



Tanla Platforms Limited
Q4FY25 Earnings Conference Call Transcript
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Call Duration	<ul style="list-style-type: none">▪ 51 minutes
Management	<ul style="list-style-type: none">▪ Ritu Mehta - Head of Investor Relations▪ Uday Kumar Reddy - Founder, Chairman & Chief Executive Officer▪ Deepak Goyal - Executive Director & Chief Business Officer▪ Abhishek Jain - Chief Financial Officer
Participants that asked the questions	<ul style="list-style-type: none">▪ Balaji Subramanian - IIFL Securities▪ Jyoti Singh- Arihant Capital▪ Ram- Individual Investor▪ Rohan Dhira- Individual Investor▪ Sanjiv Gupta- Individual Investor▪ Amit Chandra – HDFC Securities▪ Aditya Sen- Robo Capital



Moderator: Ladies and gentlemen, good day, and welcome to Tanla Platforms Limited Q4 FY25 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 this conference call, please signal an operator by pressing * then 0 on your touch-tone 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, ma'am.

Ritu Mehta: Good evening, and welcome to our Q4 earnings call. Joining with us today are Uday Reddy, Founder, Chairman and CEO; Deepak Goyal, Executive Director; and Abhishek Jain, CFO.

Before we start the call, 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 risks and uncertainties, some of which cannot be quantified or predicted. 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 soon.

Hope everybody got a chance to go through our investor presentation and shareholder letter. The management will be happy to answer any questions, and we will now open the floor for Q&A.

Question-and-Answer Session

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question, may press * and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to be use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants you may press * and 1 to ask a question. The first question is from the line of Balaji Subramanian from IIFL Capital Service. Please go ahead.

Balaji Subramanian: Good afternoon. Thanks for taking my questions. I have three questions. The first would be on the enterprise revenue. We have seen that, while you have ramped up really well on OTT platforms, including WhatsApp and RCS, there has been this continued drag from the ILD SMS volumes and revenue. So, what would be the ILD SMS revenue for the fourth quarter? The reason I am asking is just to get a sense of how much more pain is left? And when can we see the benefit from the pickup of OTT channels really benefiting your overall top line? So that would be my first question. I will come back with my second and third questions after we are done with this.

Abhishek Jain: Hey, hi, Balaji. How are you?

Balaji Subramanian: I'm good.

Abhishek Jain: Okay. So, you are right. I think if you see this quarter OTT channels have really performed well. We have been telling you over the last couple of quarters that our growth has been on OTT channel. So entire enterprise segment on a solution buildup has done fantastic work in all the various channels that we work right be WhatsApp, RCS and others in moving the needle significantly up from an OTT perspective, right?

Today, OTT is nearly 29% of our revenue base. From an ILD question perspective, it continues to be weak. But I think within our portfolio now, it is sub 10%. It is not material enough for us to materially worry for us in a future projection perspective. So, I think we have seen the weakness of ILD.

From a year-on-year perspective, it's really impactful. But from a quarter-on-quarter perspective, I think I would say it is not any more visual enough to create a big pain point for us from a FY26 perspective.



- Balaji Subramanian:** Thank you. That is really helpful. My second question is on the platform revenue. While I can see that the YoY numbers were impact on a reported basis were impacted by the Vodafone contract going away. What explains the relative weakness QoQ? I do know that on a full-year basis, excluding Vodafone, you have done well, but 4Q seems to be a little weak, at least sequentially. So, anything to call out there? Or it is just a seasonality issue?
- Abhishek Jain:** I would say it's just a blip, Balaji. We should not read too much in one quarter per se. As we have been telling you, we have put all our trust on platform as a channel and of course, OTT and a few other strategic things that we have talked about. So, we have really, really gun go about all the three, four platforms that we have talked about to you earlier.
- I'm sure you would have gone through our announcement a couple of days that we have done that we have signed a deal to deploy RCS platform with two of the large telcos outside India. So, it's the first large win for us, which is in outside India. So, you should start seeing the contribution of that by end of Q1 onwards as the things ramps up. It is completely revenue share subscription-based model there as well.
- ATP as another example is seeing a good traction with customers. Of course, I do not have any good news to share as of now in terms of any new incremental win in India. But I can only tell you that it continues to be very, very promising, and we are very excited about the opportunities that is there with us. So, I would say this quarter is just a blip. We continue to believe that platform would play a story for us for FY26 and beyond.
- Balaji Subramanian:** Thank you. That is helpful. My last question would be on the gross margin in the enterprise segment. It has been kind of trending downwards. I understand that mix probably plays a role here. But anything you want to call out there, where should one expect the margins to trend going ahead?
- Abhishek Jain:** So, I think if you remember, I called out earlier as well, we would like to be in a narrow band. I think between 25% to 27% gross margin is a narrow band that we have been operating in the last couple of quarters. While we do not guide, but I would say those are the range or range that we want to operate at.
- Our industry has seen a significant headwind and a pricing pressure in the last couple of quarters, especially from an SMS perspective. I believe that hopefully, have bottomed out from a pricing perspective and any upside that we get from a price increase would only help both top line and gross margins.
- We have also been working much more efficiently in terms of how we deliver to our customers, how do we build up a solution story with the customers and hence bring out a more efficient way of delivering the messages and communication channels to our customers. So that is helping us. But Deepak, anything specific that you think you should have to talk.
- Deepak Goyal:** No, no. Abhishek, you covered everything.
- Abhishek Jain:** Yes. So, I think, Balaji, net-net, I think it is more of a pricing pressure that we went through last couple of quarters, but we are doing all the way to see how do we compensate through various other channels. And I do not see a big headwind at least as we speak.
- Balaji Subramanian:** Got it. That is it from my side. Thanks a lot, and all the best.
- Abhishek Jain:** Thank you.



- Moderator:** Thank you. Participants you may press * and 1 to ask a question. Next question is from the line of Jyoti Singh from Arihant Capital. Please go ahead.
- Jyoti Singh:** Yes, thank you for the opportunity. Just wanted to ask your view on the industry side. So, on the SMS side, as we have continued seeing the volume decline and shifting on the WhatsApp. So, what is your view for the positive FY26 and how we are seeing going forward? Any kind of visibility that we are seeing in India for the messaging side? And what is your overall view on the industry side?
- Abhishek Jain:** I will take it and then I'll maybe request Deepak to add on it. I think to be honest, FY25 has been a very tough year for us. But from an industry point of view, but nothing to do with volume is, of course, more to do with pricing and every player in the industry wanted to be a little aggressive in gaining the market share.
- From a volume perspective, I think industry would have only grown or at least between 15% to 20% double-digit growth. That is not reflected completely on the top line is primarily because of the pricing and the price erosion that we have seen over the last couple of quarters, and we have been calling it out.
- We strongly believe that we may have bottomed out from a pricing perspective and hence, any upsides that we get here from a pricing perspective would only help both top line and the bottom line. But that is one picture of the story, right.
- Second line of the story, if you see ILD, as I said has not been material enough at least for us. So, we do not see it to be mutual as a headwind going forward for ourselves. The third OTT channel continues to play a very, very bigger part of the pie. We were roughly around 15% earlier last year, and now OTT contributed, that 29%. WhatsApp, RCS continues to play very, very big role. We are reaching every day new heights, both in WhatsApp and RCS business.
- I think WhatsApp has done phenomenally well for us this quarter as well. So, OTT would be the way forward. And the last would-be platform. Platform continues to be a great story. So, I am giving a bit of both industry and where we see a lot of positive things for ourselves, right? As I just said in the call earlier that for RCS we have signed with two large telcos globally. So, it gives us the first footprint to go outside India from a platform business. So, we remain very, very positive.
- The good part, Jyoti, for us at least is that while we may have a headwind from a pricing perspective on SMS and ILD, our exposure to ILD business has narrowed down significantly, right? Be the platform and the WhatsApp capability that enterprise team has for us, creates a very differentiation between us and our competition. So, I think in that sense, we are hopefully well placed as we speak.
- Jyoti Singh:** So just wanted to understand that we will not be impacted for ILD at all going forward or in this event?
- Abhishek Jain:** No, it would be difficult for me to give a forward-looking statement. What I share two things, right? One, ILD contribution to our overall revenue today is less than 10%. So, it is a single digit. So, I would say any decline there or any impact there does not have material impact to our overall growth. And B, SMS from a volume perspective, continue to grow very well. It is just that pricing has been a little bit stretched. What happens tomorrow, we will have to wait way beyond this.
- Moderator:** Jyoti, do you have any follow-up question?
- Jyoti Singh:** No. Thank you.
- Abhishek Jain:** Thank you.



- Moderator:** Thank you. Participants you may press * and 1 to ask a question. Next question is from the line of Ram from Equinox Capital. Please go ahead. Ram, may I request you to unmute your line and proceed with your question please.
- Ram:** I joined late. I'm not sure this question has been already asked. So, from Uday's note, I said that now we want to take it global. I mean the global footprint is what you have been, this financial year is what you are aiming at going global. So, is the baby steps what you have been contemplating to take this forward? Or is it with the kind of aggression? Can you just throw some light around that?
- Abhishek Jain:** So, we believe on delivery rather than calling out what we want to do. But I will give you a couple of instances that will help us understand what we are talking off, right? We do, for example, have presence in Middle East. Our enterprise business is there. And Deepak and team are trying to see how do we ramp up much faster than what we have done in previous years or previous quarters. If you see ILD, which has significantly impacted has got offset by good growth that we have seen from an international business perspective.
- Enterprise business is focusing on international business. Of course, it is in certain geographies that we have restricted ourselves right now. But there we are seeing a good traction. Similarly, on a platform business perspective, I think going global is the right way for us because in India, we have both our DLT platform or RCS, which is the MaaP platform deployed with most of the telcos. So, we have now taken it to two large telcos outside India.
- I would say at this moment of time; we see good tractions both in India and outside India for the platform that we have. We will be able to share more as we see the success. We want to not talk ahead of the turn, but I can only tell you that all efforts of both Deepak and Vish are on expanding business outside India as well.
- Ram:** Okay. So, these two international clients, is it possible to give any material numbers? How much business have you got numbers?
- Abhishek Jain:** So, it is a little confidential in terms of we are not allowed to disclose both the name either the country and the contract value. But it is more of a platform deployment and hence, it's a revenue share subscription-based model. As the revenue and the platform volume goes up, our revenue share towards that platform will gradually increase. So that is only I can call it out at this stage. But we will definitely share as we are allowed to as we go live with them and when we are allowed to talk, we'll give you more details about it.
- Ram:** Okay. So, is it a conscious effort that this MaaP platform has been marketed outside India that we got the business or it's a one-off lucky strike what we got from this opportunity? Is it any separate marketing team, sales team reaching out to other geographies?
- Deepak Goyal:** It is a conscious effort. It is a conscious effort. And we have a very good pipeline as well.
- Ram:** So, you see very good potential in this in the MaaP platform?
- Deepak Goyal:** Absolutely.
- Ram:** Okay. And coming to this Wisely ATP, I just want to understand we have anticipated a very good potential in this space. But however, the traction is not as great as what we have anticipated, right? So, in a way, is this Wisely ATP it went to a lull state or still you see the potential of traction from the market still we can keep some hopes where we can strike big deals in this space on the Wisely ATP?
- Abhishek Jain:** So, Ram, the way to see about this product, it's solving the problem of today and it's a very, very promising technology. And I believe both the regulatory authorities, telcos, enterprises, all are cognizant of the fact -- but any such product, whether be in India or outside India, need to prove



their success stories and so forth. We have done two success stories in India, have been with the client for almost a year now, and we are very happy, and we have renewed with them as well.

So, the cycle time for us took a little bit longer. And now since we have proven track record of our customers being happy with us and renewing it, we are excited about this opportunity and to scale it up. As we speak, we see a great pipeline. And we strongly believe that this is an asset, which will give us a good result both in near term and in the long-term.

Ram: So, you are still excited with this opportunity, Wisely ATP?

Abhishek Jain: Absolutely, absolutely, absolutely. So, I am saying it is not excitement, right? Just to clarify, it is not exciting. See, being a technology wizard, we will always be excited about any technology that we create and launch, right.

Ram: Even the business opportunity also should be exciting, right? So, technology may be great, but if you do not have a business opportunity, business potential and that also it is more of what you have done.

Abhishek Jain: That is the point, Ram I was trying to point out that we are seeing a good traction with our enterprise clients.

Ram: Okay. Understood. And though you may not substantiate with the objective numbers, this year, can we see some kind of a growth in top line and bottom line. Last two years, it was flat. It was a testing time for all as investors, right? So, do you anticipate you have plans in place that this year, we can see some growth both in top line and bottom line? What are your confidence levels?

Abhishek Jain: See, it would be difficult for me to make a forward-looking statement. I can only tell you that we are exiting the year with a very good note, right? If you see from last number of four, five quarters, we have not grown. In Q4, we have grown 2% plus. So, we will have a tailwind from a Q4 growth perspective, right? Q4 Into four itself will lead to growth. So, I think it is a good place to be at first. B, we have seen a good traction both from OTT, RCS platform, as I called out.

So, I would say we are well placed as to what we were earlier and our exit this year is much better, I would say than what we were earlier. I would say we will see how the year spans by.

Deepak Goyal: It is Deepak here. Just to add to what Abhishek has said. As Abhishek said, this last year has been a bit tough for us. But it has been quite tough for the overall industry and for our competitors also. And let me tell you, most of them are bleeding. So, if we really see ourselves vis-a-vis our competition, we really did very, very well. And we generated profits. I can very safely say that we would be, though our revenue market share may be 40%, 45%. But in terms of our profits, our share would be more than 70% of the industry.

So, we did well despite all the price pressures and everything. And we know our competition is bleeding a lot. And this year and going forward basis, we see much better days ahead. That much I can say.

Ram: Got it. Okay, can I ask the question, or someone is there in the queue?

Abhishek Jain: No, no, no. I just wanted to add one point, right? And Deepak, since Deepak touched upon it, I thought let me complete as well. Both leadership both from Uday sir and Deepak and other leaders' perspectives, what we believe is cash is king right. Ultimately, any business that we do should convert back to cash in the bank. And we are very excited and happy to say that we touched four digits from a bank balance perspective, highest ever in Tanla history.

Our bank balance at the exit of this year is ₹1,009 crores. Our free cash flow for the full year was 101% of the PAT and last Q3, Q4 has been on an average more than 150% of the PAT. Any industry free cash flow is really, really good. What does it mean is, A, how do I return back to our



shareholders. And hence, we have given an interim dividend and then the next interim dividend of ₹6 and Board has approved it this quarter.

B, we have cash with zero debt in our balance sheet to invest on our talent, to invest on the technology, to invest on the solution for our enterprise clients and continue to hunt for the right strategic assets that could fit our bill, right? So, I would say not just from a growth perspective, but we have been very, very conscious about converting the profitability to finally cash in our books, which becomes very, very critical for us. Yeah, sure. Go ahead, Mr. Ram.

Moderator:

So, I believe there is some network issue at Ram's end. We will move on to the next participant. Before that, if any participant who would like to ask a question may press * and 1. The next question is from the line of Rohan Dhirya Individual Investor. Please go ahead.

Rohan Dhirya:

Yes. Thank you. Thank you for this opportunity. I am slightly new to the company. So, I just wanted to understand a little bit more about our WhatsApp offering. As I understand that Facebook also directly offers this offering through its cloud APIs at a slightly cheaper rate. So, I just wanted to understand what is the value proposition for service providers when they provide it via us, I mean, especially for large accounts?

Deepak Goyal:

Hi, it is Deepak here. So, I will just take this question. Firstly, Meta, which is Facebook, so they do not provide any lower rates than us. That is number one. Number two, they do provide direct connects primarily to, I would say, a few global tech companies who are sending ILD messages earlier and that has moved to OTP on WhatsApp. But if you see that is a very simple kind of messaging where you're just sending one-way OTP message. And so, there is not much technology is involved here or use case or any application is involved. And that's how Meta is taking that business directly. But that business in the overall scheme of things is not very big.

But if you really see, what the kind of value add what we are doing, in fact, okay, just to give you an example, now even Meta is suggesting that the enterprises who are working directly with Meta should work with companies like Karix because we add a lot of value. The kind of expertise we have to build the use cases, we can keep on adding more and more use cases, keep on educating the customer where all they can use a two-way communication and create bots and create journeys and user journeys, which can actually help them achieving their objectives.

So, when it is coming to only sending just one-way OTP, that is fine, but WhatsApp is much more than that. And that's where we come as a player.

Rohan Dhirya:

Got it. Got it. Thank you. And one more follow-up question I had is, as I understand, Meta has been also reducing charges on WhatsApp, on some of the messages. So how would that impact our monetisation, or it has no impact?

Deepak Goyal:

So, if you see that has already impacted. So, what has happened is that Meta has increased the prices for marketing messages, okay? And so, by doing that, the customers have reduced the volumes on marketing. And on the other side, they reduced the prices for utility messages, which we call it, let us say, for example, transaction message where you're sending information messages or transaction messages and all of that.

So those prices have come to a level of SMS now. So that volume has increased, but the marketing volumes have decreased. So, this is how it has happened. But that has happened like about a couple of quarters back. So that impact you would have already seen in our Q3 and Q4 results. So, as we move forward, there is not much change. But the only change we foresee what we are getting hints from Meta is that there could be a slight maybe change in the way they charge for the utility messages, but nothing major impact over here.

Rohan Dhirya:

Okay. Thank you. Best of luck.

Abhishek Jain:

Thank you. Thanks, Rohan.



- Moderator:** Ladies and gentlemen, you may press * and 1. To ask a question, participants, you may press * and 1 to as a question. Next question is from the line of Sanjiv Gupta individual investor. Please go ahead.
- Sanjiv Gupta:** Yeah, thanks for the opportunity. Yeah. I understand that our company has basically two enterprise business as well as the platform business and platform business is much like the margins are much higher in the platform business. But the only thing is it takes probably time to scale up like for ATP, Wisely ATP, it takes almost one year to establish the use cases. So, I would like to know a little bit more about our platform businesses and how do you look to scale it up and all those things.
- Abhishek Jain:** Right. Yeah, good, Sanjiv. So, let me give you a couple of points on platforms, right? So, if you see a couple of years, we started our business or when we had launched our platform business, the prime contributor today as we speak was SMSC and the DLT platform that we had deployed with most of the telcos in India.
- Our aspiration is that each of the platform that we work on over four to six quarters or eight quarters, depending on the life cycle and the use case goes to ₹100 CR ARR is the wish list of the ambition that we have put for ourselves. Now the first matured platform that as I said is Trubloq, which has been successfully deployed for the last five, six years and has been doing very well. The beauty of that product is that it is so tightly embedded with most of the telcos that the incremental efforts, whether it be on GTM or innovation, innovation, we continue to do because that is in our DNA. But more from a GTM perspective is hardly anything, right? So that is a very, very mature product that we have.
- The second product that we launched a couple of quarters back was -- I'm just giving you some of the platform's name, right? So, second was ATP, where we have seen a good success with two large telcos and one small deal with one of the OTT players. I think, as I was telling earlier that we have shown a good case studies, we have shown use case, good use case. We see a lot of good traction as we speak in the market for the ATP and look very, very promising assets for us.
- The third is RCS MaaP platform, which has really done well. We have seen RCS ramping up beautifully in India. We are closely tightened up with the telcos. We are seeing a good revenue share and the volume going on in the enterprise side on RCS and our revenue share as well. And similarly, the same platform has been now deployed with two of the large telcos outside India, and we wish to take it to a few more telcos outside India as well.
- So, I am just talking about three out of few platform businesses that we have. But I think while, yes, the scaling takes time, as we speak, we believe we are very, very excited about the opportunity that we see for both near term and medium term.
- Sanjiv Gupta:** You see as investors, when you had launched that anti-phishing platform and like you were about to launch it in maybe Barcelona, the whole investing community was very much like excited that this is going to lead to a lot of revenue growth and profit growth and things like that. And probably that has taken time and those success of that platform launch has not translated into profits and bottom line as yet. So, I think that is what the main anxiety, which all the investors are facing feeling that when that can happen, like that ATP platforms resulting into bottom line growth and profits and EPS growth.
- Abhishek Jain:** I can only say that the asset is beautiful. It's solving the purpose and the pain that we are all going through both as a consumer as an enterprise and as a regulated authority. It is taking a little larger time perspective. We are still excited and let's see. We hope the product will do well as we go forward.
- Sanjiv Gupta:** Yeah, it's a real pain point. Like, every day in the first page of the newspaper, there are people who are getting scanned and their frauds and things happening. And we think that we have a solution for that, and we think that, yes, and I wish you all the best, and we are hoping for the best and staying invested. Thank you.



- Abhishek Jain:** Yeah. Point taken.
- Sanjiv Gupta:** Thank you. That's all from my side.
- Abhishek Jain:** Thank you.
- Sanjiv Gupta:** Welcome.
- Moderator:** Thank you. A reminder to all the participants you may press * and 1 to answer question. Next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.
- Amit Chandra:** Yeah, thanks for the opportunity. So, my first question is on the OTT platform. Obviously, we have seen very strong growth in this quarter and also for the year, the revenue has almost doubled. But as the base for this OTT has been increasing and now it's 30% of the revenue. So, from this high base, can we assume that the strong growth will continue?
- And also, in terms of the market share and how the whole market is growing, if you can share how the market share has shifted for us on the OTT side? And also, if you can comment on the pricing-related uncertainty that was there. So, is the pricing for the OTT channel stabilised? And also, in terms of the shift that we're seeing from the ILD to the OTT channels, so are we seeing some shift from the NLD also to the OTT channels as well?
- Abhishek Jain:** Couple of points, OTT channel growth has been really good done well I think we are exiting this year with a with a very good growth. I would say i think uh we are very excited that the enterprise team has done very well and done an extremely good job in gaining the market share I would say, while market would have grown for the OTT channel I strongly believe uh that we have gained the market share every quarter that has been gone by in last say couple of quarters right so. Our belief is that we have moved the market share for now. From the point of view from a price stability perspective I think we have not seen any price change. The last price change happened in Q2 and early Q3 of last year as of now we Q4 had fully baked in the price stability at this stage at least no discussion on price revisions. As we speak from an OTT perspective that's what you were talking about, I think from a shift from NLD. For ILD as told earlier It Is less than 10% of overall business. Shift from NLD to OTT I would say there will be always some use case which may shift from NLD to OTT or vice versa as well, but I think at this stage I would say NLD volume has grown in a double digit between 15 to 20% and if we are able to get little bit of price increase, I think it would be a great scenario from both from a top line and a bottom line
- Deepak Goyal:** Yeah, just to add and give a bit more colour, you have seen our OTT volumes grown and our revenues have grown. We are also making great progress in signing more and more customers and we see that this year is going to be even better for us i mean just to tell you we have signed and gone live with one of the largest NBFC in the country. We have gone live with the largest gaming company in the country on WhatsApp as well as on RCS. We have signed the largest bank on WhatsApp and currently the integration is going on and we are building a lot of use cases. We have also signed with number two largest PSU bank and have gone live with them. Our integration is on with other banks and food delivery companies and lot of other companies. We are seeing great traction in whatever kind of use cases we are building and the kind of expertise we have shown to these customers they are really happy. It Is just not about WhatsApp wherever we are selling WhatsApp we are also selling RCS and are giving options to customers. We are providing options for customers on WhatsApp, RCS and Truecaller as well. As far as prices are concerned customers have also realized the kind of work we are doing. So, In nutshell we are going to start charging for our services as well to these customers this year and we would see that our OTT revenues would definitely go up and our number of customers will go up on these channels and our margins will also Improve.
- Amit Chandra:** Sir, just on OTT channels to understand the growth drives more clearly and what Is kind of client mining strategy. So how many of our NLD customers are using OTT channels and also whatever growth they are seeing Is coming from existing customers or net new customers that we are



signing and also what is the stickiness in terms of the new customers that is being onboarded and how easy or difficult it is to shift from one vendor to another in terms of OTT and also adding onto margins because we have seen that OTT volumes have been scaling up and the gross margins have been coming down over the last four quarters and so is it fair to assume that OTT volume is coming at a lower gross margin.

Deepak Goyal:

Abhishek, please.

Abhishek Jain:

No, go ahead, Deepak

Deepak Goyal:

No. You please go ahead, then I will add on.

Abhishek Jain:

Sure. Fine. So Amit, I think it's a mix of both. As Deepak said, the advantage that we play out in the industry is that I think we are the only player in the industry who can offer all the channel end-to-end. And it's not just the channel offering, but the solution capability that the enterprise team has built up.

Platform team has anyways had a strong footprint in terms of technology capabilities. But I'm telling you that from an enterprise perspective, the solution enterprise team has built up is very, very good. And it's not restricted to one channel, but it's an omnichannel. And hence, that's what we are being preferred as a partner for our customers, which means that we are able to offer them the most efficient way for them to communicate, whether through OTT, whether through SMS or various other channels that our client would like to reach.

And hence, the reason I wanted out to highlight that is the same client we are able to, a deep dive and do organic growth and do a cross sell off selling OTT channels with the same client, we are able to get the market share. We are also able to win new clients on the back of OTT channels and so forth.

Second, the OTT channel is also about two way communication, rich media communications and solutions in the top clients, which becomes the case study becomes very, very use case, use case study becomes very, very critical for us and our clients, which means the stickiness for us and our customers becomes more important, right, rather than just a utility message being sent as onetime. So, I would say, because the solution is built on top of the platform that we have, our partners have, whether we met all of those, it becomes a more sticky story for us along with our customers. So that's one.

From a margin point of view, we have been calling you out that we have been making investments for the future. We are making investments for growth. So, I would say, the margin shift or a little bit softness that you have seen in the gross margin, not necessarily would only mean because of the shift to the OTT channel. It is also because of we have been making investments on various areas, whether we go to market, whether we get a cost and so forth.

However, as Deepak said, there is an opportunity for us to price it better. There is an opportunity, there is a value that customer sees for our solution built up, and hence, we will be able to price them as well and hence, as I earlier communicated, we believe that margins should be in a narrow range. That would be our endeavour as we speak. Deepak, if you want to add anything?

Deepak Goyal:

No, I just want to add, I mean, if you are aware, we, as a company, as Karix, we were about three years behind as far as WhatsApp is concerned in India, because WhatsApp appointed our competitor as their sole partner. And then they opened up for others for after three years. So, it was always a catching up game for us. So, to answer your question, yes, all the customers, they want to be on OTT as well. They want to have a two-way communication with their enterprise customers.

But we, as I mean Karix and Tanla and ValueFirst, so we were serving these customers for SMS. And slowly, we were pushing them to come to us to use OTT as well. So that shift is happening now. A lot of customers from our competition, okay, moving to us now. And that's what I just



said a few minutes back that there are a lot of customers who are now signing up who are there with our competition. So that shift is happening. And definitely, we are going to increase our market share on OTT channels.

Amit Chandra:

Okay. Thanks for the elaborate answers. Sir and last question would be on the platform business. Obviously, we have launched the MaaP RCS outside India. So that will obviously be a boost. But in terms of the platform business growth, obviously, Y-o-Y, it is up ex of Vi. But in terms of sequential weakness, what is not working there as per your view? And also, the kind of uptick that we expected from the ATP side. So, do you think that it is not working the way we earlier thought it to be? And also, there is additional pressure from the in-house anti-phishing solutions being built by the telcos itself?

Abhishek Jain:

So, I would say, Amit, we should not read too much this quarter. This is small blip. Definitely platform continues to be very, very promising. What has not worked out, I would say, would be that we didn't thought that the sales cycle would take much longer, and we have to prove ourselves from a use case perspective, because the problem is real problem is here and now. I think that is where maybe we would have gone wrong, or our assumption would have gone wrong. But from an asset perspective, I think it has got nothing to do with the offerings that our competition has launched. I think it only supplements our platform use case that is real and it's very, very promising.

As we speak, I would only say that the pipeline continues to grow. We continue to have serious interaction with our clients. We have renewed the two contracts that we had earlier, and we will share with you as things go.

Amit Chandra:

Okay. And lastly, on the cash balance that you have, ₹1,000 crores-odd cash. So that is 15% now of the market cap. So, what is the inorganic growth strategy? Are we looking at some substantial kind of an acquisition outside India?

Abhishek Jain:

So, two things, right? From a return to shareholder perspective, we have declared an interim dividend. Board has approved this quarter. So, we are declaring ₹6 as a dividend, interim dividend, in addition to what we did last quarter. Second, I think the philosophy remains the same. We are very, very strategically investing both on our in-grown talent, right, because talent is key for the success both in the enterprise business and the platform business.

Our HR team is working day in, day out to ensure that the talent is critical, and we have the right hiring and right team in place. B, we continue to invest in the organic side on the GTM side, on the technology side, on the innovation side.

And the third M&A, as we said, we continue to look out for the assets. We do not want to rush. But whenever we believe that there are the right assets, which will help grow us faster, which will fit with us from a cultural perspective, I think we will not shy away from making those investments.

Amit Chandra:

Okay, sir. Thank you and all the best.

Abhishek Jain:

Thank you. Thanks, Amit.

Moderator:

Thank you very much. Next question is from the line of Aditya Sen from RoboCapital.

Aditya Sen:

Hi, thanks for the opportunity. So, I see that the realisation that India gets on WhatsApp is quite low, or rather I should say it is, I guess, the lowest when compared to other 30, 40 countries. So, is there a reason for the same? And do we see an upside as to matching the median realisation or going north from the present realisation that we get in all three segments, that is marketing, utility, and authentication.

Abhishek Jain:

Deepak, do you want to take that?

Deepak Goyal:

Sorry, I couldn't get the question properly. Can you please repeat?



- Aditya Sen:** Sure. So, the data, which shows that India gets the lowest realisation in WhatsApp revenue, both in all the three segments, marketing, utility, and authentication. So, is there a reason for the same that why we are getting this lowest realisation? And will we grow forward from here, northwards from here to match the media realisation of the WhatsApp revenue?
- Deepak Goyal:** No, I am talking about, are you comparing India's realisation with other countries?
- Aditya Sen:** True.
- Deepak Goyal:** See, that would always -- sorry.
- Aditya Sen:** Yeah, please continue.
- Deepak Goyal:** Yeah. Okay, so what I was saying that WhatsApp has kept their prices, keeping the prevailing SMS prices in that country, right? So, if you look at it here in India, SMS prices are in the range of ₹0.9 to ₹0.11. So, they kept their utility prices at around ₹0.11 and marketing messages, they have kept at around ₹0.70, ₹0.75 paisa.
- But in a lot of other countries, let's say, if you look at Indonesia, the WhatsApp prices -- the minimum price is ₹2.50, if I convert that into Indian rupees. And the reason is because the SMS price also over there is about ₹2.50. So, most of the countries, if you look at it, the SMS rates are much, much higher. The realisation is much higher. That's why even WhatsApp price is also much higher. So, this is how it works. I hope I answered your question.
- Aditya Sen:** That answers completely. Thanks a lot for that. And what the Indian enterprise segment for the next two, three years? Any guidance on that?
- Abhishek Jain:** I think we don't guide for future, so it would be difficult to say that. As I said earlier, we are exiting this year with a high note. Q4 has been good for us. Continues to show good tractions. That's where I leave it at right now. It would be difficult for me to make a forward statement.
- Aditya Sen:** No worries. Thanks. That was my question.
- Abhishek Jain:** Thank you
- Moderator:** Thank you very much. I now hand the conference over to Ms. Ritu Mehta for closing comments.
- Ritu Mehta:** Thank you, everyone. That was the last question of this evening. In case we could not answer your questions, please write to us at investor help desk. Thank you so much. Good evening.
- Moderator:** Thank you very much. On behalf of Tanla Platforms Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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