



**Tanla Platforms Limited**  
**Q4 FY23 Earnings Conference Call Transcript**  
April 27, 2023

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<b>Call Duration</b>	<ul style="list-style-type: none"><li>▪ <b>60 minutes</b></li></ul>
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>▪ Deepak Goyal - Executive Director &amp; Chief Business Officer</li><li>▪ Aravind Viswanathan - Chief Financial Officer</li></ul>
Participants that asked the questions	<ul style="list-style-type: none"><li>▪ Ronak Vora - AUM Fund Advisors LLP</li><li>▪ Balaji Subramanian - IIFL</li><li>▪ Amit Chandra - HDFC Securities</li><li>▪ Deepak Chokhani - Individual Investor</li><li>▪ Mohit Motwani - Nuvama</li><li>▪ Milind Karmarkar - Dalal &amp; Broacha PMS</li><li>▪ Sambhav Jain – Vardhman</li></ul>

**Operator:**

Ladies and gentlemen, good day and welcome to Q4 FY '23 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ritu Mehta. Thank you and over to you.

**Ritu Mehta:**

Hello everyone. I hope you and your families are safe and healthy. On behalf of everyone at Tanla, welcome to our Q4 earnings call. Joining with us today are Uday Reddy, Chairman and CEO; Deepak Goyal, Executive Director and Chief Business Officer; and Aravind Viswanathan, CFO. Uday will share his perspective of business imperatives and strategic progress made by the company, followed by Deepak, who will update us on the Enterprise business, and Aravind will provide an overview on financials.

After opening remarks, we'll 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 transcript will be available on the website.

I hand it over to Uday.

**Uday Kumar Reddy:**

Thank you, Ritu. Good evening, everyone. Thank you for all of you joining us today. I'm joined with Deepak, our Chief Business Officer and Arvind, our Chief Financial Officer. So, we have shared detailed disclosures of our results yesterday, and I'm sure all of you had an opportunity to go through the same. While we would be happy to take any questions on Q4 as part of a Q&A, our focus in the opening remarks will be to give you a very strategic update on our Platform and Enterprise businesses. I've been talking about looking at our Platform business and Enterprise business very independently. And we will report EBITDA for these businesses separately going forward.

In my opening remarks, I would give you a perspective on our Platform business, whereas Deepak would give perspective on the Enterprise business, and whereas Aravind will share the financial highlights.

So let me talk about the Platform business here. So we see a significant secular tailwinds of digital interactions in India. We have seen 3x increase in digital interactions over the last three years and it is accelerating. For example, the number of UPI interactions grew from 1 billion in FY '18 to 86 billion in FY '23. Estimates of it will touch around 430 billion in FY '28.

So Tanla is strategically positioned to address its explosion and digital economy. Our strategy is to address the entire lifecycle of customers, our customers, customers in digital-first world. We will help enterprises acquire, transact, retain, and service their end customers through our platforms and solutions. This would require addressing the multiple buying centers, be it Chief Marketing Officer or the Chief Digital Officer, who are focusing on acquiring new customers, upsell and cross sell to the existing customers. And it always requires high ROI on the

marketing spend. The CISO, and the Chief Risk Officer skiing on areas as like data security, data privacy, spam, scam to ensure that customers are protected. And various Chief Operating Officer and Business Heads are focused on seamless transacting experiences for their customers, for example, the OTPs and the e-KYC payments, et cetera.

So, given our platforms today, when we walk into any enterprise, every CXO in that enterprise is our potential customer for us, that is our thought process. We would like to service each and every buying center in any enterprise. So we expect the TAM, the total addressable market size for the space to be around USD 5-6 billion in India alone by 2027. And if we add a few adjacent emerging markets where we started making inroads, such as Middle East and Southeast Asia, TAM could be around USD11 billion in 2027.

So in this backdrop, let me give you a perspective of where we are investing and what is the impact of these investments. I will start with where we're investing in the Platform business. We have invested over ₹175 crores in FY '23, in innovations and improvements, which is in our platforms. And we have invested a lot of money in the Talent and Infrastructure, and we have built a separate, dedicated team for our customer success team. And we are spending a lot of money on our Wisely brand. So we'll continue to invest in this space going forward, but definitely in the coming quarters, we will report these investments separately on quarterly basis.

So let me talk about what we invested and what we built under investment -- sorry, under innovation and improvements. So we are focusing on four segments within the digital interaction space, which covers all buying centers within an enterprise. So we call it as a Wisely Communicate, then Wisely Engage, then Wisely Protect and Wisely Experience.

So, when it comes to Wisely Communicate, this segment is all about orchestrating and delivering omnichannel, safe and encrypted communication to our customers, customers.

So, when it comes to Engagement, this segment works across entire customer lifecycle management, be it acquisition, cross sell/upsell and detention. This segment is mainly targeting at the Chief Digital Officer or Chief Marketing Officer of any enterprise.

And when it comes to Wisely Protect, the segment addresses the areas of the data security and data privacy, spam and scam, and so especially making all digital interactions safe and compliant.

So, when it comes to Wisely Experience, providing rich and seamless delightful customer experience in a cluster of digital economy is a focus of this segment.

So we have six platforms across this four segment, four subsegments, and all our platforms have a specific DNA. They are built for greenfield opportunities, they are built by getting this entire ecosystem together, they are built for scale, they are built with proprietary technology and they're built as asset-light platform that are easy to deploy. These are deployed -- these are deeply embedded with our customers and it's very hard to replace our platforms.

So all the platforms are built on Wisely, which we have been discussing for the last couple of years. So Wisely is a single platform of platforms on which every other platform is built. This provides us with a tremendous speed agility to develop new platforms. For example, we took 15 months to build Wisely

Communicate, but we took only four months to launch Wisely ATP, our Anti-Phishing Platform. Wisely ATP is our patented platform to curb phishing and scam and the biggest menace that is threatening the digital economy today. It is our biggest innovation in our history.

And the proof-of-concept with the three large banks have seen encouraging early results. In parallel, we have also showcased the fantastic results of our sandbox deployment of ATP platform through TRAI and other regulators. And I'm personally very confident this "Made in India for the World" platform will be game changer to protect 1 billion +users of digital economy.

In addition to Wisely ATP, we have delivered 30-plus innovations and improvements across our platforms over the past six months. We have invested in the state-of-art Kaizen Centre to drive continuous improvement in our existing platforms by deploying best-in-class monitoring tools to deliver excellent customer experience once they are on onboard our platforms.

So secondly we are investing on talent and infrastructure. We have recently invested in building a state-of-the-art innovation and experience center in Hyderabad that houses around 150 of the India's top talent in cutting edge across blockchain cryptography and very big focus on AI/ML, built over 100,000 square feet area. This center is unique hub of innovation with the five garages and an environment which fuels innovation.

So the third biggest area that we are investing is the customer success and brand. We believe customer success and/or slightly -- sorry significantly investing in the dedicated team from the industry to be custodians of our business impact and delight to our enterprise customers. We're also making purposeful investments in building our product brand Wisely to stand out the most trusted brands in digital interactions.

So our significant investments are delivering business and financial impact. Let me elaborate here. So when it comes to business impact collectively our platforms touch more than billion lives in India. Around 35% of our top 70 customers use three out of six of our platform. We have very high customer retention rate.

Increased customer adoption is accelerating in our platform lifecycle. Our first platform SMSE took five years to reach ₹25 crores gross margin per annum. Our DLT platform, the Trubloq reached ₹100 crores milestone in two years, whereas Wisely network which is deployed with Vodafone Idea network reached 100 crores gross margin within one year. And so our Wisely OTT platform I'm sure will reach ₹100 crores gross margin club in less than 12 months. So we're pretty excited about these platforms.

So let me also talk about the financial impact of our investments. Our gross profit in the Platform business are growing 20% plus over last 12 quarters. Our EBITDA margins are upwards of 70%. So we have delivered strong growth at high margins. The platform companies are expected to operate at the Rule of 60, which is revenue growth plus EBITDA margin percentage should be greater than 60%. We are operating at the levels significantly higher Rule of 60 today. But our vision is to operate at least at the Rule of 60 at a scale.

In summary, we have a clear strategy that is working. I wanted to leave behind four messages for our Platform business. One, we are in evergreen market with a large total addressable market. The second point we have a track record of

successful innovations and cutting edge technologies like AI/ML, blockchain and cryptography. The Innovation and Experience centre is accelerating this further.

The third point. We have shown massive customer adoption addressing the needs of several buying centers in an enterprise. Fourth point, our Platform business demonstrate all SaaS platform characteristics, which are Rule of 60, consistent, predictable growth rate, 70% plus EBITDA profile, high lifetime value for each platform.

Interestingly, SaaS companies such as ServiceNow are typically valued at a P/E multiple of 100 plus. So that is the power of Platform business. And we continue to report, as I said earlier, both Platforms and Enterprise business separately from this quarter onwards.

With this, I would like to hand it over to Deepak who talks about Enterprise business.

**Deepak Goyal:**

Thanks, Uday. Hello everyone. Thanks joining for this call. Uday has given an overview of the industry and our approach to the Platform business. Let me give you an overview of the Enterprise business. We are India's largest CPaaS player with over 20 years of leadership in the communication space. Fundamentally, our business is about helping enterprises engage with their end customers across communication channels. So when a bank is sending an OTP or a notification to its customer, it goes through our platform. If an enterprise is engaging in a two-way conversation with their customers, it goes through our platform.

We are behind the scenes, touching over a billion people, enabling their digital journey. Our business model is pay as you grow. So as the volume of communication between enterprises and their end customers grow, we grow. In fact, our business is very closely coupled with the growth of digital economy. As the digital interactions grow, we will grow. I'm very optimistic on the growth prospects of the Enterprise business.

Let me tell you why we are best positioned to build on our leadership in this space. Number one scale, we have unmatched scale with over 30% enterprises market share in India. Our scale is not just reflected in volumes, but also in terms of our customer profile. We serve over 1,300 enterprises in India. Eight out of Top 10 brands across all industry segments or I would say across all large industry segments from banking, insurance, retail, e-commerce, travel, digital natives, et cetera are our customers.

We are the largest partner with the government and played an active role in enabling vaccination in India by providing authentication messages for Aarogya Setu App as well as CoWIN app through OTPs to schedule vaccine appointments and notifications.

Our scale helps us deliver large campaigns for customers at short notice and provides tremendous references for our new customer acquisition. We acquire over 200 new customers every year as enterprises are keen to work with market leaders.

Number two is customer stickiness. Once we acquire customers, they continue for perpetuity. Our business is not about just providing a gateway for enterprises to the Telco. It is about significant integrations coupled with 24/7 service requiring tremendous agility. We have built the culture of customer first and our turnaround time to meet our customer requirements is the industry benchmark.

Let me give you a few examples. We have given more than 10,000 customized APIs to integrate with our customers. In certain large customers, we have done more than 100 APIs integrations across their different systems. This is a constant process and is a key requirement to scale. Our strength in banking is due to our middleware application being deployed within banks environment.

Banks today deploy multiple CRM software to provide multiple service to their customers, be it banking, loan, cards, insurance, mutual funds and other products. To deliver notification to their customers, our middleware is connected to their multiple CRM systems. We support over 1,000 types of different use cases where customer receive omnichannel messages based on their engagement. This middleware process more than two billion messages per month for various banks.

We are deeply integrated with all the major CRM systems across different verticals to enable enterprises send multichannel messages to their customers. It is impossible to ramp-up in any customer without these integrations. We have a huge head start and it is not easy to displace incumbents. This is reflected in the fact that more than 50 out of our Top 100 accounts have been with us for more than five years. If you look at our customers cohorts, every cohort has grown double-digits CAGR from inception.

New use cases, we are constantly seeing new use cases evolve in our business. UPI is a great example. As Uday mentioned, the number of UPI interactions grew from 1 billion in FY '18 to 86 billion in FY '23. Estimates are that will touch 420 billion mark in FY '28. This provides a huge opportunity for us and we are addressing these spends of the bank. There are lot more such opportunities. Let me give you some examples.

AI/ML based solutions. For a leading bank, we help automate relevant promotional messages based on user card swipe activity, using machine learning technology, relevant offers are triggered to user basis, his transaction amount, location and card type. This program has resulted in 2x increase in loyalty offers for the bank. We pioneered voice OTP. If the customer is in a remote location where SMS deliveries are low, we can enable a retrieval mechanism with the OTP getting delivered through a voice call.

These are a few examples in terms of how traditional channels are seeing new use cases and fueling growth beyond OTP and notifications.

So I'll talk about newer channels. We are seeing new channels like WhatsApp provide a big opportunity for us. These are coming out with completely new use cases and not really substituting the use cases of SMS.

We have made significant investments in WhatsApp, and it is reflecting in our results. We have grown our business over 3.5x from Q4 of last year to Q4 of this year and we have reached an annualized run rate of ₹150 crores in this business.

Let me give you a couple of examples of what we are doing here. Commerce on WhatsApp, we have enabled highly personalized customer experiences via WhatsApp for our brands. These help businesses not only to differentiate themselves but also to gain a sustainable competitive advantage. One of the use case is leveraging a cab booking over WhatsApp. Instead of booking a cab via various cab aggregators at Airport, we have worked out with an online travel company to provide a very simple user experience to book a cab to their destination from the airport.



Whether it is integration with various cab providers or Google Maps or even a payment gateway, the whole journey is very seamless and liberates the user from downloading different apps for cab booking. Another example is solving one big logistics last mile delivery problem. We created a solution for a logistics player who provided a 24/7 process of handling shipments related queries, customer interaction complaints and other support use cases.

This helped the customer in solving for real customer problems using our WhatsApp services. Customer feedback increased by 20% as the logistics player was able to identify and resolve customer pain points where shipments got undelivered.

Just to tell you, we are powering State Bank of India WhatsApp Banking service over WhatsApp. Over 300 million customers will now be able to engage over WhatsApp with SBI for all their banking requests. There's another new channel which is RCS and we are equally engaged in RCS and taking the lead there as well and signing up customers.

So in summary, we have a very solid business and well positioned to benefit from the digital interaction boom as we have all the building blocks required. FY '23 has been challenging year as the pricing environment deteriorated in the first half of the year. We are now seeing more stability as there is realization that pricing alone is not sustainable differentiation. Customers realize that having a few minutes of downtime in OTP can disrupt their business.

Customer service around two-way communication is our core business and we are available 24/7 to solve their problems and provide new solutions. We are constantly innovating. I do not believe one can disrupt this business on price alone. I have seen multiple cycles in the industry in the past. We have seen price increases in the industry two times in the last five years on our domestic business and around three to four times on international side.

My personal experience being in the industry for over two decades is that pricing environment stabilizes after a challenging year. I'm hopeful that history will repeat itself here. As the business environment has become stable, we have seen our enterprise margins come back to 20% levels. We think the worst is behind us and we are looking at growth in FY '24. That's it from my side. Thank you and I will pass it on to Aravind.

**Aravind Viswanathan:**

Hey, thanks Deepak. Welcome everyone and thanks for joining our call. You heard Uday and Deepak give an overview on the Platform and Enterprise business. I would like to cover two areas from my side. Quick overview on the year gone by and the way we are looking at the Enterprise and Platform business going forward from a reporting standpoint, right. We ended FY '23 with revenues of over ₹3,350 crores and PAT of around ₹450 crores.

We had a slow start to the year and saw a drop in profitability. But like we mentioned then over the past three quarters, we've seen a steady improvement in our profitability. Deepak alluded to it with gross margins of the Enterprise business back to 20% and overall company level EBITDA also back to 20% in Q4 '23, right. We generated over ₹200 crores of operating cash flow in Q4. I think the big takeaway for us is that we've stayed very disciplined in a tough environment. We've not gone aggressive, we've not made mistakes. We've kind of remained very disciplined and we stuck to our commitment to return cash to shareholders.

We announced a dividend policy of 30% of consolidated PAT to be paid out as dividend every year. We announced a final dividend of ₹4 per share. This is on top of ₹6 interim dividend that we announced in August '22. We also completed our third consecutive buyback of ₹170 crores. If you include the buyback tax, the total outflows were ₹210 crores in January of this year.

So we have been returning sizable amount of cash back to shareholders. Going forward, as Uday mentioned, we have two businesses, Enterprise and Platforms. Both of these businesses are part of our CPaaS market, but we will break down the financials right up to EBITDA from Q1 of FY '24 on a management reporting basis, so that there is better understanding of these businesses for investors, and analysts.

These businesses have slightly different drivers, so we will look at metrics, across investments, business impact and financial impact. To give you a sense for the Platform business, we would share business metrics along customer adoption, customer churn and platform segmentation. Rule of 60 as Uday kind of alluded to would be applicable to the Platform business. For the Enterprise business, we continue to give new customers, breakdown customer segmentation and customer concentration.

From a financial metric standpoint, we already give breakdown of the gross margin. We would start sharing EBITDA for the two businesses. This is one more step as part of our disclosure process, We've been constantly adding our disclosures and we think this would help investors understand our business better.

With this, I would request that we open the floor for Q&A. We'll be happy to take questions.

## 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 their touchtone 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 Ronak Vora from AUM Fund Advisors LLP. Please go ahead.

**Ronak Vora:** Hello.

**Operator:** We can hear you, sir.

**Uday Kumar Reddy:** Yes, Ronak, go forward.

**Ronak Vora:** Yeah, you said that we are back on the path of growth from FY '24 onwards. So what kind of growth do we expect in the Enterprise and Platform business separately?

**Aravind Viswanathan:** Deepak, do you want to give a colour on the Enterprise business first?

**Deepak Goyal:** Yeah, sure. So, Ronak, as I mentioned the worst is behind us and we are seeing good growth in FY '24, though we don't provide any forward-looking guidance.



But what I can tell you is that our existing business, our existing customers, they are intact. They are with us, they are very happy with us, with our solutions and with our service, and they are growing. Apart from that, I mentioned in my previous earnings call that we have embarked on a very aggressive campaign to acquire new customers and we are very focused on that.

And we have seen some real good results in Q4, where we have acquired more than 50 customers which are large and we are onboarding them. So overall, I'm very hopeful for a good growth coming in, in FY '24.

**Ronak Vora:** Okay, because in the last three quarters, even though the number of customers have increased for us, the revenue translation in the Enterprise business has been hardly flattish, so which is where my question comes in. You said that we have onboarded around 50 customers, or in the process of onboarding 50 customers in the current quarter. So going ahead, so when do these 50 customers translate into revenue? So generally, what's the whole time cycle, if you can just help me?

**Deepak Goyal:** Ronak usually it takes about six to eight months for customers to fully ramp up their volumes and their transactions on us. And this is the timeframe, what we are looking at. But we would see that some amount of their business would start trickling in from Q1 itself.

**Ronak Vora:** Okay. And on the Platform business?

**Uday Kumar Reddy:** Ronak, Uday here. On the Platform side, as I promised you earlier, we closely track Rule of 60. So definitely we are very conscious about the growth as well as the revenue growth, as well as the EBITDA margins. As I mentioned in my call, we would -- our EBITDA margins on our platforms are very high, which is upwards of 70%. So yes, we -- our base is small as of today when we compare with Enterprise business. So I think since we have the six platforms, which are being kind of dipped.

**Ronak Vora:** Okay. And even though its -- I understand that...

**Uday Kumar Reddy:** The two platforms have already reached ₹100 crores club and the third platform should be able to reach in the next one or two quarters. The remaining three platforms at least they'll be around zero to ₹50 crores by end of this year. So all six platforms will be contributing something rather in this financial year.

**Ronak Vora:** Okay. Thank you.

**Operator:** Thank you. We have our next question from the line of Balaji Subramanian from IIFL. Please go ahead.

**Balaji Subramanian:** Good afternoon. Thanks for taking my question. I had two questions. The first one is on where are we on the consent management module for Trubloq? So this was something which was expected to be approved by the regulator and any progress on that?

The second thing is on, again related to TRAI. Last week there was a news item that TRAI had called telcos and discussed the issue of spam calls, especially on the voice front. So do we see some opportunity there just like how we have kind of moved ahead with Trubloq for SMS?

**Uday Kumar Reddy:** So Balaji, hi, Uday here. So in terms of consent management, it is a regulator and it is the telcos who has to take the call. But as far as our platform is concerned, we have been ready for quite some time. So it is up to the regulator and telcos to decide when they wanted to launch. So we are not the one who's going to launch, right? So that's number one.

Number two about the spam calls. We are busy deploying our SMS phishing solution as we speak. So first, we would like to concentrate on SMS phishing before you really move to the voice. And if I'm allowed to say the voice solution for -- I mean, voice phishing is not that easy to deploy. We don't have any benchmarking products. Not that we have a benchmarking product for SMS phishing, but it's too early to comment on voice solution.

**Balaji Subramanian:** Okay, got it. Those are my questions. Thanks and all the best.

**Uday Kumar Reddy:** Thanks.

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

**Amit Chandra:** Yeah, hi and thanks for the opportunity. So, my first question is on the Enterprise business. As you mentioned that Enterprise business they're going to see a better growth in FY '24. So the assumption for this growth is only based on the reversal in volume growth. And if you can break it down, what's happening between transaction and promotional volume? Because I think promotional volume for FY '23 has been down significantly. And also, are we also baking in any price hikes in NLD side or any further price hikes in ILD pricing on the Enterprise business?

And secondly, on the Enterprise business margin expansion, can you please provide us with any kind of work that you have that what led to this margin expansion? And is it more risk -- is it the new base, or is there something that is like one of this?

**Deepak Goyal:** Yeah, Amit, it's Deepak here. So, first of all, I spoke about growths in Enterprise business. So it will come through two counts, one from existing customers and another for the new customers, which we have recently acquired. And let me tell you, the customers, what we acquired, they're very large in size. So we are very hopeful that we would -- that they would ramp up very well with us. But you asked a very good question that how, what will happen with promotions and transactions?

Yes, I agree. In the last couple of quarters, we have seen that banks have not been spending so much what if they used to do it earlier on the marketing campaigns, on promotional campaigns. We have seen some sort of a degrowth, I can say on those volumes. But let me tell you, our focus and our majority of our business is on transaction based, and we have seen good growth coming in on transaction side. As I mentioned about just about UPI itself that itself is a use case, which has been growing tremendously, and it's growing very in a big time.

And we are seeing overall, as I said, banks will grow. The number of transitions go up. Our business will also go up. If eCommerce companies, they sell more and they do more transactions, we do more transactions. So it is trade related with our customers growth. And we see that the growth is coming, because digital adoption is increasing. So that is that.

As far as pricing is concerned, as I mentioned, in last five years, we have, we were able to increase or reset the prices twice. One, it was if I'm right, it was in 2018, and then it was 2020. And we have seen the work, as I have said last year. And I'm pretty sure, I'm hopeful, I would say that things will reset again in near future and we would be able to see some price hike and better margins.

And to answer to your last question, that no, it is not one off. Yes, our margins have improved that is largely due to two factors. One, the overall prices have stabilized. We are not seeing that kind of competition basis prices, because even our competition and everyone has realized that price, as I mentioned in my earlier, also in my statement that price is not the one through which you can actually win the customers.

You need to provide -- you need to have domain expertise. You need to have trust.

**Operator:** I'm sorry sir, we're unable to hear you.

**Uday Kumar Reddy:** I think we lost, Deepak.

**Deepak Goyal:** The prices have stabilized. And we were able to bring down our cost as well, our input cost as well. And with these two factors, we were able to increase our margins and hope I have answered your questions, Amit.

**Amit Chandra:** Okay. It was helpful, sir. And on the Platform business, so Uday you mentioned that the Rule of 60. So currently we are operating well above that. So, the margins are pretty high in the Platform business. So should we assume that with scale coming in, in the Platform business, because we have like four to five like major products, which are either incubation stage or either to gain scale. So with the scale coming in the margins that we're operating at present, it will come down or is it fair to assume that we'll operate within that Rule of 60 Rule band when we rescale? Or like in Wisely ATP kind of a product, if it gains scale, then what margins can we assume for that?

**Uday Kumar Reddy:** So Amit, basically, like you know definitely our intent is to operate at the Rule of 60. But as you rightly mentioned, the scale is pretty small as you speak. But I don't see any challenge. Even when all six platforms go live and they start contributing live, so they should be able to operate at the Rule of 60. So that's how we -- that's how -- in fact, the way we work in the Innovation and Experience Centre each platform is housed in one garage and it has got the dedicated team, right? And it has got the own budgets and it's got the own roadmap.

So and everybody has mandated to operate at a scale and at certain KPIs. So the whole team is pretty clear about what they're supposed to deliver. So our intent is to deliver minimum 60, if that's what you want me to comment. So our intent is to operate at minimum 60.

**Amit Chandra:** Okay. And sir one last thing. Obviously the platform is the growth driver for us. But how do you see the competition evolving here? Because right now we are not at scale, but still there are similar products being launched by the competition also. So how do you see the pricing here? Is it more capability driven or it is more pricing driven? Which factor is used to determine the success for any product?

**Uday Kumar Reddy:** So, Amit, it's a very good question. I love to clarify this point. So we have the some evidence here in the sense like we were the one who has developed and

deployed the Trubloq our DLT platform, which is our biggest blockchain use case in the world. And we won around 65% market share consistently for the last two years, right? In fact, we are gaining market share every quarter. The reason being we are -- we don't just innovate and forget it. We keep innovating, we have to keep improving our platforms, okay?

So that's what our DNA is like, right? So in fact, we don't copy anybody. If somebody wants to copy us most welcome, right. It's not that easy. And we have created the second evidence, which is our Wisely Communicate, which we launched with Microsoft. So the third evidence is Wisely ATP. So we are always ahead of the curve. We always good at identifying the opportunity. We are good at identifying the greenfield opportunities and we're good at building the solution or the platforms on time and delivering the customer impact to the customers.

So we have the evidence here. So I don't really care about our competition, and we are much ahead of the curve. So I would like to leave it there.

**Amit Chandra:** Okay, Uday. Thank you and all the best for the future.

**Uday Kumar Reddy:** Thank you.

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

**Deepak Chokhani:** Hello. I have a couple of questions on Wisely ATP. First is when can we expect it to move to the next stage? And is this product something which is mandatory for the banks or are they adopting it voluntarily? And third is the patent in India or abroad?

**Uday Kumar Reddy:** Yeah, Deepak, Uday here.

**Deepak Chokhani:** Hi.

**Uday Kumar Reddy:** Good question. So -- sorry, what is your first question? Sorry. What is the ATP? What is the first question?

**Deepak Chokhani:** So when does this move from POC to the next stage?

**Uday Kumar Reddy:** So the POC we kick started on probably at 25 days ago. And India's top three bank, which is Kotak, ICICI, and HDFC are on this platform and they're extremely happy with the results. And in fact, we should be able to get into commercial discussions very soon. That's number one.

Number two, is it regulated as of today? No, but the problem is so big which all of us are fully aware of it like, okay. Whether regulation comes or not, the banks and all the enterprises are looking for this kind of solution like, okay. They have to -- it is a responsibility of the Board, it is responsibility of the CXOs to protect their users. As of today, in fact, each and every bank in each and every enterprise have lot of budgets towards the cybersecurity and they're willing to spend the money on a solution like.

So as long as we deliver the impact to the users in terms of protecting their users. I don't see any much challenge commercializing this product. So please allow us to update in the next one, one and a half months' time. But the problem here, only here is it's a greenfield opportunity, this first-of-its-kind of solution in the world. So the pricing when we have to price to our customers, so we don't

have any benchmarking products. So it takes a bit of time for us to close the deals. But once we close with one or two banks, that will become the benchmark for other enterprises to follow. So first one or two deals are very important for us.

**Deepak Chokhani:** Sure, sure. Do you think Q1 will have some bit of it?

**Uday Kumar Reddy:** And before I answer that, Deepak, let me update you. Recently TRAI formed a group of, has formed a group where Ministry of Home Affairs, Reserve Bank of India, SEBI and all the regulators in India, including insurance regulator came together and they are looking for this kind of solution like, that's where we have demonstrated our platform a month ago and they're pretty excited for the solution. So, yes, we don't see any challenge in commercializing this platform. Don't worry too much about this quarter and next quarter, but as I told you earlier, this is the biggest innovation came out of Tanla in the last two decades. So you know what I mean by that?

**Deepak Chokhani:** That's helpful. The last question on this, is this patented in India or abroad?

**Uday Kumar Reddy:** We have applied in all markets, in important markets. That's how we always do including India and Europe and U.S.

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

**Uday Kumar Reddy:** Thank you.

**Operator:** Thank you. A reminder to participants to press star and one to ask a question. We have a next question from the line of Mohit Motwani from Nuvama. Please go ahead.

**Mohit Motwani:** Hi, thanks for the opportunity. I had three questions. One is around, you spoke in the last quarter about integrating some of the large banks and e-commerce companies in the coming quarters. So just wanted to get a sense of where are we now from that standpoint? Have the revenues started flowing in and what's the scale of that?

**Deepak Goyal:** Yes, Deepak here. So, as I said, we have completed the integration with some of the very large customers. And it takes time, because then there's a testing phase, which usually go on for about eight to 10 weeks, where we get some percentage of their business and once that testing is complete and all the integrations are done and then slowly volumes ramp-up, so that's the life cycle of onboarding any customer.

I mean as I mentioned, we would see some amount of revenues coming in in Q1, but overall the real impact will come maybe in about six months' time.

**Mohit Motwani:** And can you give a sense of what has been the contribution from NLD and ILD? I believe this was 95% was NLD two years ago and has that mix shifted or it remains the same as of FY '23?

**Aravind Viswanathan:** This is Aravind here. We've not called out in terms of NLD-ILD contribution.

**Mohit Motwani:** Sorry, in the analyst meet actually there was 160 billion of NLD transactions and 9 billion of ILD.

**Aravind Viswanathan:** A lot of volume. Pricing is very different, right. So if you look at it, roughly about 30 odd percent of the Enterprise business, one-third of the Enterprise business would be NLD -- ILD sorry.

**Mohit Motwani:** This is volume basis, right?

**Aravind Viswanathan:** No, revenue basis.

**Mohit Motwani:** Revenue basis. Okay. And one more last question was have you considered entering the new product category like email? And if yes, then would you be pursuing any inorganic opportunity for the same or it will be more in-house?

**Deepak Goyal:** Deepak here, so we do provide email services to a select few customers and that is primarily for transactions, let's say for a couple of very large private banks. They do send, they use our email services, but we are not too focused on email.

We are focused on newer channels, as I mentioned in my statement like WhatsApp, like Truecaller, like RCS. So these are the channels which really excite us and we feel that we can build a lot of new cases, new use cases using these channels because they provide two way communication and we can achieve a lot through these and they can complement to our overall SMS business.

**Mohit Motwani:** Sure. And the last one, if I may squeeze in. So your contribution from WhatsApp has been increasing very heavily over the last year, do you see this increasing more forward and because it might be enjoying higher margins, do you believe that at the company level margins, WhatsApp can aid and improve it further?

**Deepak Goyal:** Yeah, definitely. It is more like building the use cases around WhatsApp, okay, building some interesting user journeys, some complex user journeys which can help enterprises to interact with their customers. And when we do that, we definitely make more money. Customers are happy to pay us more and happy to pay us for such solutions. And that goes into our margins. Definitely, yes and FY '24, we have some big plans on that.

**Mohit Motwani:** Sure, that's all helpful. Thank you so much.

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

**Milind Karmarkar:** Hi, gentlemen. Hi, Uday. Thank you very much. I think the results were quite good. And congratulations for delivering on the 20% promise which you had given a few quarters back on EBITDA. I had one basic question about as we increase our Platform business, I'm sure there will be an improvement in margin. So, just wanted to hear from you that do we have sufficient scope for growth in the margin? That was my first question.

My second question was on the use cases like the one which was talked about, which was a travel company using the cab aggregators and making it easier for booking of cabs. What kind of sort of commercial opportunity do you think in these type of use cases? So that were my two questions.

**Uday Kumar Reddy:** Hi, Milind, Uday here. Thank you. Aravind, do you want to take the first question, then second one goes to Deepak.



**Aravind Viswanathan:** Sure, sure, sure. So Milind like Uday said, right, we have six platforms. Some of them have already scaled and all of them we are confident of scaling. So from a market potential standpoint, there is a lot of headroom, right. We will have to obviously execute and scale them up, but clearly we are not opportunity constrained from a platform standpoint, right. Each of these platforms are platforms of scale, right. The timing is obviously what one is looking at. But definitely Uday kind of talked about it in his opening remarks. One good direction is that our scale of platforms gaining scale, that speed is actually accelerating, right, which is a good positive.

So from that perspective, definitely there is headroom. And obviously, once you look at it, the integrated company margin will play out. But we still look at these two very differently and individually, Milind. But yes, there is headroom on this, right? Maybe on the second. Let me ask Deepak to give you a perspective on that.

**Deepak Goyal:** Yes, hi Milind. So you asked for how we I think your question was how we charge our customers, how we make money on such kind of solutions, am I right?

**Milind Karmarkar:** Correct, that is absolutely correct.

**Deepak Goyal:** Yeah, so this comes under our solutioning part, okay? WhatsApp is a channel which provides two-way communication, SMS is another channel which provides maybe one way channel, one-way communication, right. So now we have to provide solutions on it. So we have to sit with the customer, understand their business problems and see how it can be resolved by using different channels. This is how we resolve for this particular case.

So how we charge them, we charge them for our solution. Maybe our fee would be for the bots, what we have made for the user journeys and then when their users start using these channels, we charge them for usage also. Those are the WhatsApp charges, right?

**Milind Karmarkar:** Okay, yeah.

**Deepak Goyal:** But what is very important here is Milind, more than that okay is about the kind of thought leadership, the kind of experience we bring in, okay, so what happens is customers start feeling, the customers feel with us that these are the guys who are actually solving the problems so rather keep my entire business with these guys. Okay whether it is SMS, whether it is everything else. Let's give you an example, which is a real example I mean is Wisely ATP, right? We got a call from a bank and which as mentioned last earnings call also and they said, hey, our users are getting scammed all the time, do you have a solution?

And because of this, what's happening is that maybe that could be one of the reason where they are thinking whether they should be sending too much of marketing messages also or no, because sometimes customer feel it's a phishing message, right?

**Milind Karmarkar:** Correct.

**Deepak Goyal:** So we started working on it and we launched Wisely ATP and we have gone to the same very bank and said listen, we are ready and this is a solution and we have started the POC, they're very happy with us. So once we have that kind of relationship, it helps us not in just on our new product but helps us in our overall



business also because that creates immense credibility for us in front of the customer and they would like to be with us forever. So this is how it works.

**Milind Karmarkar:** Okay, okay. Got it. Thank you so much and gentlemen wish you all the best. Thank you.

**Deepak Goyal:** Thank you.

**Operator:** Thank you. We'll take the last question from the line of Sambhav Jain from Vardhman. Please go ahead. Mr. Sambhav Jain.

**Sambhav Jain:** Good evening sir. Good evening, Uday sir. Good evening Deepak sir and good evening to the CFO as well.

**Uday Kumar Reddy:** Hey, good evening, Sambhav.

**Sambhav Jain:** Sir my first question is regarding our basically loss in revenue in this quarter and just wanted to get an insight about after the whole SBI fiasco, I just wanted to get an insight if we are picking up on the WhatsApp channel with them and how are the new customers contributing towards our top line now?

**Deepak Goyal:** So I'll take this question, if you would have seen Q4 is historically from the revenue point of view from the volumes side is slightly weaker compared to our Q3, and this is what we have seen in Q4 also because Q3 is full of festivals, a lot of festival spend happens and in Q4, the no festivals, number of days are less in a quarter, maybe by slower by two or three days. That also impacts. And there are certain brands, certain customers who are already done with their budgets. So overall, we have seen the marketing side, the numbers are little on the lower side. So all that has impacted the revenue a little bit. But yeah, so this is what the reason for lower revenues in Q4.

**Sambhav Jain:** Thank you sir. My second question is regarding our new geography, sir. What is the traction and how are you seeing the response in the new areas that we are planning to expand or we have already started expanding like the Middle East and like Uday sir mentioned, certain parts of Southeast Asia as well. So just wanted to get a feeler of how things are shaping up for the same

**Deepak Goyal:** We have started our operations in UAE a couple of years back and now I would say that the UAE is doing reasonably well for us and we have in FY '24 we would see a good amount of revenues coming in from there, from Enterprise side. But if you look at we were looking for some major differentiator and I think we got it in Wisely ATP and we participated in Mobile World Congress in Barcelona and we met regulators from UAE, from Saudi, from a lot of other countries.

We met Telcos. They've shown keen interest in this product. And I'm pretty sure that you would see lot of growth coming in from there, a lot of business coming in from there, rather, and we would report about it in the next earnings call.

**Sambhav Jain:** That's wonderful to know, sir. Thank you. Thanks a lot. One last out of context question, sir. The day Uday sir had tweeted about Starbucks logo and about the new innovation center, he had also casually said why he invited me to come down sometime in Feb. I did write to the management, and I do live in Hyderabad, so it would be nice to just come, say hi to all of you and just see all you guys in person and say hello. So whenever that happens, looking forward sir.

**Aravind Viswanathan:** Sure, sure, sure. We will definitely arrange the trip very soon.

**Sambhav Jain:** All right sir, thank you. Thanks a lot. Thank you.

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

**Ritu Mehta:** Thank you everyone for joining the call today. In case any of your questions remain unanswered, you can write us at the Investor Relations team. Have a good day. Thank you.

**Operator:** 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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