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October 28, 2022

To,

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

**Sub: Transcript of the Earnings Call.**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find attached herewith the transcript of the Earnings Call on Un-Audited Financial Results of the Company for the quarter and half year ended September 30, 2022, held on Friday, October 21, 2022, at 4:30 PM IST.

The transcript is uploaded on the Company’s website as well on below link;

[https://www.tanla.com/media/announcement/ec\\_transcriptq2fy23.pdf](https://www.tanla.com/media/announcement/ec_transcriptq2fy23.pdf)

Request you to take the same on record and oblige.

Yours faithfully,

For **Tanla Platforms Limited**  
(Formerly known as Tanla Solutions Limited)

Seshanuradha Chava  
Company Secretary  
ACS-15519



**Tanla Platforms Limited**  
**Q2 FY23 Earnings Conference Call Transcript**  
**October 21, 2022**

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<b>Call Duration</b>	<b>▪ 64 minutes</b>
Management	<ul style="list-style-type: none"><li>▪ Ritu Mehta - Head of Investor Relations</li><li>▪ Uday Kumar Reddy - Founder, Chairman &amp; Chief Executive Officer</li><li>▪ Aravind Viswanathan - Chief Financial Officer</li><li>▪ Deepak Goyal - Executive Director &amp; Chief Business Officer</li></ul>
Participants that asked the questions	<ul style="list-style-type: none"><li>▪ Anil Nahata - Individual Investor</li><li>▪ Tejas Shah - Laser Securities</li><li>▪ Jinesh Gandhi - AUM Fund Advisors LLP</li><li>▪ Balaji Subramanian - IIFL</li><li>▪ Miraj Shah - Dalal &amp; Broacha</li><li>▪ Abhishek Anand - Centrum Broking</li><li>▪ Milind Karmarkar - Dalal &amp; Broacha PMS</li><li>▪ Amit Chandra - HDFC Securities</li><li>▪ Deepak Chokhani - Individual Investor</li><li>▪ Amit Mishra - Individual Investor</li></ul>

**Operator:**

Ladies and gentlemen, good day and welcome to Tanla Platforms Limited Q2 and H1 FY23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ritu Mehta, Investor Relations at Tanla Platforms Limited. Thank you and over to you.

**Ritu Mehta:**

Hello, everyone. I'm Ritu Mehta and I lead Investor Relations for Tanla Platforms. On behalf of everyone at Tanla, I would like to welcome all of you to our Q2 earnings call. Joining with us today are Uday Reddy, our Founder, Chairman and CEO; Deepak Goyal, Executive Director and Chief Business Officer; and Mr. Aravind, our CFO. Uday Reddy will share his perspectives of business and strategic progress made by Tanla. After his opening remarks, we will be happy to engage with participants and address the questions.

Before I hand it over to Uday, let me draw your attention to the fact that today's discussion may feature statements that are forward-looking in nature. All statements other than statements of historical facts could be deemed forward-looking in nature. Such statements are inherently subject to risk and uncertainties, some of which cannot be predicted or quantified. A detailed disclosure in this regard is mentioned in the results presentation that is uploaded on our website. Now I hand it over to Uday.

**Uday Kumar Reddy:**

Thank you, Ritu. Good evening, everyone. Welcome to our Q2 FY23 earnings. Let me share my thoughts before we go to Q&A. First, I would like to cover innovation. We have been investing our time and energies in Wisely platform, which is our platform of platforms for digital interactions. It has made a tremendous progress. I'm pretty excited to share a lot of evidence of Wisely success. And we'll share this consistently going forward.

I have talked about my passion of building a platform company. So any platform company will have to demonstrate a few key metrics. A is, it should have high margins; B is, it should have tremendous customer stickiness; C is, to be able to scale; and D is, it should be able to offer predictability on business and the key is you should be very, very asset light. Meaning to say that like we don't have to really invest tons of money on these platforms. So I'm happy to see Wisely, check the box on each and every one of these metrics.

Let me drill down on each Wisely platform now. On Wisely Communicate platform, three of the top banks are on this platform and delivering critical communication to their users. For one of the banks, 30% of their critical UPI messages are through this Wisely with end-to-end encryption on the Blockchain. And we have scaled up to this level in less than two months.

On Wisely OTT platform, 700 million plus transactions were delivered in Q2 for over 40 customers including top banks, and e-commerce companies. We have a huge opportunity for Wisely to scale up. Our sales funnel is looking solid for this platform.

On Wisely Network platform, just to give you a sense of scale. We have processed more than 35 billion transactions through our AI/ML engines in Q2. We are on the track to reach ₹100 crores gross margin run rate per annum. So big trust is now to accelerate to go-to-market on Wisely platforms. We have the

many platforms now. We have many customers with us. Now it is the time for us to scale the business.

I would like to thank my team and our partners and our customers who played a very important role in this journey. We're just getting started. And we are just getting started and we keep innovating and improving relentlessly.

In terms of enterprise business, we are seeing improvement. Our big focus here is to accelerate our new customer acquisitions and gain wallet share in existing customers. Deepak will give more details on this business in his speech. Let me now cover capital allocation and ESG.

Our capital allocation has always been -- has been very disciplined. During the quarter, we have announced our dividend policy of 30% payout of consolidated profit after-tax and interim dividend -- and paid interim dividend of ₹6. We also announced our buyback of ₹170 crores. We are building our business with lot of focus on ESG. Tanla scored 32 in S&P global score compared to industry average of 18. We'd be in the top 90% plus percentile in industry and we will continue to improve from here.

In summary, we have shown improvement in the quarter -- in this quarter and we will built on this in Q3 and beyond both in platform and enterprise business.

Let me hand it over to Deepak to talk about the enterprise business post which we will take Q&A. And Deepak, would you like to take it from here? Deepak?

**Operator:** Mr. Goyal.

**Deepak Goyal:** Yeah. Am I audible?

**Operator:** Yes sir. You are.

**Uday Kumar Reddy:** Yeah, yeah. Deepak, yeah. Yeah, continue.

**Deepak Goyal:** Yeah. Thank you, Uday, and good evening everyone. I'd -- I'll give you some highlights on the enterprise business of Tanla and Karix Mobile. As you must have seen in the results, we saw an improving trajectory in both revenues and gross margins in the enterprise business in Q2. Revenues grew by 6% and gross margin grew about 11% as compared to Q1.

Overall, if you see we have grown, our gross margin grew by about 1% compared to Q1 that is despite we losing about 1% due to currency movement, primarily Euro against USD where USD got stronger. So and we had an impact about 1% due to that.

As far as Q3 is concerned, we are entering Q3 with a lot of confidence and stability. We see a lot of opportunities ahead of us and I expect momentum to pick up in Q3 and beyond.

If I talk about the opportunities, I would divide into two, one with our existing customers and another with the potential customers. So, if you look at our existing customers, as you know, we are industry leaders. We have -- we are present at more than 60% of the customers in India, where the messaging business is getting originated, and our wallet share is around 50%. So, overall we are -- we have more than 30% of market share in India, right.

And the opportunity in front of us is as Uday said, we need to increase our wallet share there by providing continuous great services to our customers. And the another big one is by penetrating with more products into these customers. And we are quite ready with that. I mean, just to give you an example. WhatsApp, I mean WhatsApp is a success story with revenues going up like 4x in last four quarters. We have been winning a lot of business on WhatsApp. In fact, 45% of my new wins have come other than SMS and primarily on WhatsApp.

And on top of it, we have won the largest bank in the country on WhatsApp. And we are hoping for them to go live, in fact they've gone live with some use cases in this quarter. And on top of it, as you know, we have partnered with the Kore.ai for conversational capabilities that is helping us a lot, because now we have world's best conversational platform with us, along with our expertise on WhatsApp and along with our such a great existing customer base.

Other than WhatsApp and Kore.ai definitely there is Truecaller. We have started winning customers on Truecaller as well. And you would see that the number of messages, that revenue going up on Truecaller as well. When I talk about new business net new customers. So, as I said, we are present today at around about 60% of the customers where business messaging is getting originated, but we are not present at 40%. So, we are going to be go very, very aggressive to acquire these customers. We have a plan in place, and we are very confident that we would be next few quarters, we would be able to increase our market share significantly.

Another data point, I would say -- I would give you that about compared to our last year. We have moved from 175 to 208 customers who are giving revenue more than ₹1 crore. So, it shows the kind of deep relationships we have with our customers. So, in summary, I would say that we have a lot of opportunities ahead. We are -- and we expect a lot of growth and margins will show improvement in the coming quarters. Thank you.

Operator, maybe you can pass it on to Ritu.

### **Question-and-Answer Session**

**Operator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may enter star and one on the touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handset while asking a question. Anyone who has a question may enter star and one. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question is from the line of Anil Nahata, an Individual Investor. Please go ahead.

**Anil Nahata:** Yeah, hi. My question is to Deepak. Deepak in the presentation, we saw that out of the top 20 customers, in three we have lost market share and three have completely dropped down. I mean, from the last quarter, we did understand that one of the large banks probably has gone away in all. But this seems to be quite deep beyond what we've understood in the first quarter. Would you like to elaborate on that?

**Deepak Goyal:** Yes. So Anil ji, first of all, we have not lost the bank. Yes, we have lost certain volumes through the competition, so the bank is still with us. And some customers dropping out of the top 20, maybe the other customer must have taken their place in the top 20. So that movement keeps happening.

- Anil Nahata:** No, but I would like to pursue with that question. Because if you see the wallet share that came from the top 20 actually are strong. And if I see the market would have grown 20% year-on-year, that basically means that we have lost to close to 20% of our market share. So if we're at 40, maybe we're 32 now. I mean, that is the kind of impression I'm getting?
- Aravind Viswanathan:** No, so maybe, Anil let me kind of give you a perspective on the numbers and on the business, Deepak can add, right. So if you look at it, we've been talking about continuity of customers. But obviously there's always a churn in terms of who remains in top 30 and some of them. So the balance customers, even in this case, right, 14 of them are consistent, three of them have slipped from top 20 to 20 to 30, and the balance three are between 30 and 40, right. We've not called out all of them. But that's really what it means, right?
- Having said that, absolutely our customers greater than ₹50 crores has shown a decline on a YOY basis, because we have lost some share and volumes with some customers. And that is something that Deepak mentioned in terms of how to bring back, right. But they have not gone out of the system. They are continuing to be our customer, but obviously at smaller scale than what it was one year back.
- Anil Nahata:** Okay. And my second question is, again on the matter of international forays, how good are plans on the international diversification of taking Wisely and the enterprise business international?
- Uday Kumar Reddy:** Hi, Anil, Uday here. So in terms of the expansions like now -- we're not in a great hurry to expand in the sense. We have seen tremendous success for Wisely in India. We would like to seek after a couple of more quarters, but meanwhile, like we're doing bit of groundwork in other markets. So I think by end of this year, we would be interested -- we would be -- we should be in one more country, which probably will we should be able to share by end of in Q3 or Q4. But that's where we are right now.
- Anil Nahata:** Okay, thank you.
- Operator:** Thank you. Our next question is from the line of Tejas Shah from Laser Securities. Please go ahead.
- Tejas Shah:** Yeah. Whatever it appears in terms of the volumes of the festival businesses, which are normally predominant, last time in the month of October, this time it has started a little earlier.
- Operator:** Mr. Shah, your voice is kind of breaking up sir. So if you can use the handset and speak and please repeat the question for the benefit of all participants.
- Tejas Shah :** Yeah.
- Operator:** You may go ahead sir.
- Tejas Shah :** Hello. Yeah, can you hear me?
- Operator:** Yes, Mr. Shah.
- Uday Kumar Reddy:** Yeah. Go ahead Tejas.

- Tejas Shah:** Yeah. Hi. See, normally last time, I think the Diwali and another festivities were in the month of October to December, if I'm not wrong. So how much of the business, which is pre-flown this time? And what is the business looking like in terms of the festival business season, normally third quarter is always the best for us. Now, I think some businesses must have rolled in the July to September. So how do you work on that right now, if you can share some light on that?
- Uday Kumar Reddy:** Deepak?
- Deepak Goyal:** Hi, is the question is around how do we see Q3 in terms of festival?
- Tejas Shah:** Yeah, because I think this time the festival is started much prior, so I think all discount sales and everything is much prior.
- Deepak Goyal:** Absolutely, absolutely. So, Q3 is always our best quarter and this quarter also would be no exception. I mean, yeah, we are -- we started well, I would say. And you would see that Q3 we would have much, much better numbers.
- Tejas Shah:** Okay. I have missed out the starting commentary. So, I just ask a simple question. How are we trying to increase the bottom line and top line, because now, I think again, we are coming in a stage where we are stagnated like they do basically. We are not going to grow top line to the level that we are growing earlier.
- Deepak Goyal:** So as I said, we have plans to grow top line, okay. And we have plans to improve our margins as well. So, when we -- as I mentioned, we are working on penetrating our existing customers, a lot of new solutions, new products, which are high margin business. and I'm here, I'm talking related to platform business as well. And on the other side, we are going on aggressive drive to acquire new customers. So there's still a big market and I mean, India is a big market and you would see the growth coming in.
- Tejas Shah:** That will still take two quarters?
- Deepak Goyal:** Sorry.
- Tejas Shah:** That will still take two quarters or?
- Deepak Goyal:** I mean, see this is work in progress. Okay.
- Tejas Shah:** So basically when we say roadmap, so what we are trying to understand is, fine, yes. You have got the vision to what you want to do, okay, but normally their execution, acquisition. Normally, what is the time like that we normally look at three months, six months, what?
- Deepak Goyal:** See it is like this, we have acquired few good customers, I would say in last couple of quarters, okay. And their onboarding is completed. It takes time to onboard the customer, technical integration, and stuff like that, so it takes its own time. We have done that with a few large customers, and they would start kicking in from this quarter itself, as well as we would be acquiring more and more new customers. So, yeah, it's an ongoing process, but you'll see improvement every quarter.
- Tejas Shah:** Okay. Thank you.

**Operator:** Thank you. Our next question is from the line of Jinesh Gandhi from AUM Fund Advisors LLP. Please go ahead.

**Jinesh Gandhi:** Hi sir. Sir, I went in your initial comments, so if you could give us a picture on the margin and how these scaling is back to 22%, 23% level?

**Aravind Viswanathan:** Sure. So let me take that question. Aravind here, Jinesh. Right, so if you look at from last quarter to now our gross margins went up by about 1.1%. Our EBITDA went up by 0.1%. But there was a big impact as far as Forex is concerned, both on gross margin and EBITDA because a lot of our international business, almost I would say, 50% of our international business is built in Euro and Euro depreciated very, very sharply against the USD. In fact, it's two quarters in a row where we've been having this Forex challenge. And that has contributed at an EBITDA level of almost 1.5% on a sequential basis in terms of incremental Forex impact that we've had, right.

So if you look at it, if Forex had remained where it was last quarter, we would have probably been at about 18% EBITDA, right. So that's a little bit of a structural challenge. We're working on changing our billing relationship with our customers to USD. So we will minimize this impact, maybe in Q3 and Q4, maybe more in Q4 than in Q3, but as an impact that we have, right.

From an improvement standpoint, Deepak talked about in many ways how to drive the enterprise business. And as we scale that up, we will typically bring back the profitability. We investing big on Wisely, Uday had kind of covered multiple platforms within the Wisely platform of platforms to see where we are seeing traction as those scale up, you will again see that reflect positively as far as our margins are concerned.

So the idea is that we will keep building on our margin trajectory, and that's really how we are looking at profitability, Jinesh. Jinesh, is that answer? I think he left.

**Operator:** We will take our next question from the line of Balaji Subramanian from IIFL. Please go ahead.

**Balaji Subramanian:** Hi, good afternoon. Thanks for taking my question. Hopefully, I'm audible.

**Uday Kumar Reddy:** Yeah, we can hear you clearly, Balaji. Go on.

**Balaji Subramanian:** Okay fine. So my first question is on the revenue improvement trajectory. So we used to do 30%, 40% not very long back. And this time we have seen it almost becoming flattish. So, you did mention some of the initiatives that you are taking to ramp-up the revenue growth, but when should one expect your revenue growth going back to the 18% to 20%, which is what the typically the industry is growing at? That is number one.

My second question would be on one aspect, which probably dragged you in the last quarter was your lack of geographical diversification. So, any plans in terms of kind of diversify your revenue mix, so that you are not susceptible to the pricing pressure event like what we saw last time? That is from my side. Yeah.

**Uday Kumar Reddy:** Deepak, do you want to give the colour on revenue?

**Deepak Goyal:** Yeah, yeah, sure. Hi, Balaji. So, Balaji as you are aware, we shared the reasons of our revenues going down in Q1. And we are working on, it's not only wherever

we lost the revenues, we are working to regain those revenues from the same set of customers. We are also going after new set of customers.

So, we are very hopeful, I mean that much I can say, as we don't want to give any forward-looking guidance. But we are very hopeful to bring back the growth soon, that much I can say. And as far as the geographical diversity is concerned. See, I would say one thing, first of all, we need to, as I said India is a very, very big market, okay.

And our customers are looking for a lot of value add from the industry leaders like us, and we are working on that. And you would see in the coming quarters, how we are improving our margins and stickiness and revenues in India. Your point is very valid, that we need to have our geo diversity, just to -- I mean and I don't hedge our business.

We are -- I would say our UAE business is showing lot of growth and in the next quarter, we will give you more details about it. We are penetrating lot of new customers out there. We are focusing on as I mentioned on a previous call, we are focusing on MENA region. Uday has given some hint today. And you would hear on that as well, when we make some substantial progress. But yes, we are working on that.

**Balaji Subramanian:** Thank you. So that's helpful. And all the best.

**Deepak Goyal:** Thank you, Balaji.

**Operator:** Thank you. Our next question is from the line of Miraj Shah from Dalal & Broacha. Please go ahead.

**Miraj Shah:** Yeah. Hi, thanks for taking my question. Sir I wanted to understand one part, when we see our margins on the enterprise and gross margins, we have recovered slightly compared to the previous quarter. But now as on the last quarter also, you had mentioned that we would do much better in Q3 and Q4 in the second half, we probably reach 20%. So just wanted to understand what are our pricing power triggers over there. How are we able to regain what we've lost? And what could be the trigger that we will be able to sustain that going ahead? That's my first question.

**Deepak Goyal:** Should I take that?

**Uday Kumar Reddy:** Yeah, please, please.

**Deepak Goyal:** Yeah, okay. So as far as regaining the business is concerned, okay. See, I've been in this business for more than 15 years now, okay. And if you see the history of Karix and our enterprise business at Tanla, right. We have seldom lost any customers, okay. And there would be some blips here and there, where customers have maybe moved away for six months or one year, but they have come back to us, and that is primarily because when they go out and they try other vendors, and then they see the difference. So, this is here, the services are very, very important kind of services what we provide. So, we are -- so that is one.

Another thing is, as I said about what value add we do to our customers. I just mentioned the largest bank, we had just signed up and started for WhatsApp. So I would see that, even though we might have lost certain revenues on SMS, but that would get compensated to a certain extent from my WhatsApp business.

And on top of it, we are working on even newer services and solutions with our customers, which we are going to give us additional business.

**Operator:** Mr. Shah, do you have any more questions?

**Miraj Shah:** Yeah. Sorry, I thought the line was broken. My next question sir, in the presentation you've mentioned with Wisely Network, if I'm not wrong over there, we've mentioned that roughly ₹100 crores of gross profit is something that we can do from there per annum. And that's an exclusive deal. Can you just throw some more light on that? Just wanted to have some clarity on that, what exactly -- how are we exactly going to get that gross profit and the consistency of it going ahead?

**Aravind Viswanathan:** So maybe I will take that, Miraj, and then Uday can chip in where needed, right. So we've talked about this partnership on the international messaging space, right, and we've deployed our hub and firewall and it's operating, it's an AI/ML enabled firewall. I would say probably unprecedented scale in industry where you find a processing over 35 billion messages a quarter looking for anomalies and preventions et cetera, right. So it's a humongous platform, and that's just kind of in early days here, right?

So what happens as part of the deal construct is, we get a revenue share from the telco. And that has a huge potential as your firewall works and your upscale, you get a revenue stream, which is very predictable, very consistent, and very long-term, right. So that's really the revenue stream that comes in from there. And that's how we are confident that this platform under Wisely will scale up to that kind of gross margin run rate.

**Miraj Shah:** So as the number of messages increased, would the number that we stated, would that also increase, that is the correct understanding, right?

**Aravind Viswanathan:** Yes, that is a correct understanding. The only point, I will make is the 35 billion that I talked about is the universe of messaging, which is being processed through the firewall and part of our AI/ML engines, right. So it's not linked to that, but it's linked to the messaging that goes on the international messaging space.

**Miraj Shah:** Understood. And sir, my final question on the ILD messaging side, how are the costings moving right now? Is there still room to increase the costing over there?

**Aravind Viswanathan:** When you say costing, are you referring to customer price? Or are you referring to telco cost, Miraj?

**Miraj Shah:** Customer price sir.

**Aravind Viswanathan:** So, we've seen a price increase, right. There -- we saw some price increase come through in Q2. So structurally, India still continues to be one of the lowest cost market in the world, Miraj. We've kind of seen a big price uplift last year in Q2, we saw another uplift in Q2 of this year, right. So I don't think you will see a further increase in the near-term, but we've seen two rounds of increases in the last 12 months. So that's really how this market is playing out.

**Miraj Shah:** Understood, understood. And sir, I may have missed this one point, but if you can just help me with this, the CapEx that you've done this time in this quarter, what is that towards?

- Aravind Viswanathan:** So we've capitalized our Wisely OTT platform. You've -- we also seen an update, we've started to see the commercial traffic go on that. It's a balance sheet item, it's moved from assets under development to the CapEx, right. So it's not a new balance sheet item. It's not moved from P&L to balance sheet in this quarter. It's moved from balance sheet to balance sheet in this quarter. So that's the capitalization that has happened in the current quarter, Miraj.
- Miraj Shah:** Okay, understood. I'll get back in the queue. Thank you.
- Aravind Viswanathan:** Okay, thank you.
- Operator:** Thank you. We'll take the next question from the line of Abhishek Anand from Centrum. Please go ahead.
- Abhishek Anand:** Yes, thank you for the opportunity. One is the previous question when it was asked ₹100 crore annual run rate of gross profit. Is there any timeline that this will be achieved by when? That is my first question.
- Uday Kumar Reddy:** Sorry, what is that?
- Aravind Viswanathan:** The Wisely Network what is the timeline to reach a ₹100 crore gross margin?
- Uday Kumar Reddy:** I think we are more or less there around ₹95 crores, ₹96 crores something that like. Yeah, so we are quite on ₹100 crores per annum now. Yes.
- Aravind Viswanathan:** We are on the trajectory, maybe by Q4 we would be at that number, Abhishek.
- Abhishek Anand:** Okay. And is there any sense we get that currently what is the overall Wisely contribution which we have?
- Aravind Viswanathan:** Can you repeat that? You're saying what is the Wisely contribution on revenues?
- Abhishek Anand:** Yes.
- Aravind Viswanathan:** So we've not called that out. We've started to give additional disclosures on the Wisely platforms in this quarter, but maybe in the next couple of quarters or so as we refine it, right? We would probably call out this separately.
- Abhishek Anand:** And thirdly, when we go to the website, we see now five customers within Wisely site, three banks and a few other financial services company. So are they all live? And how do we see it's like for instance, Wisely Communicate, we say 30% of the critical UPI messaging flowing through now under Wisely end-to-end encryption. If you could just explain how in terms of ramp-up, we are seeing with our customers when we are actually implementing these platforms, say within Communicate or OTT. So just to understand that when we actually onboard a customer, how is the ramp up happening and therefore potential to gain business from them?
- Uday Kumar Reddy:** So Abhishek, basically like -- if you look at any customer like be it bank or e-commerce or payment companies, right. So they have three kinds of the transactions like. The first one is OTP, which is pretty critical. The second one is transactions like. And the third one is promotional like, okay. The promotional is the biggest and highest and the OTPs are the smallest, but pretty critical, okay.

So the banks would like to test Wisely capabilities mainly by pushing the critical messages and that's where it's doing phenomenally well. And once they see the success properly, they -- we would like to or they would like to use Wisely platform for even other transactions like be it promotional, or be it transactions like. So we have that -- as I told you on my speech and my letter to shareholders like we have a huge opportunity to scale, it's only beginning. We just started. So we're pretty excited about this journey on Communicate platform.

**Abhishek Anand:** Just one clarification, Wisely would have saved five customers, and all would be like, we would have been billing them. How should we look at it?

**Uday Kumar Reddy:** Yeah, we started billing, we started billing of course.

**Abhishek Anand:** And all the five customers, we have five customers just a clarification here?

**Uday Kumar Reddy:** Yeah, but three of the largest banks or some. Three of the largest banks on this platform, the total of customers is five. Okay, so three are in bank and two are in other industry. That's what we meant there.

**Abhishek Anand:** Yeah. Thank you so much. Thank you. Very helpful.

**Operator:** Thank you. We'll take the next question from the line of Milind Karmarkar from Dalal & Broacha PMS. Please go ahead.

**Milind Karmarkar:** Hi, thank you for taking my question. Most of my questions have been answered. Just one is that, I find there is an increase in working capital requirements. So just wanted to understand where is it coming from? And the free cash flow also has been impacted. I'm sure that must be because of the investments made. So if you could clarify a little bit on that?

**Aravind Viswanathan:** Sure, Milind. So if you look at, operating cash flow, right, we had made -- our DSO actually improved in the quarter, which helped us DSO improved by those working days. But our DPO went down, which is adverse by close to 17 days, largely because we had to make an investment with in terms of better payment terms with one of the telcos that we are working with. So that is something that we had done and that has impacted the operating cash flow.

On the free cash flow side, you're absolutely right. We've made investments. We talked about two, three types of investments. If you remember in the last call, we talked about our platform modernization, and that required a certain amount of CapEx, which we have done. And we've also investing in platform. Uday talked about innovation, and we have very, very aggressive plans on it.

Obviously, these investments will -- are very small in kind in contrast to that potential, but those are happening right now. So there is a little bit of higher investment in CapEx as well as some working capital investments that we've made.

**Milind Karmarkar:** Okay, got it. Well, thank you very much, and wish you all the best for reaching the rule of 40 as fast as possible. Thank you.

**Operator:** Thank you. We'll take the next question from the line of Amit Chandra from HDFC Securities. Please go ahead.

**Amit Chandra:** Yeah, hi sir, thanks for the opportunity. Sir my first question is on the impact of the ILD price increase. So, have you seen the impact of the ILD price increase

in this quarter? Because it happened, I think two months back. And also if you can, because there have been two hikes in the last two years. So on a YOY number, if you can provide what has been the volume impact, ILD volume impact, roughly if you can give an estimate?

**Aravind Viswanathan:** So you're -- the ILD price impact happened in for a large portion of Q2, right. There was a little staged manner Amit in terms of how the increases happen. But most of it happened within July, right. So we had two months of benefit as far as the price increase is concerned. We've not called out an exact number of breakdown into volume and price, but there was a positive benefit of that in the revenues.

**Amit Chandra:** Okay, and also because, as you mentioned earlier that ILD would be roughly 35%, 40% of their revenue, and in terms of volumes it would be less than 10%, maybe 5% to 8%. So, can we see further volume decline in the ILD messages, because there have been a steep price increases, that has happened in the ILD side. And also, if you can quantify in terms of the enterprise business and gross margins. So we have seen some improvement and we have said that 1% impact has been there to cross currency. So we are at roughly around 18% on addition for that. So, are we on track to improve that to maybe 19%, 20% as you have -- as you said earlier or we can see some kind of elongation to that in terms of timelines?

**Aravind Viswanathan:** Okay. So there are two questions there Amit. One, is the impact of price increase on volume. And maybe I will ask Deepak to kind of answer that side, because there is a historic trendline on it. And always some near-term impact. But I let Deepak answer that. Clearly and I think Deepak kind of answered the second question also in one of the earlier questions, but clearly, the idea is to kind of drive profitability also, right, on the enterprise business, right? We've improved a certain amount, as you rightly said in Q2 vis-à-vis Q1.

And there was an adverse Forex impact of Euro improved more. I think, if the currency is kind of remain constant, we have a room to improve that, right. The exact quantification we're not calling out a specific number, but clearly that is on an improving trajectory. In terms of big impact of volume and price equation, maybe Deepak you can give some color on that.

**Deepak Goyal:** Yeah, Aravind this is about ILD business, right.

**Aravind Viswanathan:** Yes.

**Deepak Goyal:** Yeah. So as Aravind said, whenever there is a price increase there is we see some percentage of volumes getting compressed by the customers and they try and optimize their traffic. But then there is a natural growth in the business and inorganic growth in all that and that gets compensated within no time. So this is the trend what we have to say.

**Amit Chandra:** Okay. So and on the questions of margin trajectories, if you can give some clarity, how do you seeing the improvement going in the next two quarters?

**Aravind Viswanathan:** Yeah. So, Amit like we said, right. We very, very focused on margins, right. Obviously, we're betting on both enterprise business as well as platform business as platform business scales up, and we've kind of talked about a lot of evidences in terms of what's happening on Wisely. The objective is to improve, right. Frankly, if we didn't have incremental Forex impact, we would have probably been at about 18% EBITDA in the quarter, right. So I think there are

certain levers, which are beyond our control, but we will continue to show an improving trend as far as margins are concerned.

**Amit Chandra:** Okay. And sir on the capital investments that we have done around ₹109 crores in this quarter. So out of that and out of the around ₹50 odd crores, ₹55 odd crores is for the Wisely OTT. So, the rest is like increasing the work -- existing work in progress. So, what is this if you can clarify on this?

**Aravind Viswanathan:** So you're talking about from a cash flow standpoint or you talking about the balance sheet standpoint, Amit?

**Amit Chandra:** Yeah. So, if I try to reconcile it's ₹109 crores, so around ₹50 crores is for the OTT and the rest there is some ₹40 crores of CapEx on some campus investments in a new R&D centre, right. So just the...

**Aravind Viswanathan:** See, I'll tell you. The capitalization that has happened is not capitalization of this quarter, right. In that sense, it has moved from assets under development to it has moved from assets under development to CapEx, right? So if you look at it, it's a YOY number that you're talking about Amit, not for the quarter, right.

We are looking at cash balance movement between last year. I -- if that is the side you're referring to, right. We -- this is including the entire ₹56 crores is included here. There are assets under development that we have, and there are other kinds of CapEx investments which is normal CapEx investments in terms of your physical infrastructure, et cetera. So, that's really the breakdown. So, it is four quarters of CapEx that is getting covered as far as ₹109 crores is concerned.

**Amit Chandra:** Okay. Because I was referring to, because if I see the capital work in progress increased from -- if I see from like March end to September from ₹13 crores to ₹50 crores. So increase of ₹37 crores there. And intangibles and platforms roughly a growth of around ₹40 crores. So if I compile that then it comes to ₹90 crores right. And apart from that, the investment in infra you are seeing right. So, this is...

**Aravind Viswanathan:** Yes, if you see the other line Amit, that you should also look at is assets under development, which has shown a steep decline, okay. So, you would see that decline by ₹56 crores or ₹40 crores actually, right. So you -- because it's actually a balance sheet to balance sheet transfer, right. We are also making multiple investments, as we talked about. So if you look at a company of our size with the kind of platforms and revenue streams we are having Amit, it is still a very, very thin balance sheet in terms of where we are right. So you -- we are making those necessary investments. We've been talking about it. And it is largely in the nature of platforms, certain amount of physical infrastructure and innovation. Those are the areas right, and I think they're well within the normal run rates of our business.

**Amit Chandra:** And sir my last question is on the Wisely OTT and our capitalization. So are we done with the capitalization or -- and over the last two years, how much we have capitalized for or how much we have spend on the R&D for this?

**Aravind Viswanathan:** So I would say we've spent close to over ₹120 crores across Wisely over 24 months or slightly longer than 24 months.

**Amit Chandra:** Okay. And the platform business gross margins that we're showing is 96%. Do you see any risk to that in terms of that going down.

**Aravind Viswanathan:** See platform business will be substantially higher, right. But 96% is at current levels because of the tremendous profitability of Trubloq that we have, right. So there can be some normalization, but it will still be very, very high. So that's how you should look at it.

**Amit Chandra:** Okay. Thank you, sir. And all the best for the future. Thank you.

**Aravind Viswanathan:** Thanks, Amit.

**Operator:** Thank you. Our next question is from the line of Deepak Chokhani, an Individual Investor. Please go ahead.

**Deepak Chokhani:** Thank you. So the message from the Chairman is very impressive, and seems to lay a strong foundation for future. This is the first time in a message I've seen that you've segmented Wisely into four segments. And last statement, of course says that each of these segments has a potential to gross profits of ₹100 crore each. Could you just elaborate broad timelines, and I'm a bit confused about each of these segments. So where does, which one fits there? Could you just quickly explain me or throw some light on that piece?

**Uday Kumar Reddy:** So Deepak, Uday here. So in terms of the -- see, let me step back and try to explain what the platform is platforms, right. So we keep saying Wisely is platform, meaning to say that Wisely is our core platform, which we keep talking about as a single platform strategy, okay. And either we develop other platforms, which are going to ride on this main core platform.

Sometimes, like most of the platforms we are developing internally or sometimes we partner with third-party. In this example, like in Wisely OTT, okay, right. We have tried to fit mainly with the Truecaller, okay. The Truecaller is riding on Wisely single platform. And so that that's where we see a huge potential there. So that went live in last quarter. And so it is increasing, and we see a huge opportunity there, right. That's an OTT, okay.

In terms of the Wisely Network, which we deployed with VIL, a couple of quarters ago. So that has -- that was the first one to demonstrate a full potential. So it is kind of reached around ₹95 crores, ₹96 crores ARR in terms of gross margin. And so the way I see is don't hold me, but each of these platforms have got the capabilities or abilities to generate ₹100 crores gross margin ARR, I mean gross margin per annum live, okay. So that's about Wisely Network.

And Wisely Communicate is mainly for SMS, where we went live with five customers, three of the banking customers and two of the other customers. And so we also see a huge potential over there. And so I cannot really give you the timelines, but it's -- this Wisely Communicate platform has got a huge potential like, because the volumes in India are around 50 billion, 55 billion per month, okay. And we just, we are not even processing even 2% of the 50 billion, 55 billion transactions per month live. So we have a huge potential for the Wisely Communicate. So that first of five case customers, we need to ensure that they see the value on Wisely Communicate, which we demonstrated with a couple of large banks. So we're pretty excited about this platform too. Did I cover all your points, Deepak?

**Deepak Chokhani:** Yes, sir. And so Wisely Engage will be Kore.ai right, that's where it will fit?

**Uday Kumar Reddy:** Absolutely, absolutely, it may take a little longer than what we expected, because it needs a lot of -- it's again, it -- the Kore itself is a very large platform,

it is riding on our Wisely platform, it takes, it will definitely take a little longer than what we expected. But other three platforms should be able to scale up quite quickly.

**Deepak Chokhani:** Got it. So these are the modules basically, which we keep referring to that, we will keep on adding modules on the main Wisely platforms, right?

**Uday Kumar Reddy:** Correct. Absolutely.

**Deepak Chokhani:** Sir one more question on Wisely Communicate, what does it drive the customer to engage on Wisely versus the normal? Is it just a pricing pressure? Is it the technology, of course last time also I'd asked this question, the answer was broadly the technology. So I mean, let's take for example HDFC Bank is through Wisely, some other banks don't own Wisely, which is why they're going for the cheaper options. What can propel these other banks or other customers to move to Wisely? Is it because of course technology is there, but is it also a pricing a factor? Can we throw in some incentives...?

**Uday Kumar Reddy:** Deepak, effectively we are talking about Wisely proposition here, Wisely Communication -- Communicate platform proposition here. Let me explain our proposition here, right. See, data bill is around the corner in India, it may be tabled to the Parliament very soon in the next probably one or two quarters, wherein data security and data privacy is going to play a very important role in our lives. That's where Wisely comes into picture. We keep talking about encryption and decryption in the sense like each and every communication of the user is encrypted at the bank level and decrypted at the telco level, okay. Sometimes we can go as far as the handset level also.

So in the sense like this platform is primarily to be there to protect data privacy and data security of the users of the banking and e-commerce users. That's one of the biggest propositions. Secondly, like we use Blockchain technology to go back and look at the -- to address the audit trails of each transactional like. So the banks get an opportunity to go back and look at whether the message -- how the message is delivered, why there is a lot of latency and so on so forth. So it captures all the audit trails of the transaction from A to B. So that's the second largest proposition like.

Third one is nowadays like each of these platforms are transacting in billions of transactions every month in India, okay. The settlement is settlement between the two parties, whether it is aggregators, or enterprises, or the operators between the operators and enterprises, it is taking longer than what we expected. Sometimes it can go as high as two months more in terms of the cancellation like. This is where Wisely is going to come into picture in the sense like, whenever you want, it will do it in next 30 seconds settlement reports, but because the settlement these transactions are since written on the Blockchain, and one can have the settlement reports immediately, whenever the telco or aggregator or enterprise wants a settlement reports, they can fetch from the Blockchain as you speak, like.

So these are the some of the large proposition from the Wisely. And I have every reason to believe that it is pretty scalable, and it's got a huge potential going forward.

And also one last, but not least proposition on Wisely is the telcos. All the telcos are on this platform. And also the enterprises or aggregators have an option of choosing to work with various telcos and also telcos have an option of reaching out to the enterprise directly, okay. So it has -- these are the one of the -- these

are some of the propositions of this platform. And we are pretty confident about this platform.

**Deepak Chokhani:** This is wonderful, sir. Thanks for explaining, because every time -- I let's say have an account with a bank, which doesn't use Wisely. My question is, can I kind of because I'm getting SMSs or OTPs from them. Can I ask them to send me encrypted message or will the government at some stage kind of force them to do it?

**Uday Kumar Reddy:** Deepak, if I have to be honest, like the bank is the one who has to take the decision. I think I'm sure they have to protect their users confidentiality. And it is and I'm sure they will see the value in Wisely. Once we see that, when we demonstrate the success of these three banks, large banks, and I'm sure other banks will follow or other enterprises will follow.

**Deepak Chokhani:** Perfect sir. Thank you so much.

**Operator:** Thank you. Our next question is from the line of Amit Mishra, an Individual Investor. Please go ahead.

**Amit Mishra:** Hello, am I audible?

**Uday Kumar Reddy:** Yes, Amit. Please go ahead.

**Amit Mishra:** Good evening, everyone. Hi, so most of the questions are already answered. So this is a question to Uday. Can you please give some colour on Kore.ai and some sort of, let's say timeline, if you can. Basically, they have five geographies with us on exclusivity. So wanted to understand the business and revenue model with them and also like the timelines? Thanks.

**Uday Kumar Reddy:** Yeah, Amit, in terms of the conversation platform, the Kore.ai is the best platform available in the world according to Gartner. So there we have exclusive partnership with us for five markets, as you rightly said. So it's a revenue share opportunity where A, it rides on Wisely platform; B, whenever we win a business, we jointly pitch the business to our potential customers in this market. So whenever you generate it -- wherever you sign, these are all long-term contracts. It's pretty long-term contracts, because it's very difficult -- it takes a lot of a whole lot of time to integrate with enterprise platforms, deployment itself takes minimum six months. But once we are deployed, we're almost there for at least for a decade, okay. So in terms of revenue share...

**Amit Mishra:** Who goes to the market and basically where supply in there -- in new geographies. I'm sure in India, we will do the legwork. But in other markets where we are not present, are we going to open offices there or it's through Kore.ai setup. How we're going to approach?

**Uday Kumar Reddy:** Yeah, as I told you Amit, like it rides on our Wisely platform. So, our GTM team takes Wisely as a platform of platforms to our enterprises like. They are going to offer a lot of a whole lot of our services on Wisely, whether it is Communicate, whether it is OTT, whether it is Engage or whether it is Compliance, okay. So, they take -- our GTM takes headed by Deepak, like they take Wisely proposition to the market, be it India or outside India. And it all depends on who we're pitching.

Some people are interested to look at Engage platform, which in here we're talking about Kore.ai some may. So it all depends, like. So to answer your

question like we are the one who's going to address in terms of building the solutions and also taking this to the market in terms of GTM, this is responsibility of Tanla.

**Deepak Goyal:**

So Amit, just to add we have our full-fledged business team based in UAE and through that, so we are reaching out to all the large customers in UAE and other countries in MENA region. And we also talking to few customers in Indonesia, the Kore.ai is such a product that you have to go to a very large kind of enterprises who have a very big consumer business, primarily, banks and BFSI sector and so on. So, it's a very, we have very targeted approach, but we have -- what we are taking and you would see some good results coming.

**Amit Mishra:**

Right, thank you. Just on the second, on the Wisely Network. So these SMSC servers and AI/ML firewalls, are we planning to go outside India and go to telcos in different countries and put there to increase our network and eventually it brings more business basically, if we have these servers in multiple telcos on board. So is that the ultimate plan with this or something else? Can you please elaborate on that?

**Uday Kumar Reddy:**

Amit, as we rightly suggested, like most of our platforms, we would like to test with our existing customers and existing markets. Once we see the success, I don't see any reason why we look at other markets, right. So but we are not in a great hurry to expand in another market to just to impress the market. Absolutely, no. We would like to test our home ground before we look at the international market. But Wisely, coming -- Wisely Network is a huge success. I don't see any reason why we should not look at global markets.

**Amit Mishra:**

Okay, understood. So just last question, if you can please. On Trubloq, there is that -- we talked about the module Consent Management and its life basically on Trubloq, but it hasn't been implemented. So do you have some timelines basically to -- from all the stakeholders, regulator, telcos. Are we heading there soon or it's going to take time? I understand voice is not on the horizon right now, but in Consent Management I wanted to be at?

**Uday Kumar Reddy:**

So Amit, it's a good question. In fact, the DLT, our product name is Trubloq, it's a massive success in India. One of the -- probably the one largest Blockchain platform in the world, in terms of volumes that we can build every day and every month. And we have to switch on a couple of more modules, be it Consent Management, there are a couple of more modules which we'll talk about later. As far as the product readiness, we have been ready for quite some time.

Our platforms are fully geared up. As you know, we stay ahead of the curve. Our modules are pretty ready on our platform, but it is a regulator, TRAI, in this example, who has to decide on the timing. So that question is to the regulators and operators not to the Tanla, but as far as product is -- as we are ready in terms of products, right. And same applies to the voice also. So the product capabilities we already build we have -- it has been ready. And it is Indian telecom regulator has to take the call on this modules.

**Amit Mishra:**

This is very good sir. But yeah, just the timeframe, I'm not sure. Because it's keep on delaying from the regulatory side. Okay, just one last question if...

**Uday Kumar Reddy:**

Amit, let me answer that question. Like, I think if you go back and look at the tweets in the market in the last one week, where I don't want to drop the names here. Everybody is referring to the Consent, everybody is referring to scam fraud in India. I think regulators are hearing that. And I have every reason to believe that they will definitely ask us to go live as soon as possible.

- Amit Mishra:** Very, very good. So just one last question, Uday. We talked about in the five, six platforms after Q4 to be launched. So we saw post that Kore.ai and Truecaller, Wisely Insights was before then. So like -- you said like still within FY23, so are we planning to launch some new products in the -- it's still in the plans or like delayed?
- Uday Kumar Reddy:** Amit, I don't want to hijack this in on this call. It's a good question. I committed, stay tuned. Let's hope for the best.
- Amit Mishra:** Okay, that's great. Thank you, everyone. Best of luck.
- Uday Kumar Reddy:** Yeah, thank you.
- Deepak Goyal:** Thank you guys. Thank you for joining.
- Operator:** Ladies and gentlemen, that was the last question. Over to you, Mr. Uday Reddy for closing comments sir.
- Uday Kumar Reddy:** Thank you, for joining our call. Wish you all a very Happy and Prosperous Diwali and thank you very much. Bye.
- Operator:** Thank you. On behalf of Tanla Platforms Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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