333
Software	230	200
Investment Property	17	17
Total Non-Current Assets	10,620	9,708
Trade receivables	9,782	8,424
Cash and cash equivalents	7,191	5,436
Bank balances other than cash and cash equivalents	44	1,235
Other financial assets	5,260	5,030
Other current assets	509	257
Total current assets	22,785	20,382
TOTAL ASSETS	33,405	30,090

In INR Mn, unless otherwise stated	Unaudited June 30, 2024	Audited Mar 31, 2024
Equity & Liabilities		
Equity share capital	134	134
Other equity	20,688	19,284
Total equity	20,822	19,418
Financial liabilities	-	-
Lease liabilities	555	590
Other financial liabilities	-	-
Provisions	17	16
Other non-current liabilities	8	8
Total non-current Liabilities	580	614
Current liabilities		
Trade payables	7,397	6,923
Lease liabilities	168	160
Other financial liabilities	2,549	2,638
Other current liabilities	254	170
Provisions	80	81
Current tax liabilities (net)	1,555	87
Total current liabilities	12,003	10,058
Total Equity & Liabilities	33,405	30,090



Condensed Cash flow Q1 FY25



In INR Mn, unless otherwise stated	Q1 FY25	Q4 FY24
Cash flow before changes in working capital	1,901	1,684
Changes in working capital	(1,302)	500
Cash generated from operations	599	2,184
Taxes	299	(262)
Cash flow from operating activities	898	1,921
Net investments in tangible and intangible assets	(154)	(429)
Interest and other income	66	40
Movement in Bank Balances	(199)	0
Cash flow from investing activities	(287)	(389)
Proceeds from sale of Property, Plant and Equipment	-	(31)
Borrowings	-	(1)
Dividend paid	-	(807)
Buy Back of shares	-	0
Interest paid on lease liabilities	(42)	(9)
Cash flow from financing activities	(42)	(848)
Cash flow for the period	568	685
Cash and cash equivalents at the beginning of period	6,671 ²	6,162
Forex Fluctuations	(5)	(37)
Cash Acquired on ValueFirst Acquisition	-	0
Fixed Deposits maturity more than 12months ⁽¹⁾	338	-
Cash and cash equivalents closing balance	7,572	6,810 ¹

1. Cash balance includes fixed deposits with maturity greater than twelve months classified under Non-Current Asset
2. Opening cash balance excludes fixed deposits with maturity greater than twelve months classified under Non-Current Assets



Free Cash Flow



In INR Mn, unless otherwise stated

	Q1 FY25	Q1 FY24	Δ %	Q4 FY24
Operating cash flow	898	1,294	31	1,921
Capital expenditure	(154)	(425)	64	(429)
Free cash flow	744	869	14	1492
Free cash flow in percent of total revenue	7%	10%	-	15%
Free cash flow as % of PAT	53%	64%	-	115%



Reconciliation



In INR Mn, unless otherwise stated	Q1 FY25	Q1 FY24	Q4 FY24
Reported EBITDA	1,886	1,822	1,604
One-time expense- MWC	-	-	273
Adjusted EBITDA	1,886	1,822	1,877
Adjusted EBIT	1,658	1,658	1,649
Adjusted PAT	1,412	1,353	1,361

1. Adjusted PAT is normalized for the post tax impact for 2 items – (i) one-time expenditure of INR 273 MN incurred for Mobile World Congress 2024 and (ii) Gain of Rs. 210 MN in Other Income pertaining to write back of liability



About Us



Tanla embeds Gen AI across all its platforms

Wise Albert

Our intelligent core underlying all our products, revolutionizing digital interactions through Gen AI capabilities



Audience.ai
(whom to send)



Content.ai
(what to send)



Channel & Partner.ai (how to send)

ATP



Scam identification and prevention in <50 ms through AI-ML led engines



Semantics engine

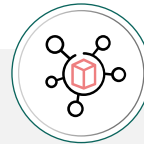


Sender reputation



CTA engine

Trubloq



GenAI to elevate Trubloq's signature experience



Registration.ai

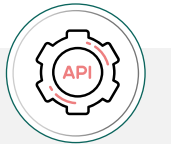
- 90%+ time saving in the registration process



DigiAssets.ai

- 100% compliance with all regulatory guidelines
- 1 single dashboard for digital asset analytics

Wisely



Single API-led intelligent platform for omni-channel digital interactions to deliver distinctive impact for enterprises and their users



Single API



End-to-End encryption



Smart routing



Performance analytics



Partner marketplace



SSOT enabled by blockchain



Integrated plugins








Core stack



We have also successfully addressed several Greenfield opportunities

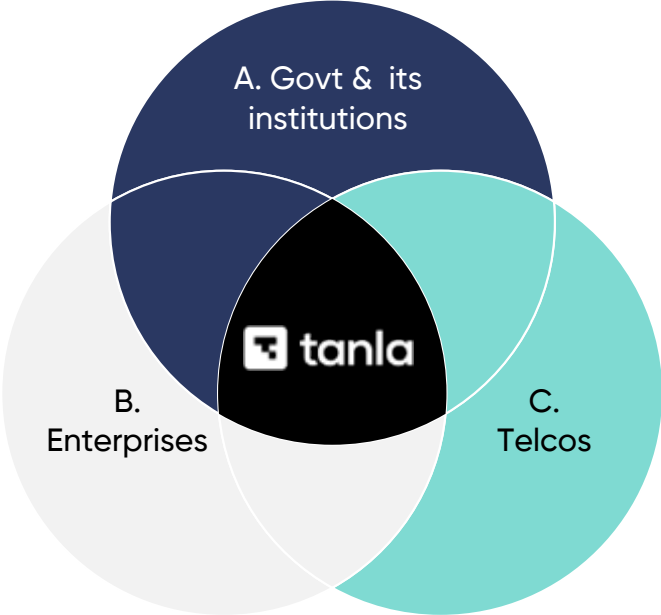
Trubloq

With world's 1st blockchain-enabled communication stack. It works with a consortium of telecom players and other stakeholders to maintain the leadership position

<p>User</p> 	<p>1Bn+</p>	<p>Users touched</p>
<p>Regulatory</p> 	<p>100%</p>	<p>Compliance to address all legal challenges</p>
<p>Business</p> 	<p>3/4</p>	<p>Indian telcos served </p>
	<p>100%</p>	<p>Market share in UAE </p>
	<p>50k+</p>	<p>Enterprise partners</p>

ATP

First of its kind anti-smishing platform.



Our Customers love us in India and beyond

We are the player of choice in India...



~35%
CPaaS market share



50%+
of total revenues contributed by 50 of our top 100 customers, retained for more than 5 years



Player of choice
in India across industries leaders



2000+
Customers across segments





9/10 top **banks** served



7/10 top **insurance**



8/10 top **financial services**



7/10 top **social media**



marquee gov. projects





... and serve global giants in 4 regions

USA & Europe

Global Tech giants

SEA



Middle East



This indicative data on market size has been arrived at basis our internal analysis. This is our assessment and merely indicative in nature and should not be relied upon



Our Market Leadership in Enterprise Communication (1/2)

Undisputed market leadership



Unmatched scale with 35% CPaaS market share

- **5%** increase post ValueFirst acquisition
- **~45%** share in SMS NLD market

Player of choice across industry

- **2000+** customers across industries
- **8 of Top 10 brands** served across banking, Insurance, Retail, E-Comm, Travel & Digital Natives

Largest government partner

- **Multiple** campaigns supported



High Customer Stickiness



50 of Top 100 accounts > 5 years

- **Double digit growth** in every customer cohort since inception
- **100+ API's** integrations within a single enterprises across different ecosystems

Customized to serve enterprise needs

- **Deeply integrated**, with all major CRM systems across verticals to enable omnichannel communication
- **10,000** customized APIs to integrate with customers
- **1000+** bank-specific use cases supported

This indicative data on market size has been arrived at basis our internal analysis. This is our assessment and merely indicative in nature and should not be relied upon



Our Market Leadership in Enterprise Communication (1/2)

Tech. backed use cases



AI/ML based solutions developed for a leading bank

- ▮ **Impact:**
2X increase in loyalty (offers availed) for the bank

Context

- ▮ **Automated** relevant promotional messages based on user card swipe activity
- ▮ In house **ML capabilities** leveraged to trigger targeted offer to users basis transaction amount, location, and card type

Newer Channels



Turbo charging our growth

- ▮ ~3X YoY growth in Q1 from WhatsApp

Serving enterprise curated needs

- ▮ **Commerce on WhatsApp:** Enabled cab booking over WhatsApp for a seamless consumer journey



Great Financial Track Record

We continue to deliver over the last five years

All figures in INR Mn



10,040

Revenues 2019

~4x



39,278

Revenues 2024



967

EBITDA 2019

~8x



7,322

EBITDA 2024



298

PAT 2019

~18x



5,483

PAT 2024





Thank You



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