



**Tanla Platforms Limited**  
**Q2 FY24 Earnings Conference Call Transcript**  
October 20, 2023

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<b>Call Duration</b>	▪ 47 minutes
<b>Management</b>	<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>▪ Deepak Goyal - Executive Director &amp; Chief Business Officer</li><li>▪ Aravind Viswanathan - Chief Financial Officer</li></ul>
<b>Participants that asked the questions</b>	<ul style="list-style-type: none"><li>▪ Amit Chandra - HDFC Securities</li><li>▪ Balaji Subramanian - IIFL</li><li>▪ Deepak Chokhani - Reed Capital</li><li>▪ Mohit Motwani - Nuvama</li><li>▪ Anil Sarin - Centrum Wealth</li><li>▪ Tejas Shah - Laser Securities</li><li>▪ Amit Mishra - Individual Investor</li><li>▪ Swapnil Potdukhe - JM Financial</li></ul>

**Operator:**

Ladies and gentlemen, good day and welcome to Q2 FY24 Earnings Conference Call of Tanla Platforms Limited. 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 then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ritu Mehta from Tanla Platforms Limited. Thank you and over to you.

**Ritu Mehta:**

Good evening and welcome to Q2 earnings call. Joining with us today are Uday Reddy, Founder, Chairman and CEO; Deepak Goyal, Executive Director and Chief Business Officer; and Aravind Viswanathan, CFO. Uday will share his perspectives on business imperatives and strategic progress made. After his opening remarks, we will be happy to engage with participants and address their 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. Audio recording and the transcript will be available on the website soon.

I now hand it over to Uday.

**Uday Kumar Reddy:**

Thank you, Ritu. Good evening, everyone. Thank you for joining the call. I would like to make four points before we get into Q&A. The first point is about financial overview. Q2 has been a milestone year for us with revenue crossing ₹1,000 crore for the first time. We delivered 19% revenue growth and 30% PAT growth with ₹131 crore of free cash flow.

The second update I would like to give you around ValueFirst. So ValueFirst delivered very strong performance in Q2 and contributed an incremental revenue of around ₹100 crore at a consolidated level. So ValueFirst was operating at 7% EBITDA before our acquisition. ValueFirst operated at 20% EBITDA in the first quarter of consolidation due to improved cost of sourcing and synergy efficiencies. We expect this business to operate at around 15%.

We expect to complete the ValueFirst overseas acquisition in Q3 subjected to regulatory approvals in local geographies. They would add around ₹60 crores to ₹70 crores on a quarterly basis to our top line. The overseas business operates an EBITDA profitability of low single digit, and we don't have the same level of synergies in those geographies. It takes a bit of time to drive the higher profitability. We expect to see the full impact of acquisition in Q4 of this financial year.

And the third update I would like to give you on organic growth. So we delivered 7% organic growth on revenues YoY, and flat on a sequential basis. We have tailwind of price increase for two months in domestic business, which contributed around ₹35 crores growth sequentially. However, the demand was elastic and we saw a drop in the volumes of around 7% in domestic business.

So let me give you an update on Wisely ATP, which I think we have a lot of inquiries about Wisely ATP ever since we announced results to market. So Wisely ATP is the biggest innovation of Tanla and Gartner has recently come out with the Magic Quadrant for the CPaaS industry. And so they have

recognised Tanla as a visionary in the quadrant and that is a reflection on our innovation.

So when it comes to monetisation of Wisely ATP, we are in the final leg of commercial discussions, commercial closures with leading banks in India. So, if everything goes right, we should be able to go live during Q3. So, as and when we go live, definitely we'd like to update all of you.

So in terms of the Q3 outlook, we expect this Q3 to be a growth quarter. We clearly see two levers. The first is the domestic price increase. Enterprises optimise their spends, particularly on the promotional campaigns, which I expect to reverse in Q3. We will also get the full quarter benefit of price increase, as that was effective only for two months in Q2. The second lever is typically Q3 is a strong quarter with a potential Phase 2 spends, which will drive our business growth. So in terms of the margins, we expect to be range bound at the current levels.

So with this, let's get up to Q&A and we will have a very detailed discussion on business and financials.

### Question-and-Answer Session

**Operator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press 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 handsets, while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have our first question from the line of Amit Chandra from HDFC Securities. Please go ahead.

**Amit Chandra:**

Yeah, thanks for the opportunity. My first question is on the organic revenue. You mentioned that we had price increase and we have a volume drop off, around 7%. So the volume drop is a function of the price increase and the lower promotional spend or is it also a function of the consolidation that has happened in the industry where two of the larger players like Kaleyra and TeleSign has been acquired. So is that impact of that also, because those volumes have moved out?

**Aravind Viswanathan:**

So, Amit, I don't think there is any consolidation effect because those are really not two businesses operating in India. What we think is largely, it is driven from a price elasticity point of view from a demand standpoint. Of course, there were some IPL related spends in Q1 which would not have repeated in Q2. But clearly the impact that we saw is that customers did optimise their promotional spends in light of the price increase. So I would say there was more direct correlation between the price increase and volume drop than any other factor. So Deepak you want to add anything here?

**Amit Chandra:**

Okay. In terms of the price increases how it has been taken by the enterprises. So like is it just a temporary kind of a phase where they are just like realigning to the new pricing structure and these trends as you said will come back. So what is the confidence level in terms of saying that the promotion spend or the regular spend will come back in terms of volumes. And also if you can, as I said that the margin impact in this quarter on the organic front was offset by higher margins on the ValueFirst. So like on the organic front, despite price hike, are we seeing margin compression in the organic side of the business?

- Aravind Viswanathan:** So, two questions, Amit. So, Deepak will address the first question which is largely in terms of the how the customers are reacted to price increase and how sustainable we believe it is. So, Deepak, maybe you can start off and I will take the second question.
- Deepak Goyal:** In terms of promotional spend, Amit, see whenever there is a price increase, obviously it has not been taken very nicely, right? So the customer takes some time to digest that, and then there are some budgetary approvals also what they need. So that takes time, so it happens every time, I mean there is nothing new in that. And what we feel is that promotional spend will be back with a bang in Q3. Now the festive season has started and it will be back. It has already started to coming back as I would say. So yeah, this is what it is.
- Aravind Viswanathan:** So, Amit, on your second question, the price increase is not margin dilutive from a percentage standpoint. So there are multiple levers on profitability that keep moving up and down, but price increase if anything would be accretive on a steady state to margin percentage. So that's really not how it has played out this time.
- Amit Chandra:** Okay. And the impact that we will have, so you mentioned about the loss of contract, the VIL, the contract loss that we have. So that impact will mostly come in quarter three and quarter four. So, will it because it is impacting the higher margin kind of a business. So can we see at the consolidated level, the margins are sustainable at 18%, 19% or we can see some margin pressure in the coming quarters. And also if you can comment on the ATP, they mentioned that it's like going on and the POCs are still going on, but any status of tie-ups with other telcos because we have Wisely ATP tie-up with one telco. So are we targeting other telcos also in terms of tie-up?
- Uday Kumar Reddy:** So, Amit, Uday here. In terms of your question on the VIL deal. I think we may not see any impact in Q3. That's what my belief. That's number one. Number two is, meanwhile, we are concentrating on other businesses where it is expected to compensate the loss of opportunity with VIL. So net-net, we don't see any margin pressure going forward. That's the number one.
- Number two, in terms of Wisely ATP, not that POC has been ever ending. We have completed the POC for three months for the four large banks in India. The platform has demonstrated a phenomenal result. It is almost brought down the complaints by 90%, including with HDFC and other banks. So, but as I mentioned earlier, this product needs bit of approvals from the various regulators. That's where it's going very, very slow. Now we have clarified lot of points with the various regulators, mainly with the RBI and the TRAI and DOT. And our business teams are engaged fully with the banks to close the commercials. If I'm allowed to say, we kind of closed the commercials with one of the largest banks in India, but we just about to close an agreement. So, as and when we close one agreement, that agreement, we should able to go live, and then it becomes easier for us to close with other enterprise.
- Amit Chandra:** Okay, Uday. And thank you and all the best.
- Uday Kumar Reddy:** Thank you. Thanks, Amit.
- Deepak Goyal:** Thanks, Amit.
- Operator:** Thank you. We have our next question from the line of Balaji from IIFL. Please go ahead.
- Balaji Subramanian:** Good afternoon. Congrats on a strong quarter. So, I have two questions. So, first is, what is the status of the deal that you signed with the largest e-commerce

player, which you announced during last quarter's result? Number two would be, can you just remind me on how the NLD, SMS pricing stacks up with respect to other channels, especially after this price increase? Thank you.

**Aravind Viswanathan:** Deepak, you want to take both the questions, please?

**Deepak Goyal:** Yeah. Sure. So Balaji, the international customer which we mentioned last quarter, the onboarding is complete and we already started seeing some revenues and some traffics flowing into our platforms. But it is not completely fully ramped up as of now as it takes time. But we feel that in Q3, the ramp-up would be completed and we'll have the full capacity coming onto us by the time we exit Q3. So it has already started. The customer is onboarded and the business has already started in Q3. So that is one. And what was another question?

**Balaji Subramanian:** The other one was on the, after these NLD price hikes, how does the NLD price stack up with respect to other channels like, say a WhatsApp, or an RCS, or even an email for that matter?

**Deepak Goyal:** See, the NLD price is still cheaper than other channels like RCS and WhatsApp even after the price increase. But yeah, RCS and WhatsApp have their own features, their own advantages. So it all depends. Now, it is more like providing a complete mix of the channels to the customer and the customer would decide which one to pick up, because WhatsApp, and RCS, and even Truecaller, they provide rich media, they provide conversational facilities and long messages. So, their customer has a choice to move to those channels as well.

**Balaji Subramanian:** Okay. And just a quick clarification follow-up on the first question, on the largest e-commerce player. When you said that the ramp-up would be completed during 3Q. In the last quarter you had said that your endeavour is to handle about two-thirds of their traffic on your network. So, by the end of 3Q, will we be somewhere close to that?

**Deepak Goyal:** Yes, absolutely. This is what we are striving for. Yeah.

**Balaji Subramanian:** Okay, thanks. Great. And all the best.

**Deepak Goyal:** Thank you.

**Operator:** Thank you. We have our next question from the line of Deepak Chokhani from Reed Capital. Please go ahead.

**Deepak Chokhani:** Thank you for this opportunity. I just have one question. The others have been answered. How many new platforms are we currently working on? And will there be any platform which will be commercialised apart from ATP in this fiscal year?

**Uday Kumar Reddy:** So, Deepak, it's a good question, but it's too early to comment. As you know, in fact, you did visit our Innovation Experience Centre in Hyderabad. That centre is basically established to come out with a lot of new platforms. But definitely, we'll inform the market as and when we're ready with a new platform.

**Deepak Chokhani:** Okay. Thank you.

**Operator:** Thank you. We have our next question from the line of Amit Agarwal from Leeway Investments. Please go ahead.

**Amit Agarwal:** Hello?

**Operator:** Yes, sir, you are audible. Please go ahead.

**Amit Agarwal:** My question is regarding WhatsApp segment. We have 15% market share in WhatsApp segment. Any reason that we have such a low market share in that particular segment? Plus, WhatsApp itself is coming out with a lot of business solutions, so do you take it as our competitor or our enabler?

**Deepak Goyal:** Should I answer this?

**Amit Agarwal:** Hello?

**Uday Kumar Reddy:** Yes, Deepak.

**Deepak Goyal:** Okay. So, just to -- I mean, I don't know if you have missed that. Karix Mobile has been awarded as the Growth Partner of the Year in this year by Meta. In the recently held event, there was a very huge Meta event happened in Bombay, and we've been awarded as Growth Partner of the Year. And that is one. Number two, with ValueFirst coming in our market share, combined market share is much higher now.

Number three, we have been growing very, very fast. The reason why our market share is lesser is, the reason is that, there are historical reasons to that. And wherein, there is another competitor of ours who had got a couple of years of head start against us, who are the only exclusive partner for Meta for a couple of years. So, obviously, we started late, but we are catching up. So, we are doing really very well. We have been acquiring lot of customers. We have been building a lot of use cases. We are building lot of user journeys. And you would see that, and our WhatsApp business is growing very fast. And not only WhatsApp, just to tell you, it is not about WhatsApp, it is about overall OTT as a play, right.

So, WhatsApp is one of the channels in that. So, we started doing very well on RCS as well. We already have exclusive partnership with Truecaller. We are building lot of use cases there as well. And so, if you see, we have the largest OTT network today in the country to offer to our customers, and you would see that we would be winning lot of business on that.

**Amit Agarwal:** So, what is our expectation in next two to three years, what would be our market share in this particular segment?

**Deepak Goyal:** I mean we are already starting to gain more and more market share, right. So, it's tough to comment. But we would be increasing our share very rapidly.

**Amit Agarwal:** And my last question is regarding about UPI transactions. So what market share you have an UPI transaction? How many UPI transaction come to us?

**Deepak Goyal:** See, we at present you are aware, right? We are present at lot of BFSI, I mean a lot of banks, and the BFSI segment. So from where these transactions are getting originated, we are present at about 70% to 80% of those customers. So, naturally, if the UPI transactions go up, our share also goes up and our business also goes up. So this is how it works. So, you are aware we are present at about seven to eight of the top 10 banks, let's say. So -- and all these banks are getting UPI transaction as well.

**Amit Agarwal:** Okay. Thank you. That's my only question.

**Uday Kumar Reddy:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, to ask a question please press star and one on your phone now. We'll take our next question from the line of Mohit Motwani from Nuvama. Please go ahead.

**Mohit Motwani:** Hi. Thanks for the opportunity and congratulations for a good set of numbers. My first question is with respect to the greater than ₹50 crore client bucket. Previous quarter, we had 19 clients in that bucket and there were some two clients of ValueFirst. Now, from total of 21, this has come down to 17. So, just wanted to understand, is this a major customer loss or a loss in wallet share, or is this because of lower spends by the enterprises that it has moved to other bucket?

**Aravind Viswanathan:** Sure. So one point there that you should look at, right, when we have given, we also have and I will kind of address the top 20 customer movement also in the same way. ValueFirst itself was a large customer of Tanla, so, in a way, when you consolidate, it becomes an intercompany customer. So, it no longer is a customer, right? So that is one of the reasons why you would see even our top 20 contribution revenues coming down drastically. So that is one.

Two is that, this is on a quarterly average basis and the one point which we should note is, they had certain amount of IPL-related seasonal spends in Q1, right. And I am confident therefore, when you again see the seasonal spends come in Q3, you will see this number go up, right. There is no customer we have really lost, somebody moves from, ₹13 crores in a quarter to ₹12.2 crores in a quarter, which is what has happened for a couple of our customers, that is really what is causing the slip. Because if you look at from a greater than crore customer, right, you've seen a very, very significant movement. If you've seen a ₹10 crore to ₹50 crore, you've seen as significant movement.

So, maybe we can't look at only one bucket. But there is no real big loss in terms of customers, some of them have slipped down from kind of ₹13 crore run rate to ₹12 crore run rate and that's really contributing to the shift.

**Mohit Motwani:** Sure. And I just want a clarification, so, what was the volume degrowth for the quarter? I mean there was a ILD price increase impact which came from the last quarter. On a year-on-year basis, there would have been some benefit from ILD price increase plus the NLD price increase as well. So, what was the total volume degrowth for the quarter, if any?

**Aravind Viswanathan:** So, we were not really calling out volumes across the segment. It will not make sense. What we've said is on a sequential basis, our domestic business volume growth declined by 7% and that's really all we are sharing with respect to volume.

**Mohit Motwani:** Okay. Sure. Thank you so much for the answers.

**Operator:** Thank you. We have our next question from the line of Anil Sarin from Centrum Wealth. Please go ahead.

**Anil Sarin:** Hi, Uday, Deepak, Aravind. Thanks for the opportunity. First of all, I want to congratulate you on coming out with such a detailed presentation, and there is a press release, and then there is a letter to shareholders. So, what that has done is, it has made our job easier, so much of information. I don't think too many other companies provide this. So, that's a job well done.

My question is regarding, during the AGM, you had mentioned, Uday, that is this, you are also pursuing ATP opportunity in Saudi Arabia. So, if you could provide some update on that. That is one. Second question is, assuming all these things go through, what is the revenue impact? And I'm not asking for a



particular revenue, but I just want to reference the TAM which is given in one of your, I think it's there in the presentation. So, as I look at the TAM numbers, current TAM, going forward in future, et cetera, the security part is pretty slim over there. So, is it true that, the ATP would not be a substantial contributor to revenue as we go forward? So, these are the two questions I had.

**Uday Kumar Reddy:**

Yes. So, hi. Anil, Uday here. So, when it comes to Saudi, yes, we have been consistently in touch with mobile carriers over there. In fact, I personally visited along with my business team, a couple of times to Riyadh. So, the problem with both the Saudi and mainly in India right now is, in both the countries, it is about the Data Protection Bill is approved. The same thing happened in Saudi also. Probably one month here or there, that both the countries approved the data bill at the same time. And that is really pushing and that is really slowing down our WhatsApp -- sorry, Wisely ATP deployment.

What it means to say is, so this Wisely ATP has to be integrated tightly with mobile carriers, mobile operators in the respective geographies, and then people are thinking from, people are looking from the lens of data privacy and data security issues line, okay, that is really slowing down. Otherwise, the impact that it is delivering to all the enterprise, mainly to the banks is astonishing, right. So, that's number one.

Number two, when it comes to the revenue potential of Wisely ATP, what I would like to make a couple of statements here. One is, it's a more of SaaS product, meaning to say that, once we deploy with the telcos and once we start charging to enterprises, right, so we want to charge per user and per month. So, it's more of a SaaS product, it's more of a subscription product like, okay. So, when it comes to TAM, what we mentioned as part of the presentation, one of our presentation is, the one we're talking about is what we want to keep it with us, we don't because whenever we receive the money, we have to share with the other ecosystem players, mainly with mobile carriers and other players like WhatsApp and it could be even Google also.

So, we are still working on it, right. So, what the TAM that we mentioned is what we going to keep it, potentially keep it with us. So, we're not really capturing the total TAM of this product.

**Anil Sarin:**

Okay. Okay, thank you.

**Uday Kumar Reddy:**

Anil, did I answer your question?

**Anil Sarin:**

Yes, yes, that's very useful. One follow-up question is, you mentioned that Vodafone impact about that firewall impact is going to be felt in the fourth quarter. So, meanwhile, the ATP obviously would be up and running by that time, all going well, as well as the NLD increase and the ValueFirst, all of those would be there. So, net-net, how much of a set-back would be exit of Vodafone, that firewall business, have on the fourth quarter numbers?

**Uday Kumar Reddy:**

Anil, it's difficult to answer. But our intent is to make it nearly zero. Okay. And we have lot of levers on our side. One, as you rightly said that the price increase in India, domestic price increase in India, that's number one. Number two is, we are doing a lot of stuff on as explained by Deepak, we are doing a lot of solutions on OTT players, mainly on the Truecaller, WhatsApp, and RCS. So, they are on time. And so, we are not too worried about what we lost, but we are worried about how to implement new solutions on the channels that we have. So, very pretty gung-ho about the new channels that we have.

In fact, we have, ourselves have terminated or agreed not to extend the agreement with VIL, because it needs a huge potential, a huge financial



commitment. And so, as I explained last time, our strength lies with innovation, not to offer financial commitment to any operators in any country, including India. So, to answer your question, like, we are not too worried about it, our intent is to make it nearly zero impact.

**Anil Sarin:** Okay. With your permission, I just had one broader question and not to do with quarters. But can I ask them?

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

**Anil Sarin:** Yes. So, Uday, if you go back in your own history, many years ago, you had operations in I don't know how many countries, at least 20 countries. So, international is nothing new for Tanla. Why is it that you are still confined to India when you have a history of operating in multiple countries in the past?

**Uday Kumar Reddy:** See, good question, Anil. We did operate when we are very small, when we are very young in most of the markets. Absolutely, I completely agree to agree with you. But we have slightly changed our strategy. One is, we see India is the biggest opportunity for all of us, mainly for Tanla, because we understand the local market very well. We understand the local tariff very well. And also, the way we would like to see ourselves is, wherever we operate, we would like to be the market leader. We don't want to spread into 20, 30 countries and where we would like to generate around ₹50 crores, ₹100 crores in each geography, which we are not good at, right.

So, wherever we enter, we would like to make ourselves as the market leader in that geography before we move to the other geography. So we are not in a great hurry to move to 20 countries and impress the market. No, we are not in this mood.

**Anil Sarin:** All right. Okay. Thank you for the clarification. Wish you all the best for the coming quarters and years.

**Uday Kumar Reddy:** Thanks. Thanks, Anil.

**Operator:** Thank you. We have our next question from the line of Tejas Shah from Laser Securities. Please go ahead.

**Tejas Shah:** Hi. I heard part of the why discussion, why did we lose that customer. Another thing is, we are losing -- are we losing a lot of customers to Route Mobile for any pricing pressure or any services issue?

**Ritu Mehta:** Can you repeat your question again? It was not clear.

**Tejas Shah:** I have a clarification on why Vodafone basically, why did we lose that customer and why are we losing more customer to Route Mobile? Is it only purely on the pricing power or are we losing something on the features?

**Deepak Goyal:** Deepak, here. Yeah, yeah, Uday, please.

**Uday Kumar Reddy:** No Deepak, please go ahead. Go ahead. Go ahead.

**Deepak Goyal:** Yeah. So, you asked kind of specific questions. So, a specific answer. No, we have not lost any customer to the said company. And as far as our technical capabilities and our features are concerned, we are far, far superior.

**Tejas Shah:** Okay.

**Uday Kumar Reddy:** And let me also add, sorry, Tejas. Let me add one more important point here in addition to what Deepak has mentioned, right. I encourage you to read the Gartner Quadrant report, which they released a month ago. In fact, we are planning to send to all our shareholders from next Tuesday, Wednesday onwards. Look at where we are in relation to our competitors globally. Okay. We have recognised, they have recognised, Gartner has recognised Tanla as one of the most innovative partners globally, right. So that speaks volumes about our innovation, that speaks volumes about our platform's capabilities, right. So, I hope I answered your question, Tejas.

**Tejas Shah:** Yeah. But then, how quickly we'll be able to grow our EBITDA or margins, because our products are superior, services are superior, but then are you facing any pricing pressure from anywhere?

**Uday Kumar Reddy:** Deepak?

**Deepak Goyal:** See, pricing pressures are there. Okay. And I would say, India is such a market that where customers are very, very sensitive about pricing. Okay. They want the best of the world. They want best of the solutions. At the same time, they would still look around and ask for the, who can give us the best price, right. So this is what it is. But if you really ask me, we have been innovating, not just in terms of platforms, we are innovating in terms of our solutions, we are innovating in terms of overall offerings.

So, what we are doing right now is, we are going to the customer, we are saying, hey, how we can bring your overall spend down and how we can give you better ROI, how we can give you, how we can add value to your business, provided, if today my share is 50% or maybe 45%, would you give me your 80%, 90% share if I bring your overall cost down? Right. So this is what our pitch is, and that is helping with, as I mentioned, with our overall offerings. We have our, as I said, largest OTT network today, which helps.

Now we can differentiate, let's say it's not necessary that for every transaction or for every communication, you have to send an SMS. You can send an SMS, maybe you can send a RCS or a Truecaller or WhatsApp, where you see a better engagement, where you see better ROI. Okay. So, we can provide, we are providing that kind of platform today to our customers, and we are seeing good penetration on that and good acceptance on that. So this is how we are changing the game here.

**Tejas Shah:** Thanks a lot. Thanks. That's all from my side. Thank you.

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

**Amit Mishra:** Good afternoon, everyone. Hi, am I audible?

**Operator:** Yes, sir.

**Uday Kumar Reddy:** Yes, yes, Amit. Go ahead. Go ahead.

**Amit Mishra:** I have two questions. So, first one is, what's the progress on Kore.ai partnership? Did we sign up the first client? And if not, what's the timeline?

**Uday Kumar Reddy:** So, Amit, like, we had a partnership with Kore.ai for last one, for little more than one year. But what we realised is Kore.ai, the platform is mainly meant for large and mainly meant for European and American customers rather than Asian customers. Because the flows are different, the regulations are different, and

compliances are different. That's what we noticed after working closely with large banks in India.

So, what we decided to do is not to work with only Kore.ai. We decided to work with even other similar platforms. So, the Board and the senior management have taken the conscious decision last month, to not necessarily to work with only Kore.ai but also to work with other similar platforms where they can help us build more business in India. So we don't really worry about the Kore.ai on that front, Amit.

**Amit Mishra:** So, as a follow-up. So, is it like shelved for now and you will see when the better opportunities arises like in countries like Indonesia or elsewhere?

**Uday Kumar Reddy:** Yes, yes. No, still, yes still, like as and when we see like synergies where we think we can take Kore.ai to the large deals, Kore.ai is open, we are open, but meanwhile we would like to work with even other similar platforms, because we don't want to lose the business.

**Amit Mishra:** And the second question is related to the Vodafone contract which we lost on platform business side, and I understand yes that it was due to complete in November. They probably got a better deal elsewhere, or like cheaper price. But what are we doing to protect our platform side of business? Because Wisely being the head line product for Tanla, we should be better like in protecting our business or clients because Wisely provides XYZ.

**Uday Kumar Reddy:** So, Amit, yes, Amit, just now, as I mentioned earlier like, so we have decided not to extend the agreement with VIL. That's number one. Number two, what you need to understand is in fact, once you deploy the platform with any enterprise or mainly with Telcos or any other service providers, and this is the first time that we lost. I mean we kind of decided not to extend our agreement. i are reasons best known to all of us, the situation that VIL is right now is in. So we don't want to take any financial risk. That's how we have decided to not to extend with the particular Telco, right? So, we have not pulled out just because the product is not functioning, in fact product is performing so well. But they need some financial commitment, situation that they're in now, right now. But we have decided to not to get into that relationship anymore.

**Amit Mishra:** So, as a follow-up, is this because Vodafone finances are not in good shape and they are probably negotiating on all of their deals, all the vendors?

**Uday Kumar Reddy:** Amit sorry, it is not fair on our part to comment on behalf of our partners. We have a very, very strong relationship with Vodafone, probably one and a half decade partnership We are still the largest partner for VIL, so I don't want to really discuss certain things which I'm not authorised to discuss. So, I would like to leave it there.

**Amit Mishra:** Agreed. Fair enough. Just one last question if I can squeeze in, please?

**Uday Kumar Reddy:** Yes, please. Please, Amit.

**Amit Mishra:** Yes. So, we had this co-sell arrangement for Wisely with Microsoft. Is there any progress on that or are we utilising or having some traction there? That partnership seems to be, we haven't received any update.

**Uday Kumar Reddy:** Yes, I agree with you Amit. Like, yes, of course that's a long-term agreement with Microsoft, but the technology has moved on in the last -- at least mainly in the last one and a half year. A lot of technology changes in the cloud space, and mainly on the stack and AI and ML. So, we are closely watching this area, and mainly because of the DPDP bill was stabled and approved in the Parliament a

couple of months ago. So, regulations have changed, the technology has moved on, the enterprises, the demand is gone to the next level. So we are closely looking at the situation like, so that's the reason where we're not able to give an update.

**Amit Mishra:** Fine. So, and this is all. Thank you and congrats on the good set of numbers in Q2.

**Uday Kumar Reddy:** Thank you.

**Amit Mishra:** Hopefully, we will get more growth in Q3. Thank you. Bye.

**Uday Kumar Reddy:** Thanks, Amit.

**Operator:** Thank you. We have our next question from the line of Swapnil Potdukhe from JM Financial. Please go ahead.

**Swapnil Potdukhe:** Hey, hi Uday. Thanks for the opportunity. So, just I wanted to check with you on the Vodafone India deal. From what I understand, the impact will be on the international traffic that we have mentioned in our press release as well. Now, could you help us understand, does that mean that any traffic, ILD traffic that flows through Vodafone, that will no longer flow through Tanla henceforth? Or is it something else? Basically, I'm just trying to understand the impact from a layman's perspective, what were we getting earlier and what we will not be getting henceforth. Thank you.

**Uday Kumar Reddy:** So, Swapnil, it's a good question. A is, it does not have any impact on our ILD business. Zero impact on our ILD business, right. Suppose assuming that Deepak and the business development team is winning the international deals, and so they don't really care whether our platforms are deployed with any particular Telco or not. Okay. They continue to win the deals with the large tech giants globally and does not have any impact on what's here. That's number one, right. Number two, like, yes, that the minute we pulled out our platform, it doesn't mean, either I can submit to the new platform or I can submit the same traffic through other Telcos who will bring to the VIL through interconnects. So nobody has any control on any traffic. So, it has got a zero impact.

**Swapnil Potdukhe:** Okay. Got it.

**Aravind Viswanathan:** Swapnil, does that answer your question?

**Swapnil Potdukhe:** Yeah, I mean, if you could just go a little bit more simpler, because, see, the issue here is like, it obviously we don't understand the technicality so well in terms of how the deal was.

**Deepak Goyal:** So, Swapnil, currently we are managing their Firewall. Okay? So once our deployment is over, we will not be managing that Firewall. What does it mean is the Firewall, what Firewall does is, it detects which are the international messages and which are the domestic messages and it blocks the domestic messages and it allows only international messages to pass through, so that there are no revenue leakage for the telecom operator, right. So this is what our Firewall is doing currently and for that, we have a revenue share arrangement with the telecom operator and which we have already stated that, what would be the financial impact once the deal is over.

But as far as our ILD business is concerned, let's say ILD business here is done by Karix Mobile or now even ValueFirst. So, and similarly a lot of other companies, so we are unaffected by that, okay. So, we would still continue to

connect with all the operators and continue to enjoy the same similar pricing. And so there would be no impact either on pricing or on our services.

**Swapnil Potdukhe:** Got it. Very, very clear. Thanks a lot for that explanation.

**Uday Kumar Reddy:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Ritu Mehta for closing comments. Over to you.

**Ritu Mehta:** Thank you for the call. That was the last question for today. In case we did not answer your questions, you could reach out to us at [investorhelp@tanla.com](mailto:investorhelp@tanla.com). Thank you very much. Good evening.

**Uday Kumar Reddy:** Thank you.

**Operator:** Thank you members of Management. 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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