



Tanla Platforms Limited
(Formerly known as Tanla Solutions Limited)
Tanla Technology Center
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Date: January 23, 2024

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 Madam/Sir,

Sub: Letter to Shareholders for the quarter and nine months ended December 31, 2023.

With reference to the subject cited, we are enclosing herewith a Letter to Shareholders for the quarter and nine months ended December 31, 2023.

Request you to take the same on record and oblige.

Thanking you,

Yours faithfully,
For **Tanla Platforms Limited**

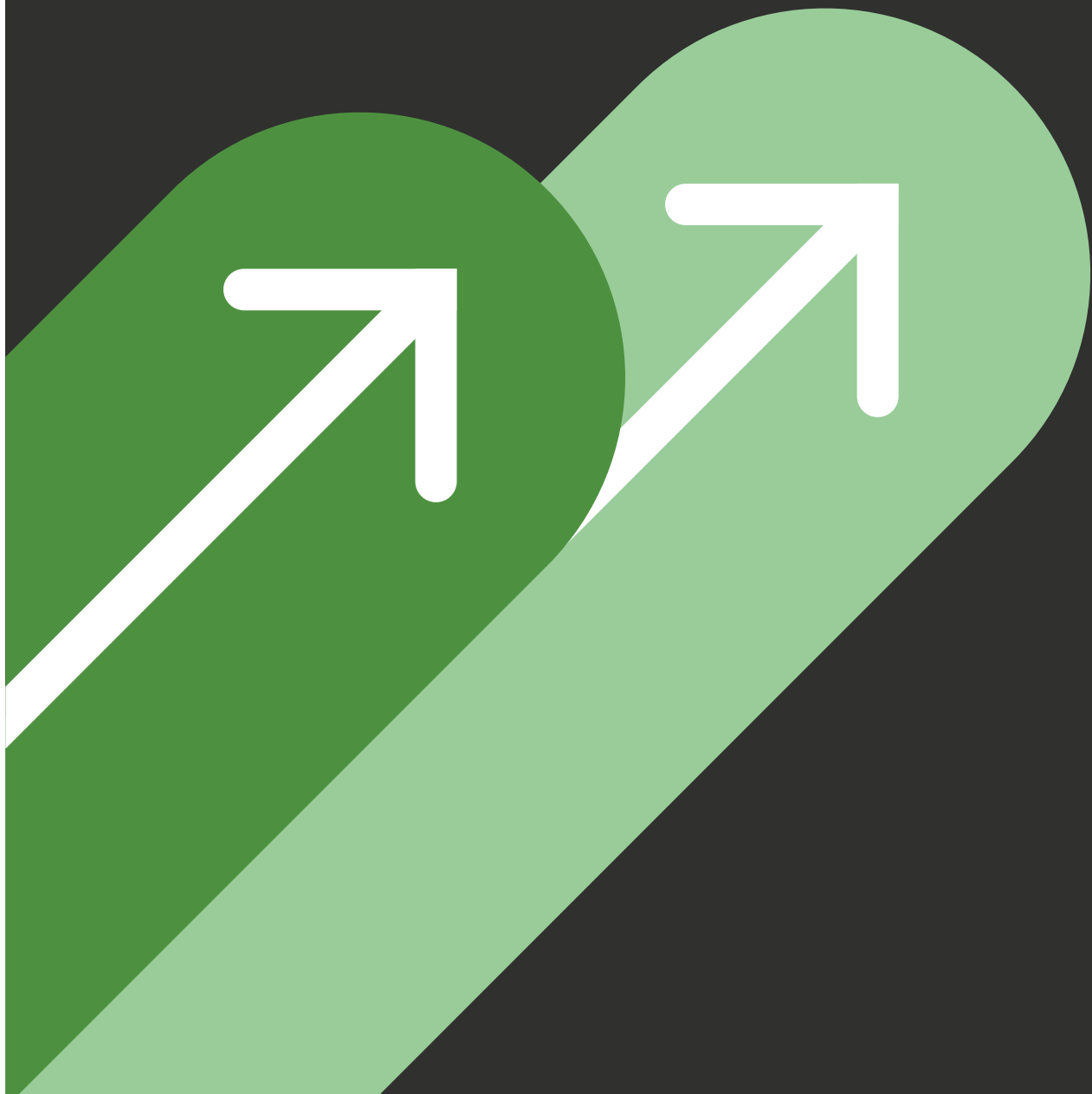
Seshanuradha Chava
General Counsel and Company Secretary
ACS-15519



SHAREHOLDERS

LETTER AND RESULTS

Q3 FY24 | JANUARY 23, 2024



Financial Performance

Revenue

₹ 10,026 Mn

↑ 15.3% YoY growth

Gross Profit

₹ 2,699 Mn

↑ 24.5% YoY growth

EBITDA

₹ 1,928 Mn

↑ 27.4% YoY growth

PAT

₹ 1,401 Mn

↑ 20.3% YoY growth

EPS

₹ 10.42 Per Share

↑ 21.5% YoY growth

Cash and Cash equivalents

₹ 6,162 Mn

↑ ₹ 712 Mn QoQ

Digital Platforms

Revenue

₹ 958 Mn

↑ 22.4% YoY growth

Gross Profit

₹ 934 Mn

↑ 24.5% YoY growth

EBIT

₹ 701 Mn

73.2% Margin

Enterprise Communications

Revenue

₹ 9,068 Mn

↑ 14.6% YoY growth

Gross Profit

₹ 1,765 Mn

↑ 24.5% YoY growth

EBIT

₹ 993 Mn

11% Margin

“ We’ve had a good start to the year – signing the first commercial agreement with a bank for Wisely ATP. We have strengthened our ESG efforts and secured S&P Global ESG Score of 68, being placed in the top 99 percentile of all companies in the software industry segment.

- Uday Reddy, Founder Chairman & CEO

Significant events during the quarter

- We appointed Dr. RS Sharma (Former TRAI Chairman) as a Director to our Board
- We signed the first commercial agreement with a bank in India on Wisely ATP
- We scored 68 in the S&P Global ESG Scores also commonly known as DJSI scores, up from 32 in 2022
- In line with our capital allocation policy of 30% dividend payout of our consolidated Net income, the Board of Directors have declared an interim dividend of ₹ 6 per share

Invitation to conference

Tanla will host a conference call and live webcast to discuss the financial results on Jan 24, 2024 at 4.30 PM IST. Watch the presentation at <https://bit.ly/Q3FY24>

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Message from Chairman

"I wish you all a very happy new year. We began the year very auspiciously with the Ram Mandir Pran-Pratishtha in Ayodhya, which was so inspiring to all of us.

Tanla is having a great start to the new year across all dimensions. Let me start by giving you my perspective on the industry.



A. Industry Trends and our positioning

Industry trends are broadly playing out in line with our expectations.

Digital interactions continue to accelerate with increasing smart phone and 5G penetration (for e.g., UPI transactions crossed 12 Billion in Dec 2023). As digitalization accelerates, enterprises are seeking partners who provide solutions that have business impact rather than those providing just channels for messaging. This is resulting in new use cases from enterprises, creating newer opportunities.

OTT is gaining share, which is probably close to 10% -15% of the market in value terms and we see this accelerating. We have seen multiple new use cases in India and have also seen OTT being leveraged by global tech majors as a substitute for international messaging.

We continue to see a competitive environment, but I see a trend of volumes consolidating towards the large players. We saw a price increase for a portion of our domestic business and we will see how it plays out in the coming months.

As the world of digital interactions explodes, regulators are moving in the right direction although the pace has been slow. We have been actively engaging with the entire ecosystem to accelerate this.

B. Digital Platforms

We delivered 24% growth in gross profits in Q3 and continue to operate significantly higher than the Rule of 60 (Rule of 95 in Q3). Growth was led by Trubloq and Wisely OTT. Our exit of the Vi relationship on international messaging is timely given the volatility we see in this market.

We signed the first commercial agreement with a bank in India on Wisely ATP. We see a lot of traction for Wisely ATP, but frankly I am disappointed by the lack of urgency in the ecosystem to address phishing holistically. We need regulators to enable the ecosystem to tackle phishing, the biggest menace to the digital ecosystem.

We have been playing the role of thought leader in this area, not just in India but across the globe. The Monetary Authority of Singapore (MAS) and Infocomm Media Development Authority (IMDA) invited a consultation on the "[Shared Responsibility Framework](#)" aimed at protecting consumers from loss due to phishing. We were actively engaged in that process. Earlier in the year, we participated in the Irish ComReg consultation on combating [Nuisance Communications](#) on which the regulator's decision is expected shortly. We are also preparing a submission to the Australian government, which currently has an open consultation on a [similar legal framework](#).

C. Enterprise Communications

We are the leaders in the Enterprise communication business, serving over 2,000 leading enterprises in the country. The acquisition of ValueFirst has further strengthened our Enterprise communication business. We have grown 15% YoY in Revenues and 24% in gross margins in Q3. We have added 300 new customers in this financial year contributing to ₹ 770 Mn of revenue. Our focus is to grow our existing customers and continue to add new ones. 35% of the new customers have been added to OTT channels.

Our domestic SMS business contributes around 50% of our revenues and grew sequentially, largely on the back of price hike and festive spending in the BFSI and eCommerce verticals. We have around 40-45% market share in the domestic business. We see a lot of growth potential here, and we are focused on adding new customers and expanding our share.

Our international messaging contributed around 25% of our revenues but showed a steep decline in the quarter. We saw the large tech majors shift their spends from SMS to native RCS or WhatsApp on the back of their global relationships with the OTT players. We do not expect revenues to further decline from here, but we expect the international messaging growth to be sluggish.

We have the ability to see trends in the industry as they happens – we have diversified our business from purely SMS to OTT channels. Telcos are not investing fast enough, and OTTs have an edge to address multiple use cases for enterprises.

We are incredibly well poised here. On WhatsApp, we are growing exponentially with quarterly revenues crossing ₹ 1 Bn. On Truecaller, we have extended the exclusive partnership for two years. We have monthly volumes of around 1 Billion. On RCS, our assessments indicate that we have an industry-leading market share of upwards of 40% in India. In essence, we are taking leadership in the OTT space. Our contribution to revenues from these OTT channels has gone up from ~2% of total revenues in Q1 of last year to ~13% of total revenues in the current quarter, translating to 7X growth in this period.

Let me illustrate how we are providing solutions to improve customer experience and engagement by leveraging OTT channels. For e.g., we helped an ecommerce company reach 9 Million users with read rates of 65%, and engagement rates up to 36% on some cohorts and helped acquire new customers.

Given our capability across both SMS and OTT channels, we are now going global. Our UAE business has tripled in the last 6 quarters, reaching a ₹ 1 Bn annualized run rate in Q3. We are integrating ValueFirst businesses of Middle East and Indonesia in Q4, which will take our international business to a run rate of ₹ 3.5 Bn on an annualized basis. Both the Kingdom of Saudi Arabia and Indonesia are big areas of focus for us.

D. Governance

I have been consistently talking about our focus not just to build a great business but to build a great institution with the highest standards of Governance. I have three updates on this topic.

1. I am excited to welcome Dr RS Sharma to our august Board. His incredible experience coupled with an innovation mindset will be a guiding force for Tanla.
2. I am excited to share that we have secured a score of 68 in the [S&P Global ESG Score](#), up from 32 in the previous year. We would be in the top 99 percentile of all companies in our industry segment. This is a testament to our focus on sustainability as a way of life in Tanla.
3. We have been very disciplined in our capital allocation policy over the years and returned over ₹ 6 Bn to shareholders over the past 4 years. In line with our capital allocation policy of 30% dividend payout of our consolidated Net Income, we have declared Rs.6 as interim dividend.

I am incredibly excited about our future prospects. We have a big event planned at Mobile World Congress Barcelona to showcase our innovation. I will encourage all of you to register for this event which will be webcast – you will hear more details in the coming weeks.

I would like to end this letter by stating that I have embarked on a personal fitness journey and have seen remarkable results. In our fast-paced lives, it is important that we do not lose track of our fitness. I wish all of you a healthy start to the year and thank you for all your support and encouragement. "

Hyderabad, January 23, 2024



Sudhakar 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. How was the business performance in Q3?

We delivered 15% YoY growth and were flat sequentially. The growth was on back of Digital Platforms and Enterprise Communications, with 22% YoY growth in Digital Communications and 15% YoY growth in Enterprise Communications.

We grew by 5% YoY organically excluding the impact of ValueFirst. On a sequential basis, we were flat. The ValueFirst overseas business was not consolidated in Q3 FY24 and did not have any impact on our financials.

Gross profit grew by 24% YoY and de-grew by 2% sequentially. Organic growth was at 3% YoY and flat sequentially.

EBITDA grew by 27% YoY to ₹1,928 Mn and EBITDA margin increased by 183 bps YoY to 19.2%. EBIT grew by 22% YoY to ₹1,694 Mn and EBIT margin increased by 90 bps YoY to 16.9%.

Profit after tax grew by 20% YoY to ₹1,401 Mn and Profit after tax margin at 14.0%. Earnings per share grew by 22% and was at ₹ 10.42.

We generated a free cash flow of ₹ 640 Mn. Our cash balance stood at ₹ 6,162 Mn.

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

(In ₹ Mn, unless otherwise stated)	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Revenues					
Digital Platforms	782	815	879	953	958
Enterprise Communications	7,914	7,520	8,232	9,133	9,068
Total revenues	8,696	8,335	9,111	10,086	10,026
YoY % change	(1.7%)	(2.3%)	13.9%	18.5%	15.3%
Gross Profit					
Digital Platforms	751	781	851	931	934
Enterprise Communications	1,418	1,508	1,562	1,831	1,765
Total Gross profit	2,169	2,289	2,413	2,762	2,699
YoY % change	(16.9%)	(5.9%)	30.4%	34.3%	24.5%
EBIT¹					
Digital Platforms	-	-	609	691	701
Enterprise Communications	-	-	1,049	1,051	993
Total EBIT	-	-	1,658	1,742	1,694

Notes:

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

Q2. What is leading growth for Digital Platforms?

We delivered 14th consecutive quarter of 20%+ YoY gross profit growth in Q3. We processed over 90Bn+ volumes on Trubloq in Q3 our highest over the past 13 quarters. Digital Platforms continue to operate above the Rule of 60- Revenue growth 22%+ EBIT margin 73% margin in Q3.

Digital Platforms revenue grew by 22% YoY to ₹958 Mn and was flat sequentially. Revenue growth led by Wisely OTT. Gross profit grew by 24% YoY to ₹934 Mn in Q3.

Q3. Any progress on Wisely ATP?

We signed the first commercial agreement with a bank in India on Wisely ATP. The commercial model for Wisely ATP is on a subscription on a per user per month basis, embodying all the key characteristics of an enterprise SaaS platform.

Q4. What is the status of the Vi deal on Wisely Network?

The impact of the exit of the Vi deal is expected partially in Q4FY24.

Q5. How did Enterprise Communications business perform?

Enterprise communication revenue grew by 15% YoY to ₹ 9,068 Mn in Q3 and was flat sequentially. Organically it grew by 4% YoY.

We saw sequential growth in the domestic business, due to price increase benefits coupled with increased festive spends. International messaging business was impacted due to the shift to OTT channels by some of the tech majors. We do not expect further impact on this business, but we expect it to be sluggish.

Our investments in OTT channels is reaping rich dividends. WhatsApp revenue grew by 4x YoY in Q3, crossing the ₹1 Bn quarterly revenue run rate.

Gross profit grew by 24% YoY to ₹ 1,765 Mn in Q3 and de-grew by 4% sequentially. Our GM% dropped marginally due to changes in mix and investments in OTT channels.

We have added 300 new customers contributing ₹ 773 Mn for nine-month period. 35% of the new customers were added on WhatsApp. Product penetration was at 2.11 in Q3 driven by growing adoption of WhatsApp and other newer channels.

Customer segment	Q2 FY24		Q3 FY24		Change in count	Change in revenue
	Count	Revenue	Count	Revenue		
>₹500Mn	17	4,476	17	3,889	0%	(13%)
>₹100Mn - < ₹500Mn	63	3,294	64	3,724	2%	13%
>₹10Mn- < ₹100Mn	236	1,868	254	2,051	8%	10%
Total	315	9,637	335	9,664	6%	0%

Customer segments on YoY basis are not comparable since ValueFirst was one of the large customers before the acquisition

Q6. As part of Q2 commentary, management had updated that enterprises were deferring their spends? Can you please throw some colour on the same.

Enterprise Customers are evaluating ROI for all their spends, particularly in the light of price increase. However, our NLD business did grow sequentially on back of price hike and increased spending during festive periods in BFSI and E-commerce verticals.

Q7. There has been lot of media coverage on ILD messaging. What is

happening there, and does it have any impact on Q3 performance?

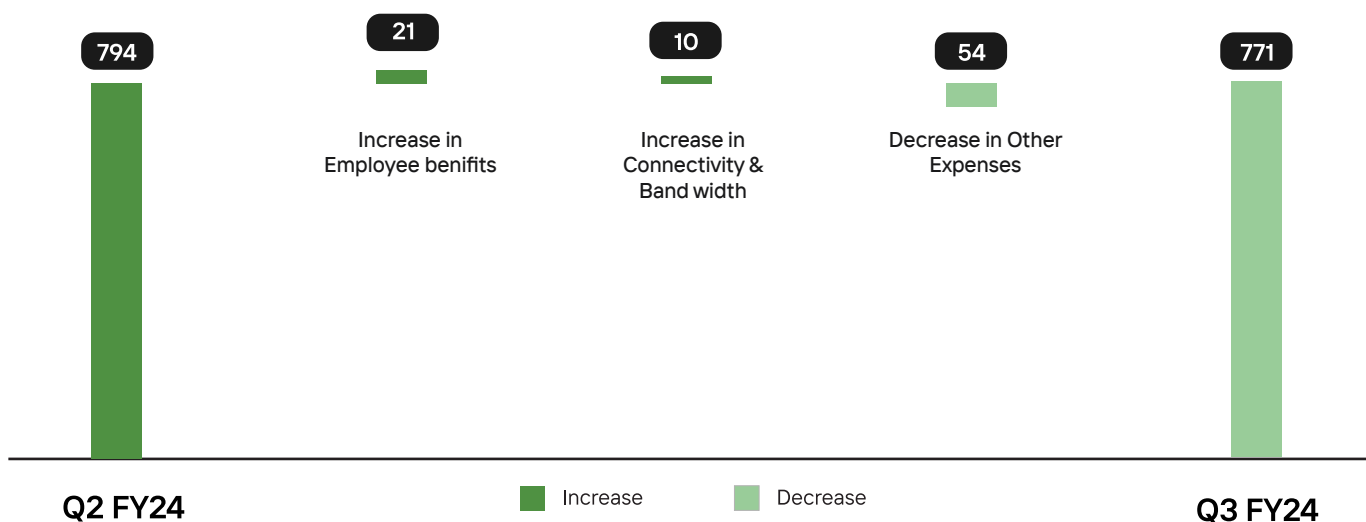
In the middle of the quarter, we saw global consumer-technology majors shifting its use-cases from SMS to WhatsApp or native RCS. This resulted in a steep decline in revenue from ILD business for the quarter. However, we do not expect further impact in this business but expect the overall growth rates here to be sluggish.

Q8. Can you share an update on acquisition of ValueFirst International business?

We will complete integration of ValueFirst business of Middle East and Indonesia in Q4 subject to regulatory approval.

Q9. Can throw some colour on indirect expenses?

Indirect expenses for Q3 were at ₹771 Mn. On a sequential basis, there was an increase in sales and marketing expenses which was offset by reduction in overheads and forex gains. As a result, the overall indirect expenses decreased ₹23 Mn. Cost movement is explained below:



Q10. Can you throw some colour on Depreciation and Amortization?

On provisional fair valuation of net assets as on date of acquisition of ValueFirst India, we added ₹ 560 Mn as intangible assets. The impact of amortization for intangible assets is ₹ 28 Mn for the Q3. On sequential basis, the depreciation increase by ₹ 8 Mn can be attributed to net addition of assets.

(In ₹ Mn, unless otherwise stated)	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Amortisation on Platforms	63	48	164	111
Amortisation on Customer Relationship	71	31	125	94
Amortisation on Trade Name	10	1	10	1
Amortisation on Technology	17	3	17	10
Amortisation on Non-compete	4	2	4	4
Amortisation on Software	4	-	6	-
Depreciation on tangible assets & right of use assets	65	37	298	95
Total Depreciation & amortisation	234	122	624	315

Q11. Can you give a view on effective tax rate (ETR)?

Profit after tax (PAT) grew by 20% YoY to ₹1,401 Mn in Q3. PAT margin increased by 58 bps to 14% in Q3. Effective tax rate was at 19% in Q3.

(In ₹ Mn, unless otherwise stated)	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Profit before tax	1,728	1,450	5,215	4,108
Tax expense	(327)	(285)	(1,034)	(834)
Profit after tax	1,401	1,165	4,181	3,274
Effective tax rate	19%	20%	20%	20%

Tax contribution to exchequer in Q3 was at ₹ 2,229 Mn. These contributions include corporate income taxes and contributions by way of withholding taxes and indirect taxes such as GST in India.

We have received a demand order amounting to ₹ 70 Mn (including interest and penalty) for one of our Indian subsidiaries for availing input tax credit (ITC) under the GST legislation based on tax invoices and payments to vendors for the FY 2017-18. For the said period there was no mandatory provision for vendor reconciliation. There are multiple High Court and a Supreme Court judgement in the favour of the assessee on a similar issue. We are confident that the final judgement will be in Company favour.

Q12. Could you provide more information on cash flows?

We continue to generate free cash flow. Cash generated from operations for Q3 was at ₹ 1,082 Mn (77% of PAT) and Free cash flow of ₹ 640 Mn (46% of PAT). Day sales outstanding (DSO) increased by 2 days to 77 days in Q3. Capital investments were made towards improvement of platforms.

(In ₹ Mn, unless otherwise stated)	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Operating cash flow	1,082	(608)	3,978	398
Capital expenditure	(442)	(259)	(1,159)	(963)
Free cash flow	640	(867)	2,819	(565)

Cash flow movement from Q2 to Q3 explained below:

(In ₹ Mn, unless otherwise stated)



Q13. How is the cash balance looking as at the end of the Q3?

The cash balance increased by ₹ 712 Mn in the quarter. On quarterly basis independent confirmation is obtained by our statutory auditors for 100% of cash balance. The following table depicts the Company's cash composition as of end of Q3.

(In ₹ Mn, unless otherwise stated)	Current accounts- INR	Current accounts-USD	Fixed deposits	Restricted cash	Total
Cash, cash equivalents composition					
HDFC Bank	93	30	3,630	531	4,284
HDFC Limited	-	-	-	-	-
State Bank of India	3	-	247	-	250
Axis Bank	18	-	1	1	20
Kotak Mahindra Bank	2	-	70	-	72
Citibank (Dubai)	-	189	-	4	193
DBS Bank (Singapore)	-	419	552	30	1,001
ICICI Bank	3	-	290	-	293
Others	22	-	-	27	49
Total	141	638	4,790	593	6,162

Restricted cash is held as margin money deposits given for bank guarantees and cash credit limits. Below table shows cash balance by investment category.

In Mn, unless otherwise stated	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Cash					
Restricted cash	250	261	263	593	593
Current accounts- INR	470	417	1,089	247	141
Current accounts- USD	1,480	1,747	1,704	1,750	638
Investments					
Fixed deposits	5,480	4,691	4,982	2,860	4,790
Cash and cash equivalents (CCE)	7,680	7,116	8,039	5,450	6,162

Q14. What is the latest on ESG front?

We are focused on good governance and sustainability and follows several frameworks & standards to establish the same. S&P Global conducts an assessment of the ESG practises annually, releasing an annual ESG score for companies under various categories.

We have been invited to participate in this assessment from the year 2022. In the very first year our ESG score was 32 and in November 2022, we topped the Indian companies under the SOF Software category. In December 2023, our score has moved to 68, more the double the score of previous year and also reached a 99 percentile in the global SOF category.

S&P Global CSA (Corporate Sustainability Assessment) SOF questionnaire gives weightage of 21 marks for Environment, 35 for Social & 44 for Governance domains. In each domain E, S & G, we have scored 63%, 67% and 70% respectively. The weighted averages are then converted to absolute scores totalling to 68 which you can see in the table below as seen in the S&P Global website.

Q15. 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.

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 Dec 31, 2023, paid-up share capital was ₹ 134.5 Mn

Shareholder Ownership

As of Dec 31,2023, Company has about 2,19,688 shareholders as compared to 2,00,796 shareholders as on Sep 30, 2023. Promoters and employees hold 47.5% of the total equity.

Movement in shareholder pattern for last five quarters:

Shareholder category	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
Promoters	43.7%	44.2%	44.2%	44.2%	44.2%
Employees	5.3%	4.8%	4.8%	4.5%	3.4%
Retail	36.9%	36.8%	36.0%	35.4%	36.1%
FII	14.0%	14.2%	14.6%	15.2%	15.5%
Mutual Funds	-	-	0.4%	0.7%	0.8%
DII	0.08%	0.08%	0.02%	0.0%	0.0%
Total	100%	100%	100%	100%	100%

Annexure- 1 Quartely Discloures

(In ₹ Mn, unless otherwise stated)	Three months Ended		Nine months Ended	
	Dec 31		Dec 31	
	(Un-Audited)		(Un-Audited)	
	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Revenue from operations	10,026	8,696	29,223	25,208
Gross profit	2,699	2,168	7,874	6,075
Gross margin	26.9%	24.9%	26.9%	24.1%
EBITDA	1,928	1,513	5,718	4,216
EBITDA margin	19.2%	17.4%	19.6%	16.7%
EBITDA/ Gross profit	71.4%	69.8%	72.6%	69.4%
EBIT	1,694	1,391	5,094	3,901
EBIT margin	16.9%	16.0%	17.4%	15.5%
Interest Income	39	53	122	148
Interest yield	4.7%	4.2%	5.0%	4.2%
Profit after tax	1,401	1,165	4,181	3,274
Profit after tax margin	14.0%	13.4%	14.3%	13.0%
Free cash flow	640	-867	2,819	-565
Earnings per share (In ₹)	10.42	8.58	31.10	24.11
EBITDA per share (In ₹)	14.3	11.15	42.53	31.05
Cash and Cash equivalents	6,162	7,680	6,162	7,680
ROCE - (Including CCE)	-	-	35%	31%
ROCE - (Excluding CCE)	-	-	51%	58%
DSO days	77	67	79	68
Average number of employees	644	619	646	621

CONDENSED CONSOLIDATED INCOME STATEMENT

(In ₹ Mn, unless otherwise stated)	Three months Ended		Nine months Ended	
	Dec 31		Dec 31	
	(Un-Audited)		(Un-Audited)	
	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Revenue from operations	10,026	8,696	29,223	25,208
Cost of services	(7,327)	(6,528)	(21,349)	(19,133)
Gross profit	2,699	2,168	7,874	6,075
Operating expenses				
Sales and Marketing	(199)	(154)	(460)	(362)
General and administrative	(572)	(501)	(1,696)	(1,497)
Total operating expenses	(771)	(655)	(2,156)	(1,859)
EBITDA	1,928	1,513	5,718	4,216

Depreciation	(234)	(122)	(624)	(315)
EBIT	1,694	1,391	5,094	3,901
Finance cost	(17)	(2)	(46)	(9)
Other income	51	61	167	216
Profit before tax	1,728	1,450	5,215	4,108
Tax expenses	(327)	(285)	(1,034)	(834)
Profit after tax	1,401	1,165	4,181	3,274
Earnings per share (In ₹)	10.42	8.58	31.10	24.11

CONDENSED CONSOLIDATED BALANCE SHEET

(In ₹ Mn, unless otherwise stated)	Dec 31, 2023 (Un-Audited)	Dec 31, 2022 (Un-Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,109	600
Platforms	722	933
Customer Relationships	388	164
Trade Name	41	-
Brands	0	3
Non-Compete	21	26
Technology & Software	290	3
Intangible assets under development	971	302
Goodwill	2,639	1,346
Right-of-use-lease assets	665	583
Capital work in progress	135	684
Investment Property	13	-
Financial assets	283	156
Deferred tax assets (net)	414	346
Other non-current assets	838	427
Total non-current assets	9,529	5,573
Trade receivables	9,191	6,316
Cash and bank balances	6,162	7,680
Other Financial assets	5,445	4,213
Other current assets	487	1,056
Total current assets	21,285	19,265
TOTAL ASSETS	30,814	24,838

EQUITY AND LIABILITIES

Equity share capital	134	136
Other equity	18,770	15,942
Total equity	18,904	16,078
Non current liabilities		
Financial liabilities		
Borrowings	0	0
Lease liabilities	602	562
Other financial liabilities	9	8
Provisions	18	29
Other non-current liabilities	7	6
Total Non Current Liabilities	636	605
Current liabilities		
Trade payables	7,178	5,142
Lease liabilities	148	62
Other financial liabilities	3,525	2,519
Other current liabilities	43	87
Short term provisions	86	2
Liabilities for current tax (net)	293	343
Total Current liabilities	11,274	8,155
TOTAL EQUITY AND LIABILITIES	30,814	24,838

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(In ₹ Mn, 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	-	-	4,181	-	4,181
Other comprehensive income	-	25	-	-	25
Issue of equity shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

Dividend declared	-	-	(538)	-	(538)
Others	-	-	-	61	61
Closing balance 31 Dec 2023	134	2,546	15,552	672	18,904

CONDENSED STATEMENT OF CASH FLOWS (Un-Audited)

(In ₹ Mn, unless otherwise stated)	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Cash flow before changes in working capital	1,945	1,605	5,879	4,566
Changes in working capital	(677)	(1,792)	(1,125)	(3,116)
Cash generated from operations	1,268	(187)	4,754	1,451
Taxes	(186)	(421)	(776)	(1,052)
Cash flow from operating activities	1,082	(608)	3,978	398
Net investments in tangible and intangible assets	(442)	(259)	(1,159)	(963)
Purchase/(Sale) of Investments in Subsidiary/associate	-	-	(3,737)	-
Interest and other income received	45	99	145	204
Movement in other cash balances	-	-	-	600
Cash flow from investing activities	(398)	(160)	(4,752)	(159)
Issue of shares	-	-	-	-
Buyback of shares	-	-	-	-
Dividend paid during the year	-	-	(538)	(1,086)
Payment and Interest paid on lease liabilities	(3)	(75)	(124)	(96)
Borrowings	-	-	-	-
Cash flow from financing activities	(3)	(75)	(661)	(1,181)
Cash flow for the period	681	(843)	(1,435)	(943)
Cash, cash equivalents at the beginning of period	5,450	8,523	7,116	8,623
Forex Fluctuations	31	-	(24)	-
Cash Acquired on ValueFirst Acquisition	-	-	506	-
Cash and cash equivalent	6,162	7,680	6,163	7,680
Fixed deposits having maturity greater than 12 months	-	-	-	-
Cash, cash equivalents closing balance	6,162	7,680	6,162	7,680

Annexure- 2 Quartely trends

Key financial ratios	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24
Revenue growth	35.3%	31.5%	27.7%	1.1%	(1.7%)	(2.3%)	13.9%	18.5%	15.3%
Gross margin %	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%	26.5%	27.4%	26.9%
EBITDA margin %	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%	20.0%	19.5%	19.2%
EBIT margin %	21.7%	20.4%	15.2%	15.2%	16.0%	18.2%	18.2%	17.3%	16.9%
Net profit margin %	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%	14.9%	14.1%	14.0%
Free cash flow	302	444	718	(416)	(867)	1,472	869	1,310	640
Day sales outstanding	54	59	74	61	67	62	67	75	77
ROCE (Including CCE)	51.0%	47.0%	31.7%	32.7%	31.2%	34.0%	38.4%	38.5%	34.7%
ROCE (excluding CCE)	170.0%	141.0%	89.3%	73.9%	57.8%	61.4%	71.8%	55.0%	50.8%

Revenue (In ₹ Mn)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24
Platform	658	687	680	751	782	815	879	953	958
Enterprise	8,191	7,844	7,321	7,759	7,914	7,520	8,232	9,133	9,068
Total	8,849	8,531	8,001	8,510	8,696	8,335	9,111	10,086	10,026

Gross profit (In ₹ Mn)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24
Platform	598	650	653	724	751	781	851	931	934
Enterprise	2,012	1,784	1,197	1,332	1,418	1,508	1,562	1,831	1,765
Total	2,610	2,434	1,850	2,056	2,168	2,289	2,413	2,762	2,699

Gross margin	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24
Platform	90.9%	94.7%	95.9%	96.4%	96.0%	95.9%	96.8%	97.7%	97.5%
Enterprise	24.6%	22.7%	16.4%	17.2%	17.9%	20.1%	19.0%	20.0%	19.5%
Total	29.5%	28.5%	23.1%	24.2%	24.9%	27.5%	26.5%	27.4%	26.9%

EBITDA (In ₹ Mn)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY22	FY22	FY23	FY23	FY23	FY23	FY24	FY24	FY24
EBITDA	2,028	1,841	1,307	1,395	1,513	1,661	1,822	1,968	1,928
EBITDA margin	22.9%	21.6%	16.3%	16.4%	17.4%	20.0%	20.0%	19.5%	19.2%
EBITDA/Gross profit	77.7%	75.7%	70.6%	67.8%	69.8%	72.6%	75.5%	71.3%	71.4%
EBITDA/per share	14.97	13.55	9.63	10.28	11.15	12.36	13.56	20.54	14.33

Profit/(loss) after tax (In ₹ Mn)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Profit/(loss) after tax	1,580	1,406	1,004	1,104	1,165	1,203	1,354	1,425	1,401
Profit after tax margin	17.9%	16.5%	12.5%	13.0%	13.4%	14.4%	14.9%	14.1%	14.0%

Earnings per share (In ₹)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Basic earnings per share	11.66	10.36	7.40	8.14	8.58	8.88	10.07	10.60	10.42

Free cash flow (In ₹ Mn)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Free cash flow	302	444	718	(416)	(867)	1,472	869	1,310	640

RSU's vested yet to be exercised for FY 23-24	No of RSU's
Opening Balance Oct 1, 2023	2,73,997
RSU's granted	-
RSU's vested	-
RSU's exercised	26,500
RSU's lapsed	-
Balance as on Dec 31, 2023	2,47,497

RSU's vested yet to be exercised for FY 23-24	No of RSU's
RSU's vested yet to be exercised as on Dec 31, 2023	0
FY 23-24	50,000
FY 24-25	1,09,999
FY 25-26	74,998
FY 26-27	12,500
Balance as on Dec 31, 2023	2,47,497

Other Income (In ₹ Mn, unless otherwise stated)	Q3 FY24	Q3 FY23	9M FY24	9M FY23
Interest income	39	53	122	204
Interest on income tax refund	5	-	13	-
Others	6	8	32	12
Other income	51	61	167	216
Interest yield	4.7%	4.2%	5.0%	3.3%

Property, Plant and Equipment (In ₹ Mn, unless otherwise stated)	Dec 31, 2023	Dec 31, 2022
Property, Plant and Equipment, Net		
Land	77	77
Buildings	136	20
Leasehold improvements	582	0
Furniture	333	5
Computers	873	480
Office equipment	54	14
Vehicles	11	3
Air conditioners	3	1
Platforms & Deployments	42	-
Total	2,109	600

Intangible assets (In ₹ Mn, unless otherwise stated)	Dec 31, 2023	Dec 31, 2022
Intangible assets		
Platforms	722	933
Customer Relationships	388	164
Trade Name	41	3
Non-compete	21	26
Software	290	26
Total Intangible assets	1,462	1,129
Intangible assets under development	971	302
Goodwill	2,639	1,346

Goodwill (In ₹ Mn, unless otherwise stated)	Karix	Gamooga	ValueFirst	Total	Useful life	Impairment/ Amortization	Net Carrying value
Goodwill	1,586	250	1,293	3,129	-	490	2,639

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:	<p>The Code prescribes the Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of the Company.</p> <p>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 December, 1st December until 48 hours after the declaration of financial results of the Company for the respective quarter.</p>
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

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

Dr. RS Sharma
Independent Director
Ex TRAI Chairman

Auditors

Statutory Auditor
M/s. MSKA & Associates
Ananthkrishnan Govindan - Partner

Internal Auditor
Deloitte Touche Tohmatsu
India LLP Vishal Shah - Partner

GST Consultants
M/s. BDO India LLP INDIA
Rajitha Boorugu - Partner

Consultants

Process consultants
KPMG in India
Amit Jain - Partner

Tax consultants
PWC in India
Amit Jain - Partner

ESG consultants
Ernst & Young
Sayooj Thekkevariath -Partner

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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