

# Update on Strategic Acquisitions

ValueFirst India from Twilio &  
ValueFirst Middle East FZC from existing shareholders

8<sup>th</sup> June 2023



# 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 derivate 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 05/06/23, 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.

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# Deal construct



## 3-part construct

### ValueFirst India

Closure date : **July 2023**

Stake buyout : **100%** of the paid-up capital (1.67L equity shares of Rs 10 each) from **Twilio**

Deal size : **USD 42 Mn<sup>+1</sup>**

Deal type : **All-cash deal**



### ValueFirst Middle East FZC

*(incl. subsidiaries in Indonesia, KSA & Dubai)*

Closure date : **September 2023**

Stake buyout : **100%** of **ValueFirst Middle East FZC** (100 shares of AED 1000 each) by Tanla and its subsidiaries

Deal size : **INR 20 Cr<sup>2</sup>**

Deal type : Infusion / acquisition of capital by Tanla & its subsidiaries



### Management Agreement

RSU grant in ValueFirst India : P&L implication of **INR 50 Cr** over 24 months (exercise price at face value)

**Grant details** : Would be spread over 24 months, with time-based and performance-based vesting

**Management** : Current management will continue to manage both the entities and we are incentivizing the team for value creation

*Note: For the purpose of this presentation, we are combining the financials of two transactions to give an integrated view for easy understanding*

1. Purchase price of USD \$42Mn (subject to upward closing adjustments in the range of USD 2.5Mn to 3.5 Mn, as agreed in transaction documents)  
2. By way of a combination of a primary investment and secondary acquisition of shares

# ValueFirst has huge potential to grow

Figures in INR Cr for FY'23 for ValueFirst and Karix; CY'22 for Sinch & Lynk

## ValueFirst is one of the Top 5 CPaaS providers in India...

Founded in **2003** by Vish. Bajaj;

**80%** revenue from >3 year old customers






**9+** Channels



**3+** International countries served



## ...peer benchmarking of CPaaS industry showcases immense potential for ValueFirst to grow

Key metrics	 sinch Enriching Engagement	 link mobility	 ValueFirst India + Value First Middle East FZC <sup>1</sup>	 karix connect • interact
<b>Revenue (INR Cr)<sup>1</sup></b>	22,306	4,360	~950 <sup>5</sup>	~2600
<b>Revenue growth<sup>2</sup></b> (5 yr. CAGR)	62% <i>Including inorganic growth</i>	27%	19%	31%
<b>EBITDA</b>	1,876	430	52 <sup>7</sup>	474
<b>EBITDA %</b>	8.4%	9.9%	5.6%	<b>18.3%</b> 
<b>PAT %</b>	(17.6%)	(2.9%)	3.6%	14.3%
<b>Market Cap (INR CR)</b>	15,225	2,739	370 <sup>3</sup> Purchase price consideration	-
<b>EV/EBITDA</b>	11.3	12.2	~7 <sup>4</sup>	-

Source: Capital IQ, Historical FX rate taken as of Capital IQ

1. **Two independent acquisitions, financial numbers combined for easy understanding**
2. Basis FY19-FY23 revenue growth
3. Taken per current purchase price of USD \$42Mn (subject to upward closing adjustments in the range of USD 2.5Mn to 3.5 Mn, as agreed in transaction documents) and INR 20 Cr for ValueFirst Middle East FZC (By way of a combination of a primary investment and secondary acquisition of shares)
4. EV/EBITDA for ValueFirst as a consolidated entity calculated basis current deal valuation
5. All financial numbers are provisional, subject to audit
6. Recurring EBITDA

**ValueFirst has significant headroom to grow**

# Our track record | ~20x EBITDA growth in Karix in 5 yrs.

Figures in INR Cr

	Karix <sup>1</sup>		Tanla (Consolidated)	
	FY'19	FY'23	FY'19 <sup>3</sup>	FY'23
Revenue	881	~2600 (~3x)	1,444	3,354 (2.3x)
GM	118	631 (5.3x)	261	836 (3.2x)
EBITDA	24	474 (~20x)	121	588 (~5x)
PAT	5	374 (~70x)	35	448 (12.7x)
GM %	13.4%	24.3% (11pp)	18.1%	24.9% (7pp)
EBITDA %	2.7%	18.3% (15.5pp)	8.4%	17.5% (9pp)
PAT %	0.6%	14.4% (14pp)	2.4%	13.3% (11pp)



## Acquisition impact



**No cash investments:** Only payment was for initial purchase consideration



**Talent Retention:** Retained key talent and grown



**Customer base: 50% of revenues** contributed by **50 of Top 100 customers**, retained for more than 5 years

**Karix acquired at INR 340 Cr**



**Technology acquisition: Marketing automation platform** for personalization at scale



**Engine of innovation for several greenfield opportunities: Fueled AI/ML based launches such as Wisely ATP, Wisely Communicate, etc.**

...We are taking ValueFirst on a similar journey

1. Numbers for Karix as a standalone business unit (Includes platform component generated from enterprises)  
2. pp = percentage point

3. Deemed consolidation if Karix was part of Tanla for likewise comparison to FY'23



# ValueFirst will be a **strategic acquisition** to bolster enterprise business

Historical acquisitions



**Largest in India and one of the largest** publicly listed CPaaS players globally

## Enterprise business

## Platform business



India's **largest CPaaS player**

*Detailed ahead*



**Value-First**  
acquisition

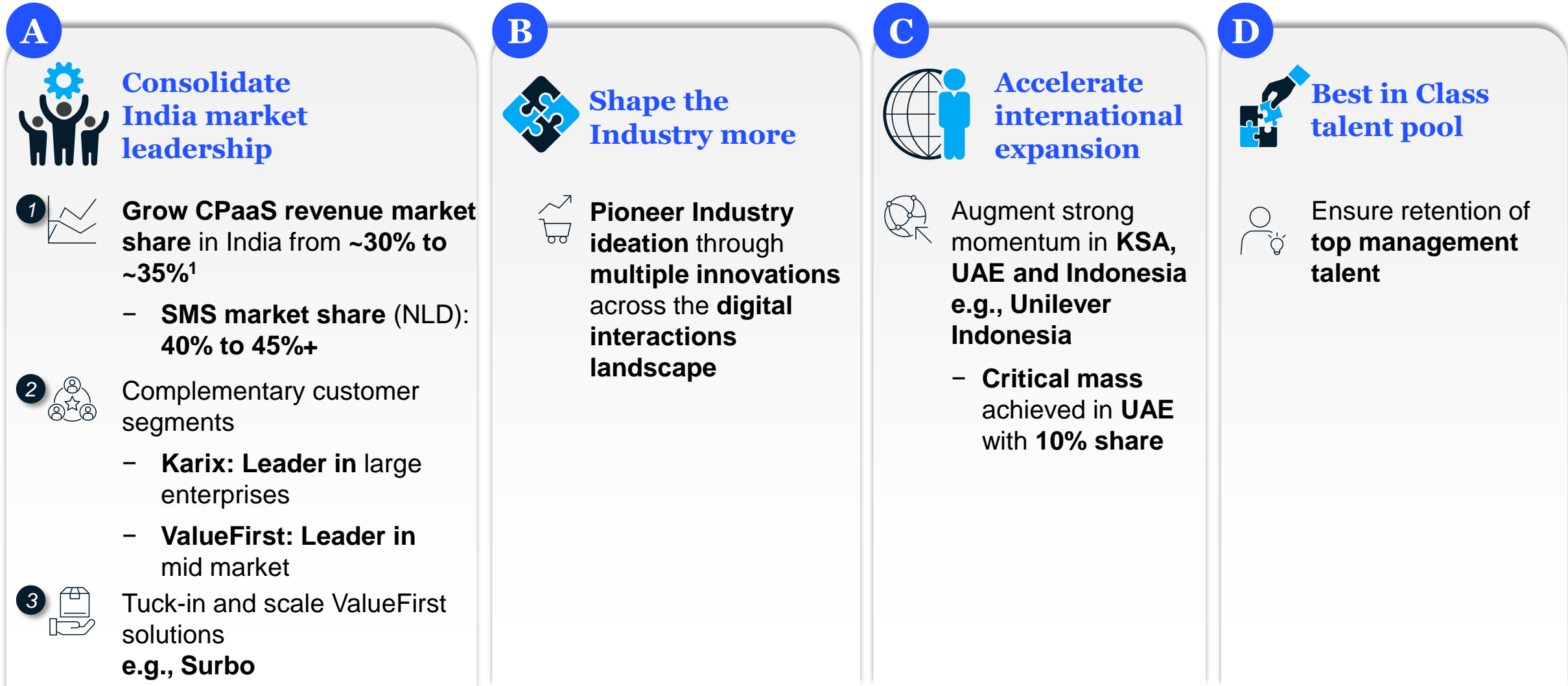
**Top 5 CPaaS player**



**Single platform of platforms** for **digital interactions** across the **customer communication value chain** addressing the needs of multiple buying centers

- **Trubloq**: World's **first blockchain enabled compliance platform** trusted by 50K+ enterprises
- **Wisely ATP**: A first of it's kind **AI-ML led anti-phishing platform** for proactive identification, prevention and elimination
- **Wisely communicate**: a unique e2e **encrypted blockchain based platform** for enhanced user experience

# Tanla + ValueFirst India + ValueFirst Middle East FZC; bigger, better and stronger !



1. Interco. Overlap excluded

**Note:**  
For the purpose of this presentation, we are combining the financials of the two transactions for easy understanding  
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

# A1. Consolidation of India market leadership in CPaaS space

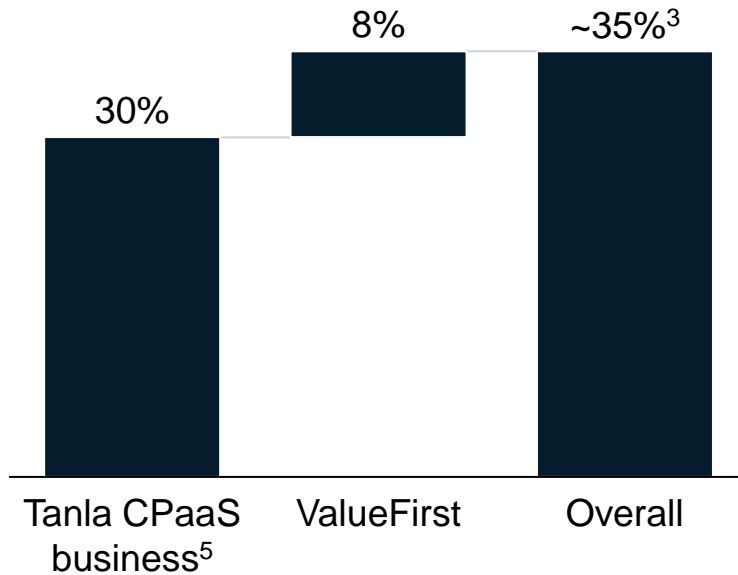
FY23 figures for Tanla CPaaS business excluding all International Business; Figures in INR Cr



**Market share consolidation by value**

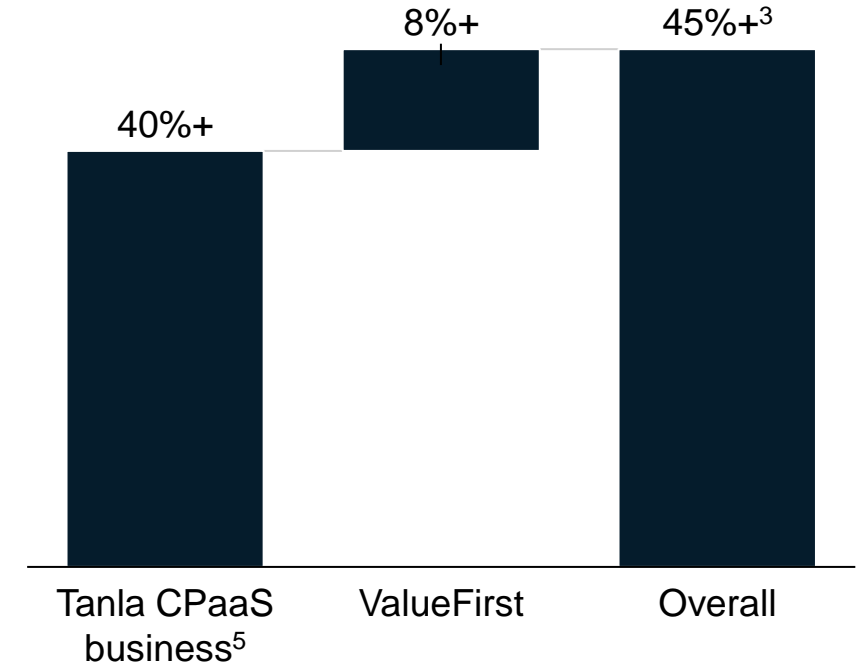
**30% to 35%+**

Market share<sup>2</sup>



**Market share consolidation by SMS by value**

**SMS<sup>1</sup>**  
(NLD)



1. Includes enterprise + aggregation revenue  
 2. Includes SMS NLD (including DLT) and ILD, email and WhatsApp  
 3. Interco. Overlap excluded  
 4. Tanla CPaaS business numbers = Karix as a standalone business unit + aggregation business  
 5. All financial numbers are provisional, subject to audit  
 6. Only ValueFirst combined entities' India business; For the purpose of this presentation, we are combining the financials of the two transactions for easy understanding  
 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



# A2. Complementary customer footprint – ValueFirst leader in mid market; Karix in large enterprise (1/2)

ValueFirst's clients  Common clients

Illustrative logos; Non-exhaustive

## Large enterprises

## Mid-sized enterprises



BFSI



Digital natives and commerce



Consumer products & services



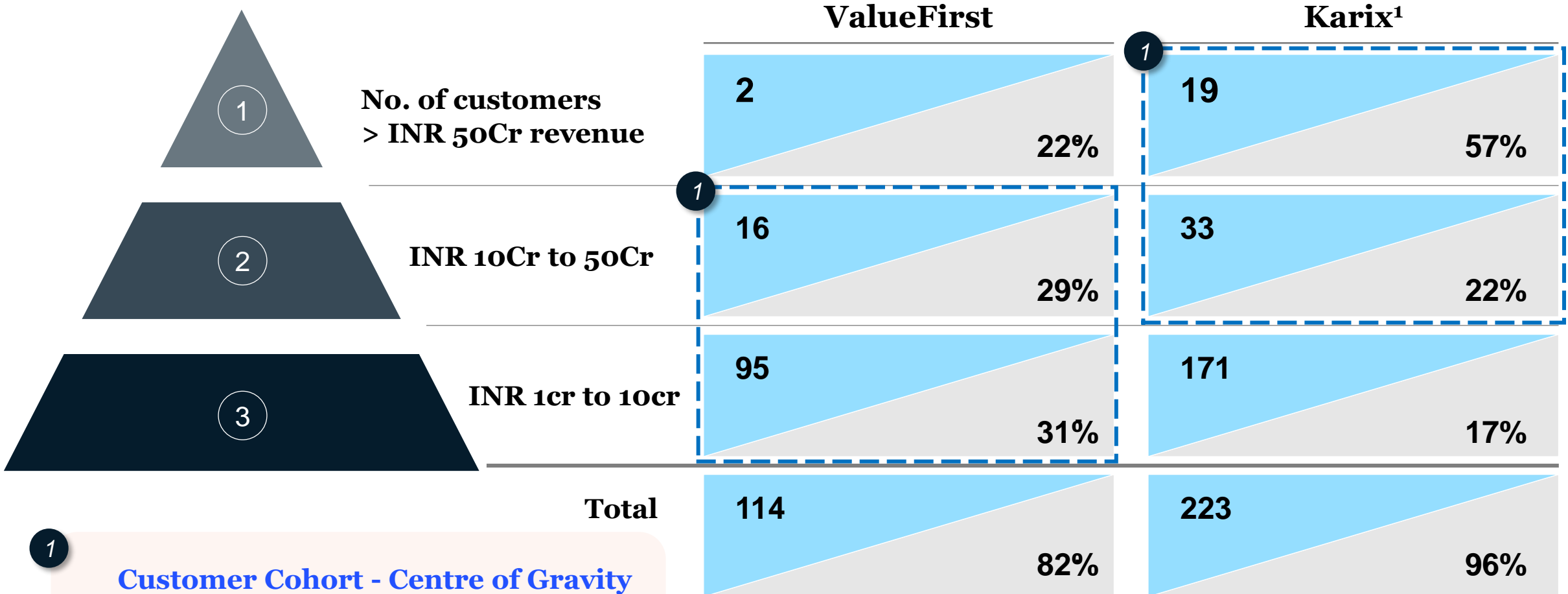
← ~40% of ValueFirst revenue are from customers net new to Tanla →

# A2. Complementary customer footprint – ValueFirst leader in mid market; Karix in large enterprise (2/2)

Revenue cohort from India customers for FY'23

Centre of gravity

# of customers  
% of revenue



1. Numbers for full Tanla consolidated business

Note: For the purpose of the presentation, we are combining the financials of the two transactions for easy understanding

# A3. Tanla can leverage ValueFirst solutions and generate at scale impact

## Illustrative for Surbo

Surbo offers a platform for enterprises to **build, host and manage NLP-driven chatbots for messaging channels** via managed services

### Customer journey



Illustrative use case over WhatsApp



Onboard on the platform through a **seamless journey**



Build **intuitive chatbots** through easy-to-use **conversation builder**, subsequently train them using **extensive database**



Enable **seamless engagement** via numerous response types and **third party integrations**



Deploy on **multiple communication channels**



Top-class monitoring and reporting enabled by **NLP & sentiment analysis**, and **advanced analytics**

# 2X

Increase potential due to cross sell of Surbo to **1300+** Tanla customers



BFSI



Ecommerce



Telecom

Sectors with highest potential to cross-sell Surbo



Launched in 2017, it already has

**150+** active customers;

**100M+** conversations per month



Unilever



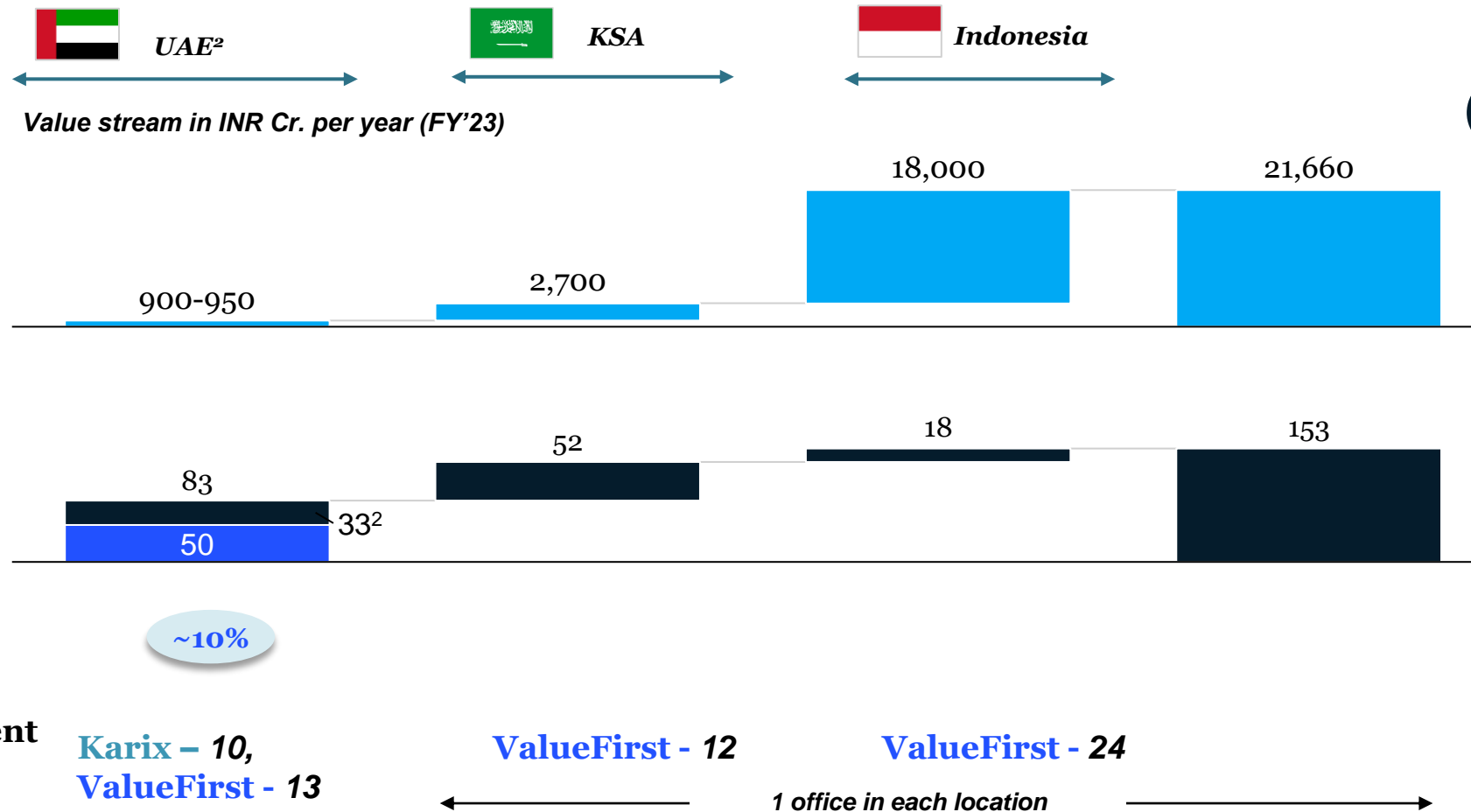
LOTTE Mart



# C. ValueFirst will help accelerate international expansion; potential to increase by 2-2.5X in the next few months

Will provide access points into priority markets like KSA and Indonesia

■ Total addressable market ■ Karix<sup>3</sup> ■ ValueFirst



### Key insights

- **UAE**
  - **Critical mass achieved** with **10%** market share
- **KSA/Indonesia**
  - **Significant headroom to grow** in INR **20k+** Cr market

1. Calculated as monthly traffic \* 12 \* price per msg. UAE= 800mn/month \* 12 \* INR 1; KSA= 3bn/month \* 12 \* INR 0.75; Indonesia= 6bn/month \* 12 \* INR 2.5

2. Numbers for Karix as a standalone business units (Includes some portion of platform revenue)

Note: For the purpose of the presentation, we are combining the financials of the two transactions for easy understanding;

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

## D. ValueFirst top talent will make our C-suite even stronger



**Vishwadeep Bajaj**  
Chief Executive Officer

- Vishwadeep has **33+ years of CPaaS and telco experience**
- He has been with ValueFirst for **19+ years**
- An alumnus of **MIT Sloan School of Management**, he has worked with CMC Limited and Siemens in the past



**Anubhav Batra**  
Chief Financial Officer

- Anubhav is a tenured finance and accounting professional with **15+ years of experience**
- He has been with ValueFirst for **11 years**
- A **Chartered Accountant**, Anubhav has worked at EY and KPMG prior to joining ValueFirst



**Debmalya De**  
Chief Technology Officer

- An IT & Telecom professional with **25 years of experience**, Debmalya joined ValueFirst **~5 years** back
- He has previously worked at Spice Digital, Wipro, **ACL (Sinch), Unified Telecom and Lumata**
- Debmalya has B.Sc from St. Xavier's College and is an **IIM-L alumnus**



**Gurmukh Singh**  
Chief Operating Officer

- Gurmukh is a veteran in Operations and has **~24 years of experience**
- He has been with ValueFirst for **19+ years**
- A graduate from **Guru Nanak Dev Engineering College**, Gurmukh has previously worked at Hitachi

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We will ensure retention of **top talent** – Average tenure of **10+ years**

# ValueFirst acquisition is a slam dunk!

*“Acquisition of ValueFirst will further strengthen our undisputed market leadership in India.*

*We only believe in purposeful acquisitions and have had an incredible track record with Karix acquisition, which has seen 20x EBITDA growth over the last 5 years.*

*I am confident we will embark on a similar journey with ValueFirst to unlock massive value”*

**D. Uday Kumar Reddy**

*Founder Chairman & CEO, Tanla*



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**Massive head-room:** Potential to create significant value within 12 months



**Proven track record:** Karix acquisition **20x** EBITDA in 5 yrs.



**Complementary customer footprint:** Karix **50%** share of large enterprise + ValueFirst **~20-25%** share of midmarket



**Complementary Geography:** **~20%** of ValueFirst Middle FZC revenues comes from KSA, UAE & Indonesia with INR 20,000 Cr TAM



**Capital efficient:** No further investment, **immediately EPS accretive**










**We know ValueFirst !**  
It's been our customer for **~10** years and a great cultural fit



# Currently, Tanla & ValueFirst together has revenue of **INR 4000 Cr** and **INR 481 Cr PAT**

Figures in INR Cr, for FY'23

		Tanla consolidated (Existing)	New Consolidated entity <sup>1</sup>
	<b>Revenue</b>	3,355	~4,000 <sup>2</sup>
	<b>Gross Margin</b>	837	1,007
	<b>EBITDA</b>	588	640
	<b>PAT</b>	448	481
	<b>GM%</b>	24.9%	25.2%
	<b>EBITDA %</b>	17.5%	16.0%
	<b>PAT%</b>	13.4%	12.0%

## Key insights

- 1** **Gross Margin Uplift of 30 bps:** INR 285 Cr revenue already part of Tanla revenue. However, associated Gross Margin will get accrued to consolidated figures with acquisition
- 2,3** **EBITDA and PAT:** Opportunity to improve 140-150 bps on consolidated basis within 12-18 months

1. Including 2 acquisitions of ValueFirst India and ValueFirst Middle East FZC. Numbers consolidated for easy understanding. All financial numbers of acquired entities are provisional, subject to audit

2. Interco. Overlap excluded