PELATRO
Be Relevant

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November 26, 2025

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/l G Block
Bandra-Kurla Complex Bandra (E)
MUMBAI - 400 051

NSE Symbol: PELATRO

Dear Sir/Madam,

Sub: Transcript of Earnings Call with Analysts/ Investors on Financial Results for half year ended 30 September 2025.

Pursuant to Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Call with Analysts/Investors on Financial Results for half year ended 30 September 2025, held on November 24, 2025. The Transcript is also available on the Company's website at www.pelatro.com.

This is for your information and records.

Thank you.

Yours sincerely,
For Pelatro Limited

KHUSHBOO SHARMA
Digitally signed by KHUSHBOO SHARMA
Date: 2025.11.26 16:46:37 +05'30'

PELATRO LIMITED
Bangalore India

Khushboo Sharma
Company Secretary and Compliance Officer

Encl: as above

Pelatro Limited
H1 FY26 Earnings Conference Call

Event Date / Time: 24/07/2025, 15:30 Hrs.
Event Duration: 58 mins 09 secs

CORPORATE PARTICIPANTS:

Mr. Subash Menon
Chairman & Managing Director

Mr. Sharat Hegde
Chief Financial Officer

Mr. Rishabh Rathod
ConfideLeap Partners

Q&A PARTICIPANTS LIST:

1	**Jayesh Shah**	: Shah Investments
2	**Deepak Poddar**	: Sapphire Capital
3	**Shubam Jain**	: Individual Investor
4	**Rahul Singhania**	: Individual Investor
5	**Rupesh Tatiya**	: Long Equity Partners
6	**Siddhant Morakhia**	: SMTPL
7	**Majid**	: Pinpoint X capital

Moderator

Ladies and gentlemen, good day and welcome to Pelatro Limited H1 FY26 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management's remarks. If you need assistance during the conference, please signal the operator by pressing * then 0 on your touch-tone telephone. Please note that this conference is being recorded.

Before we begin, I would like to remind you that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the management as on date of this call. These statements do not guarantee future performance and involve risks and uncertainties that are difficult to predict.

I would now like to hand over the call to Mr. Rishabh Rathod from ConfideLeap Partners. Thank you, and over to you, Rishabh.

Rishabh Rathod

Thank you. Good day, ladies and gentlemen. My name is Rishabh Rathod from ConfideLeap Partners. I warmly welcome all the participants joining us today for H1 FY26 Earnings Conference Call of Pelatro Limited. We are with us Subash Menon, Chairman and Managing Director; Sharat Hegre, Chief Financial Officer.

I now invite Mr. Subash Menon to hear his opening remark on the company's performance for the first half of the financial year. Thank you, and over to you, sir.

Subash Menon

Thanks Rishabh. Good afternoon, everybody. It is indeed a pleasure to have all of you join our call today. Thank you very much right at the very beginning, and welcome to the call. The idea is to present our deck. The deck is on the website as well as it has been sent to NSE. It's been uploaded in all the relevant places. So, I'm sure you all would have had access to the deck. In case anyone has any doubt on the location still, please go to our website, pelatro.com, and go to the Investors section, Presentations, and you will find the latest deck there that is FY2526 H1 Investor Presentation.

I will now take you through the deck. And at the end of that, we will throw the floor open for questions. The initial section will be handled by me. I'll just share the financial highlights and some cash flow trend and general highlights about the business. And then I will hand over to my colleague to take you through the financials in depth. Now, if you look at the deck, I mean the first slide of course is a title slide and the second slide is Safe Harbor. And so we'll start with the third slide.

As an introductory remark, would like to share with you that the business is chugging along exactly in line with the expectation. We are quite excited with the possibilities, and we are quite happy with the way things have been turning out, whether it's with respect to new contracts being won or execution or product capabilities being built, appropriate recruitment happening to support all of that. So on all fronts, I think we are doing very well. And we see very interesting times ahead both this year and in the coming years.

Now, that is becoming obvious from the highlights, which is slide number three. The highlights of the revenue and the highlights of the half year, which is basically the revenue, EBITDA, PAT and EPS. As you will see, revenue went up by 58%, as compared to H1 of last year. Now as you all know, in our business, the sales cycle is very long. Implementation also takes time. Sales cycle is like ten months plus. Implementation is six to eight months or at least five months. So, given all of that, a quarter is actually a very short time in our business. It's not a long time at all.

So, the way to look at our business is to look at it from an annual perspective. That is why the YoY growth for any period, whether you look at a quarter or a half year or the full year, the YoY growth is what you have to be focusing on and not so much the quarter Q1 to Q2, Q3 to Q4, I mean, sequential growth in the quarter.

So, that's why we are focused on the YoY growth here. So in H1 for as compared to H1 of last year, our revenue grew 58%, our EBITDA grew 59%, and our PAT grew 63%. The exact numbers itself, my colleague, Sharat, will read out later and discuss later. The important aspect that I would like to focus on here is the nonlinearity being established further or being demonstrated further by the business. As you can see, while revenue grew 58%, PAT grew 63%. So, this will continue to happen as the business progresses. That's the nonlinearity in the business that we are talking about as in any good product business.

The next slide talks about the segmental financials. This is the first time we're giving segmental details because we just acquired Estel a quarter ago, and the effect of that came in I mean, that came into effect on July 1, so it's just the quarter. And so, it's only for Q2. So, the numbers that you're seeing here, although we talk about H1, the Estel division number itself is only one quarter, Q2. That's been explained there. On the revenue front, we had a very, very good growth we had excellent revenue on the CVM side, and we spoke about the kind of growth we had earlier and on EBITDA as well.

On the EBITDA side, we are now at 23.8% of EBITDA. This is up from the full year last year of 23.1%. So, EBITDA is also improving. Another very, very important aspect I would like to touch upon is the next slide, which is the cash flow trend. Now, you would have noticed that as the business has been growing, cash flow has been a bit slow in catching up. That's the reality. Now that situation is changing. If you look at the last financial year, 2024-2025, the average quarterly cash flow situation was negative INR 4 crores. If one particular large collection flips by two days, it goes from one quarter to the other quarter. So, comparing quarters, once again, here as well, is a little bit difficult for us.

So we are looking at an average quarterly number on the cash flow front. It was minus 4 last year for the four quarters, minus 4 each quarter. Now for the last two quarters, it is minus 1 each quarter. So, there has been a tremendous improvement. So, the negative cash situation has come down by three quarters. It has come down to one quarter of what it was. And I'm absolutely confident that in the coming quarters, it will swing to the positive side.

So the business, in the initial years, we were slowly catching up, profits were low and revenue was rising, lot of investments had to happen, nonlinearity had not kicked in. Now, all those elements are changing. We have a higher profit now, profitability now, nonlinearity has happened, revenue is growing very well, it's at a decent level. With all that, the cash flow situation is now starting to turn. So, you will see a positive cash flow happening in the coming quarters. And certainly for the next year, for the full year, we'll have free cash flow from the business. So, that's an extremely important aspect that I would like to stress upon.

And the next slide that I would like to touch upon is with respect to the general highlights of the business. Now, this is a very, very important slide, as important as the numbers itself. This shows the predictability of the business, the possibilities of the business and how we are seeing the very quality of the business, I would say. So if you look at that, you will see that as we speak, for the year '25-'26, our contracted revenue is what we have contracted is a 100% of the target revenue, which means we have an internal target of what we would like to get as revenue for this FY2526. Whatever that number is, of that number, a 100% is in the bag as we speak. All of that has been contracted.

We only have to execute and recognize that revenue, which will happen as has happened in the past few quarters. At the end of Q1, this was at 96%. So, it has improved further in this quarter. And now, so we are only halfway into the year. And at that point in time, we have full visibility for the full year. Even more interesting is the fact that for the next year, FY2627, we are at 59%. So, 59% of all revenue that we are hoping to recognize in the next FY2627 is already contracted. Now, this number was 49% at the end of Q1, so that has also improved. So, this shows predictability in the business, stability in the business and all of that.

Now, moving to the average revenue per customer, this is a metric that we have been tracking. We were at INR 2.74 crores per customer at the end of Q1. It's now INR 2.77 crores. You will see this improving slowly and there will be a regular improvement. And finally, we've been talking about the revenue CAGR expected over the next three years, 25% to 30% is what we are expecting.

So, that's with respect to general highlights. I will not talk about the products specifically because this is a repeat of the last quarter slide. If anybody needs any clarity on that, you can ask during the Q&A session because others, it will be a repetition. For the next two slides, the first one is on the CVM division and the next one is on the Estel division. So as you all know, we operate as two different divisions now, CVM and Estel, consequent to the acquisition of the Estel business.

The next slide is about the revenue model. I would like to hand over at this juncture to my colleague, Sharat, who is the CFO. He will take you through the remaining slides.

Sharat Hegde

Hello, all. Good afternoon, and welcome to our investor call. This is Sharat. Thanks SM for taking us through the slides so far. I would like to go through the next slide, which talks about the revenue model. Our revenue is predominantly divided into repeat revenue and one-time revenue. Repeat revenue being revenue from the existing customers, both contracted and non-contracted and one-time revenue is predominantly the license and implementation fee that comes at the beginning of most of the license contracts.

Now, the repeat revenue is further divided into recurring revenue and re-occurring revenue. So, recurring revenue are those revenues that are contracted, which are basically the monthly fixed license subscription fee where customers have gone for subscription model of our license, the AMCs that come along with license, the managed services revenue that we get from customers who have opted for our services, and then the gain share. So, these are the recurring part.

And then reoccurring is basically change request or, what we can call as customization. So, the reoccurring part, although may not be contracted, are revenue that flow in from the existing customer because as the product evolves and as the requirement of these telecom operators evolve, they would need some kind of customization, some kind of additions, etc., to their already taken product and change requests support that.

The next slide talks about the breakup between these different types of revenue. Basically, the recurring revenue, reoccurring revenue, and one-time revenue. For the first half, we have had a recurring revenue of 57% and 22% of reoccurring revenue, giving us a total repeat revenue of around 79%.

So, we have been telling this in the past as well that a total repeat revenue of anywhere above 75% is always a good trend in our business. The balance 21% is from various licensed contacts we have implemented during the half. So, that's about the next three slides.

Then the next slide that talks about our growth strategy. So, SM, would you like to take us through them?

Subash Menon

Yeah. I mean, this is the same as the last time. Once again, we will skip this slide. And if anyone has a question, they can ask, and we'll go straight to the to the financial summary, please.

Sharat Hegde

Yeah. Okay. Thank you. So, regarding the financials, as mentioned, by Mr. Menon, the revenue has grown at 58% YoY. The total revenue that we achieved for the H1 was INR 60.74 crores at the group level. EBITDA grew by 59% to INR 13.81 crores and PAT that we have achieved is INR 8.21 crores, which grew at 63% YoY. The corresponding numbers for the last, I mean, H1 of FY25 were INR 8.67 crores EBITDA and INR 5 crores PAT. So, there is a clear growth trend here on the profitability.

So, again as mentioned, the numbers also reflect our new division that is Estel Division that we acquired effective July 1, 2025. A total of INR 6.91 crore of the total revenue was contributed by Estel Division, which accounted to slightly more than 11% of the total revenue. And the EBITDA that the Estel Division achieved was INR 1.02 crores, which was around 15% of the revenue from that division. CVM Division alone gave us a revenue of INR 53.8 crores with an EBITDA of 23.8%. The EPS stood at INR 7.83 per share as against INR 6.55 during the first half of last year. So, these are a few major highlights of the financials.

Subash Menon

Are you carrying anything else on the balance sheet?

Sharat Hegde

Yeah. So apart from this, on the balance sheet side, the trade receivables stood at INR 33.55 crores at the end of the first half, representing a DSO of hundred days, and the cash stood at 20.7 crores.

Yes. Over to you.

Subash Menon

Okay. All right. So, before we throw the floor open to questions, I would like to kind of explain a little bit further about the business. As you all know, we have products of our own. Today, we have got multiple products because of the Estel acquisition as well in different sectors, sectors as in within the telecom space itself. Apart from our contextual customer engagement hub, which had campaign management and loyalty management, we have now added ETopUp and stuff like that.

So, on all these fronts, what we have been doing and which is very, very crucial for our growth is to come up with new versions. For the acquired business, now we have planned launches of new versions for all the products acquired through the next three, four months. So by March 2026, we would have launched brand new versions for all the products we acquired in July. That's a very important step for us because this enables us to step up with respect to capabilities of the product and also to retain our customers further and finally, to cross-sell and upsell, to our customers, thereby resulting in more revenue.

So, as I stated initially, we are firing on all engines, and we have been launching new versions. We have been launching new capabilities, and we'll continue to do that. And we are going deeper and deeper into each customer. Now, that's a very important qualitative aspect. As it is, our products are viewed as Tier 1 products by our customers. So, they're very critical products.

And when we go very deep into our customers with multiple products and multiple capabilities and services, then we become even more critical. Now, this has been expanding. This has been increasing or the relationship has been deepening in that sense. So, that's another good news from our side with respect to it. And I'm not surprised with this because of the capabilities of the platform. I'm only happy to report that it is happening as expected, and we'll continue to do that.

So I mean, to sum up, we are very, very happy with the performance of the past six months. We believe that things will be similar or better in the coming quarters, and we'll continue to report on a quarterly basis. Although, as I said initially, you should look at our business slightly from a longish term perspective, so really on an annual basis, QoQ growth, one year to another year or half year to another half year, instead of sequential growth.

So with that, I would like to throw the floor open to questions. I'm sure there are some out there. So, over to you, Kishore.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Let us wait a moment until the question queue assembles.

The first question comes from Mr. Jayesh Shah from Shah Investments. Please go ahead, sir.

Jayesh Shah

Yes. Hi. So, I have a few questions. So, like this half year witnesses a very solid revenue growth. So, from your perspective, which are the strongest business verticals? And anything that surprised you not good this time?

Subash Menon

The strongest, I mean, I can't say strongest. There are only two divisions. One is CVM and one is Estel. So, the stronger one, definitely CVM because that's been our core business for several years. We've been building that. You will see Estel Division also growing very well in the coming years, but that will take some time for us to do. As I told you initially, we are now launching new versions of the product. There was a lot of work to be done on that division, and we are going through all of that. And you will see that happening on that side, on the Estel side as well that growth happening in the future. But currently, it is a CVM division.

Surprises, I mean, if you are asking about negative surprises, none whatsoever. Also, as I told you, I'm not surprised with the growth. I mean, this is in line with what we were expecting anyway.

Jayesh Shah

Okay. And, on the contracting visibility you spoke about earlier, with almost all of FY26 already locked in, how does that influence your internal planning for hiring and delivery capacity?

Subash Menon

No. We're not planning any hiring to deliver - are you asking whether we have adequate delivery capacity to complete the year properly?

Jayesh Shah

Right. Yes.

Subash Menon

Yeah. Of course. See, as I told you, our implementation cycle is at least five months, generally six to eight months. So if you already don't have everything in place today, we can't execute by March '26 anyway. Our business is a very long term kind of business where you need to plan for the long term. So, when I say it's all contracted for this year, I also mean we are absolutely geared up and prepared to deliver and execute and recognize all that revenue as well.

Jayesh Shah

Fair enough. And on the Estel things, like, have we started to see any cross-sell conversations opening up because of this product suite? Any early examples that you can share?

Subash Menon

I can't share the names of the customers, but the answer is yes. In one customer, they have already selected the Estel product, which is already a customer on the CVM side. We are waiting for the contract negotiations to close. In the second one, they have shortlisted us. Again, it's a CVM customer, and they have shortlisted us. In the third one, also shortlisted. So yes, there are three opportunities we are working on as we speak.

Jayesh Shah

And how is this particular division expected to contribute in revenue and capability, the Estel division?

Subash Menon

We have not declared the different revenue numbers of the divisions. It'll definitely be much smaller than the CVM side because when we acquired also, it was just small. Right? I mean, we acquired a business with about INR 28 crores to INR 30 crores kind of revenue number annually. So, it will be much smaller than CVM, but I'm not able to share the future numbers at this point in time, but it will be smaller.

Jayesh Shah

Okay. Yeah. That's it from my side. Thank you.

Subash Menon

Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

The second question comes from Mr. Deepak Poddar from Sapphire Capital. Please go ahead, sir.

Deepak Poddar

Hello? Am I audible, sir?

Subash Menon

Yes. You are audible now.

Deepak Poddar

Okay. Great. Thank you very much for this opportunity, sir. So, just a few things wanted to ask. Now in the presentation, we have mentioned a CAGR of 25%, 30% over the next three years. So, it includes all sort of inorganic contribution as it or this 25%, 30% only organic we are talking about?

Subash Menon

This is organic because we can't really be planning for inorganic.

Deepak Poddar

Okay. So inorganic, whatever comes would be over and above this, right?

Subash Menon

Yes. Whatever comes will be over and above this, but then nothing may come also. Okay? Because we may not acquire anything in the next three years. That's also possible.

Deepak Poddar

Yes. Fair point. But anyways, this year, at least, you have Estel contribution to come, right, this quarter?

Subash Menon

Yes.

Deepak Poddar

So, this quarter, we saw full three months of consolidation, the INR 7 crores contribution on revenue that you mentioned?

Subash Menon

Yes. That INR 7 crores, yes, that's a quarterly number from Estel division, INR 6.91 crores.

Deepak Poddar

Okay. Understood. So, I was just trying to understand, so what has changed on a QoQ basis? I mean, last quarter versus this quarter, the INR 7 crores has got added, but your EBITDA is same, whereas your Estel EBITDA was around INR 1 crores. So, I'm just not able to understand so where is this -- I mean, why there was a decline in margin for us?

Subash Menon

So, I will let Sharat also answer. There is no decline in margin on the CVM side. If you're looking at consolidated, yes, because Estel division margin is not as high as the CVM division. So, the weighted average is coming down.

Sharat, anything else? Is that what it is?

Sharat Hegde

Yes. That's what it is. So, the decline in margin is mainly due to the weighted average decline.

Deepak Poddar

Okay. But on the absolute number also, I mean, from first quarter to this quarter, I think from INR 27 crores.

Subash Menon

No. No. Hold on. You need to understand one thing as I explained earlier. First quarter to second quarter is not a comparison that really applies to the nature of this business. Things can swing here and there. You should really look at annual growth. So, Q1 of last year to Q1 of this year, H1 of last year to H1 of this year, this is the real comparison for our business because as I told you, our implementation cycle is some six months or eight months. Our contracting cycle, I mean, sales cycle is, like, ten-plus months.

So, in a business which has got long sales and implementation cycle, consequently, long revenue recognition cycle as well, just one milestone going from September 30 to October 1 could make all the difference between the two quarters.

Deepak Poddar

Okay. I got it.

Subash Menon

When you say QoQ, if you're comparing last year to this year, fine. We can talk about that. But sequential, Q1 to Q2 of the same year, Q2 to Q3 of the same year, you should not compare in a business. That is a wrong metric to follow.

Deepak Poddar

Okay. Understood. Fair point. So, on an annual basis, what's the margins we are looking at on an annual basis?

Subash Menon

Sharat?

Sharat Hegde

Yeah. So on an annual basis, I mean, we expect the margins to improve further from H1. So, I mean, I would say EBITDA somewhere around 24% and a PAT of somewhere around 14%.

Deepak Poddar

Okay. So, when we say EBITDA of 24% that excludes other income?

SharatHegde

It will be including other income.

Deepak Poddar

Including other income. Okay. And 14% would be the PAT and this, we are talking for the entire year, right, not for the second half?

Sharat Hegde

No. For the entire year.

Deepak Poddar

For the entire year. Okay. And any more inorganic plan we have? I mean, are we scouting for more opportunities there?

Subash Menon

We will keep looking for opportunities, but we'll be extremely careful about an acquisition. We have got very strict guardrails or guidelines, which we would follow. So yes, our eyes and ears are always open. We are always looking out for opportunities, but nothing concrete at this point in time.

Deepak Poddar

Okay, understood. And couple of new products also we were planning, right, apart from this campaign management and loyalty management. So, can you throw some more light as also so at what stage is it? I mean, something on the line of data monetization or customer data platform?

Subash Menon

Those products have already been launched. On the CVM side now, have got five products, and we don't intend to increase that in the near future. On the Estel side, we have three products. And there, again, our plan is to further expand those products instead of adding new products. So overall, we have got eight products at this point in time.

Deepak Poddar

So, five products on the CVM side and three products on the Estel side. Okay. Understood. And how's the traction? I mean, something you can -- how's the traction or how's the feedback on this new product from the customer side?

Subash Menon

It's pretty decent. I mean, it's good. I mean, as I told you, the sale cycle is very long, so it always takes some time. But from what we can see, there are great possibilities for some of these new products as well.

Deepak Poddar

Okay. And just a few more things from my side. How many telcos that right now we would be having as our customers?

Subash Menon

We have around 45-plus telcos at this point in time as customers across the two divisions.

Deepak Poddar

Across, I mean, including the Estel, right?

Subash Menon

Estel one, yes. Lesser number on the Estel side, many more on the CVM side.

Deepak Poddar

Okay. I understood. Okay. I think that would be it from my side. I would like to wish you all the very best. Thank you so much.

Subash Menon

Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on telephone keypad.

The next question comes from Mr. Shubam Jain, an individual investor. Please go ahead, sir.

Shubam Jain

Hi, sir. Congratulations on a good set of numbers. I have two questions, sir. So, the first question is that in the last con call, you had mentioned that right now you're not planning to diversify into other sectors like banking and all. So, I just wanted to understand, is the stand still the same? Or are we also, now thinking of diversifying or maybe selling to other sectors as well?

Subash Menon

No, it stays the same, and that would be the case for the near future at least.

Shubam Jain

Got it. Okay. Sure. And, sir, the second question is that, basically, I just wanted some commentary on, let's say, I mean, if we have to, let's say, scale our business from INR 100 CR revenue to INR 500 CR revenue, what is the path towards it? Is it just about onboarding new clients and cross-selling the Estel and our primary product, or is it something else?

Subash Menon

Fundamentally, that's what it is, winning more customers. Because from a product standpoint, I think we've got adequate products now to get to much higher revenue. I don't know about INR 500 crores, but significantly higher than where we are today. We have got adequate products. So, it's really about selling to more customers and winning their business and then and then scaling up.

Shubam Jain

Got it. Thank you, sir. That's it.

Subash Menon

Welcome.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Rahul Singhania, an individual investor. Please go ahead, sir.

Rahul Singhania

Yes, sir. So, I had a couple of questions. So, on margins, our EBITDA margins steady around the same range. So, from a practical standpoint, do you see any levers that could improve margins in the future, especially short term?

Subash Menon

I will address that from a qualitative standpoint. Yes. Because nonlinearity is increasing. It's getting better. So with that, yes, the margins will improve.

Rahul Singhania

And, sir, connected to that, as more revenue comes from Singapore, does it have any positive impact on margin or tax efficiency?

Subash Menon

Now, you see that what comes from Singapore, what is contracted by India, these are all based on the conveniences of the customers, what they prefer and what makes sense and all that. You should really be focusing on consolidated here and not so much the standalone. Because as I said, initially, whether we contract from Singapore or contract from India is just based on whatever is convenient for the customer.

And we will, of course, try to be as tax efficient as possible. No doubt about it. We'll try to improve the tax efficiency. That we will. But the guiding factor here really is what the customer prefers. And also one very important thing, what the withholding tax is between Singapore and that customer's country or between India and the customer's country.

Rahul Singhania

So, which region do you feel are showing the strongest order momentum right now? Any idea that is coming out?

Subash Menon

Yeah. From a number of customers' perspective, it is Middle-East and Africa. But when you look at per customer revenue, it is higher in Asia because Asian customers are larger.

Rahul Singhania

Larger base?

Subash Menon

Asian customers are larger. I mean, they've got more subscribers, and they're larger telcos.

Rahul Singhania

And any places, like, where we already have strong presence, like Asia, Africa, you said. Is there still enough room to expand within the existing plan?

Subash Menon
Plenty. Because if you look at Africa as a region, they've got about 50 countries. They've got about 150 telcos. So if you take Middle-East, that's probably another 30, 35 telcos. So, it's a large market. I mean, we will not reach saturation point anywhere in the near future.

Rahul Singhania

And so lastly, with the combined Pelatro plus Estel offering now being broader, how do you feel about our growth plan? Do you see any areas where caution is warranted?

Subash Menon

We are a very cautious company. This is why I stated earlier that when it comes to inorganic growth, we'll be extremely careful. And the most important thing in our business is to ensure that the customers are happy. So, if you ask me to choose between winning a new customer and keeping the existing one happy, I will choose the latter.

I'm not saying I will sacrifice the first or something like that because keeping an existing customer is actually the path to winning a new customer. So, we're very, very cautious about our support and service to ensure that the customers are happy. So, this is something that we'll be extremely careful about.

Rahul Singhania

Thank you, sir. That's it from my side. Wish you all the best.

Subash Menon

You're welcome. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Rupesh Tatiya from Long Equity Partners. Please go ahead, sir.

Rupesh Tatiya

Hello, sir. Thank you for the opportunity, and congratulations on good set of numbers. I am very new to the company, so some of my questions are very basic. So, I mean, first question is, sir, only the telcos are your customer or the customers of telcos are also your customers?

Subash Menon

Only the telcos.

Rupesh Tatiya

Okay. And whatever business improvement, customer experience improvement, lead management, loyalty management, all these are for telcos' customers, or is it like the telco is providing some solution or services to, I don't know, a retailer or somebody, and then through you, you also saw the retailer?

Or this is just related to telco products like recharges and postpaid and some of those stuff? It's not clear to me.

Subash Menon

Okay. That's a good question. So first and foremost, we serve the telcos to help them serve their subscribers, understand their subscribers better and engage deeply with their subscribers to sell their products more, cross-sell, upsell, all that. We also have this product called data monetization, which helps the telcos to serve their B2B customers.

For example, if a telco has Nike as a customer and Nike wants to market Nike's products, say, some shoes or whatever, to a target segment, which is within the subscribers of this particular telco, our platform, the data monetization platform, will be used by the telco to provide the capability to Nike for them to send their campaigns so that those are not telco products. Those are shoes or whatever else or apparel or sports gear wear, sportswear, whatever to the subscribers of the telco.

When you look at loyalty management, another product of ours. The telcos do provide loyalty as a service. So, if somebody - if a retail chain wants to run a loyalty program, the telco can help them to set up and run a loyalty program using our platform.

And lastly, in our campaign management platform, we have a B2B module, B2B offering. And there, the telco helps the business customer of theirs. For example, for Vodafone Idea, if Air India is a customer, they will help Air India with their own connections and usage and a variety of things. So, our solutions are used by telco for their own marketing purposes, and they can use it to help other customers of theirs, naturally businesses, not individuals, to run their campaigns or their loyalty programs, etc. So, it's both in that sense.

Rupesh Tatiya

So now, I mean, whatever revenue you have in FY25 or first half FY26, how much is, let's say, telco-native revenue? And how much is this sort of, I don't know, CPaaS. Maybe this, it looks like a CPaaS to me -- this CPaaS revenue?

Subash Menon

No. We can't differentiate in that because all our revenues come from telco, and telco will get some revenue from their customers. That's fine. But that doesn't flow through to us. We serve the telcos. We charge them x amount. They charge y amount to their customers, whatever it is. I don't know. So, that's not transparent to us, and I can't share that information.

So, there's no pass-through revenue from their customer to us. There's only our contract with the telco and telco users or whatever.

Rupesh Tatiya

So, there is no sort of, like, per transaction because I saw you mentioned A2P also in one of your slides. So, there is no like a per SMS revenue or per transaction revenue. It's not like that. You sell software?

Subash Menon

No. We don't get into that. We do have recurring revenue which is modelled differently.

Rupesh Tatiya

Okay. So, I mean the question, sir, is there are a lot of CPaaS companies in the market, right?

Subash Menon

Yes.

Rupesh Tatiya

So, then you mentioned Nike. So, why would Nike choose, for example, a telco product versus a CPaaS product to run a campaign?

Subash Menon

See, the CPaaS is also provided by the telco to Nike or somebody like that. Nike or maybe some other platform, somebody else, Nike would go to a telco because of what the telco is offering them by way of capabilities. Now, when they use our platform, somebody like a Nike, they can do very targeted campaigning. They can do extremely focused campaigning on, let's say, Nike had men's shoes for men between 18 and 25.

They can go straight to that kind of a target segment because our platform enables them to target like that. They can use the AI/ML capabilities of our platform to target. That's why.

Rupesh Tatiya

Okay. And in your, I mean, so this selection of customer is some sort of algorithm, but how about the communication channels and the customer journeys? I mean, do you support WhatsApp?

Subash Menon

Yeah. We support all of that.

Rupesh Tatiya

Okay. I see. It's interesting. So, another question, sir, is, I mean, you have 45 telcos, and I think per customer revenue is around INR 2.75 crores. And what you are saying is there is no sort of proper transaction-based model. So then it's very difficult, right, to take this INR 2.75 crore number to, let's say, a INR 5 crore in two, three years or INR 10 crore in in two, three years with existing products.

Subash Menon
See, our growth will come from two different angles. One is, of course, this number growing. I can't comment on how much it will grow to five years, in the next three years or five years. That's difficult to comment on that. There is a second thing, new customers coming in.

So, the growth will be a function of these two. So, whatever growth we have committed, that will happen as a function of these two things.

Rupesh Tatiya

Okay. And who would be your sort of like a large competitor, someone you look up to that if we become like this, that will be like a good achievement for the company?

Subash Menon

No. I don't want to be commenting on whom we are looking up to and all that. I will just state as to who are out there. So, there are two sets of companies here whom we compete with.

One, are smaller companies, like I mean, there are organizations like Flytxt and Comviva. These are smaller companies whom we compete with. Then the large ones we compete with are the likes of Pega and Adobe and Salesforce. So, those two are our competitor sets.

Now, we have got our own advantages or USPs as compared to these two sets. I'm not going into that. But these are the two sets that we compete with.

Rupesh Tatiya

Okay, sir. Okay. I'll come back in with queue. Thank you for answering the questions.

Subash Menon

Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

We have a follow-up question from Mr. Deepak Poddar from Sapphire Capital. Please go ahead, sir.

Deepak Poddar

Yes, am I audible?

Subash Menon

Yes. You are.

Deepak Poddar

Okay. So, just one more clarification on the tax part. I mean, why our tax rate is lower and how should one look at going forward?

Subash Menon

Sharat?

Sharat Hegde

Yeah. So, the tax rate is lower mainly on the account that the effective rates in Singapore are lower than that of India. That is one. And further, on the Singapore side, IPs that are in Singapore get enhanced tax deductions, which effectively reduces the taxes further.

So, that is actually the reason for overall lower affecting tax rate. And, as I mentioned, this enhanced deduction is not a permanent one. So till that exhausts, there are certain advantages. And beyond that, the taxes might get be evened out.

Deepak Poddar

Okay. Understood. So, how should we look at effective tax rate for this year and next year?

Sharat Hegde

The effective tax rate could be in the range of 20% to 22% for the current year. So, next year, think it's a bit too early to comment on.

Deepak Poddar

Okay. This year, 22%. But in the first time, our effective tax rate is not even 5%, 10%, right? It's in that range, 5%, 10%.

Sharat Hegde

During first half, like, we do have certain accruals as well. Right? So once the Estel part came in, the gratuity and leave encashment accruals that we do regularly, these are not paid out. So, there will be deferred tax assets that are created out of it, which are counter-affecting the cash taxes.

So, that is where the overall effective tax rate is likely to work for the first half, but we should be looking at it at annual basis.

Deepak Poddar

For the entire year, 22% is a good number to work with, right?

Sharat Hegde

Yeah. Sure.

Deepak Poddar

Okay. That would be it from my side. Thank you very much.
Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

We have a follow-up question from Mr. Shubam Jain, an individual investor. Please go ahead, sir.

Shubam Jain

Sir, so now that we have grown our sales by 58% in the H1, is it a fair assumption to say that the guidance that we have given is still on a conservative side, we might actually end up with a higher revenue on a yearly basis?

Subash Menon

We have not given any guidance for the year. The only indication we gave was 25% to 30% CAGR for the next three years.

Shubam Jain

Yeah. So basically, what I'm saying is that that means that basically every year we are at least saying that we will be able to grow by 30%, but I'm just saying that this year itself will a good one.

Subash Menon

Yeah. So naturally, this year, it will be higher than that 25% to 30%.

Shubam Jain

Got it.

Subash Menon

It should be because in H1, we are already much higher. Right?

Shubam Jain

Exactly. And sir, can we assume the same thing for the PAT as well? Or like there can be other expenses that can come in?

Subash Menon

We have not made any statement about PAT. So, I would not like to comment about that at this point in time.

Shubam Jain

Sure. And sir, the second question is that can you also give a bit of understanding on the current pipeline? Maybe you cannot tell the names, but like how many customers we are in touch with, like? And what is the expected timeline conversion -- potential percentage of conversion?

Subash Menon

We have a very healthy pipeline. And at any given point in time, we have about 30-odd opportunities in the pipeline. And typically, our conversion is about one-third. The sales cycle itself is about ten months plus.

Shubam Jain

Got it. And sir, in an ideal state, let's say, if there is any one customer to who we can sell all the products, what is the maximum revenue that we can generate on an yearly basis from one customer?

Subash Menon

It's extremely difficult to comment on that. It depends upon at what price you sell to them at and all that. But if you're talking about all eight products being sold to the same customer, we are probably talking about, I don't know, maybe about INR 7 crores, INR 8 crores at least per year from that customer, at least, if not more. Because there are some customers from whom we are getting higher than this at this point in time, even though we have not sold all eight. Okay?

So, it's a very, very difficult question. So, even Rs. 7 crores is on the lower side. I would say probably a million-plus easily, at least.

Shubam Jain

Got it, sir. I will try to make a sense of, okay, 40 customers we are able to cross-sell at some point of time. Like, what is it?

Subash Menon

If everybody buys everything, what will the number be? You should multiply that 40 with at least eight or nine. Yeah.

Shubam Jain

Got it. That's it from my end, sir. Thank you.

Subash Menon

Yeah.

Moderator

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

We have a question from Mr. Siddhant Morakhia from SMTPL. Please go ahead, sir.

Siddhant Morakhia

I wanted to check. So, you've mentioned that 100% of the target revenue has been contracted. Can you please share any numbers on what that target revenue is?

Subash Menon

That would be a guidance, and we're not sharing that. You'll have to do your own projection based on what we have been achieving. I'm sorry about that.

Siddhant Morakhia

And you would say that those target revenues factor in 25% to 30% CAGR over the next three years itself? Or would that be a conservative guidance?

Subash Menon

At least 25% to 30%, yes.

Siddhant Morakhia

Okay. But the target could be higher than that?

Subash Menon

Yes. I mean, target always has to be higher than what is committed, right?

Siddhant Morakhia

Okay. And any other key factors that you would like us to consider when we're modelling for what build up that target?

Subash Menon

Honestly, don't know exactly what all factors you consider for modelling, so I don't know which other factor you should. You should really be looking at potential new wins, number of customers. So, you look at our track record over the past few years, and maybe you can take an average and apply. You already have this 25% to 30% from us as a potential revenue growth number. You also are seeing some growth in the average revenue per customer.

So, you can look at that over the past few quarters or past one year or something and then factor that in as well. What else can I tell you? I think that's about it at this point time.

Siddhant Morakhia

Okay. So, average revenue per customer should remain kind of similar. The customer growth should be linear, and we can extrapolate that forward?

Subash Menon

The customer growth, you can take as linear. But the average revenue per customer will not remain the same. It will grow.

Siddhant Morakhia

Okay.

Subash Menon

You look at the growth of the average revenue per customer over the past one year and that will probably give you some education.

Siddhant Morakhia

Okay. Got it. Thank you.

Subash Menon

You're welcome.

Moderator

Thank you so much, sir. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

The next question comes from Mr. Majid from Pinpoint X Capital. Please go ahead, sir.

Majid

I'm audible?

Subash Menon

Yes. You are.

Majid

Thank you for the opportunity, sir. I just want to understand, as you are saying in next year, you are looking to grow at a 25% CAGR. Right?

Subash Menon

25% to 30%, we have said.

Majid

Yes, sir. So in that case, if you want to grow at 25% to 30%, your revenue is going to double by that. So, if that is the case, and you're also saying that you're also going to increase your average revenue per user in 2.7, maybe to 5. So majority growth, is it going to only come from the average revenue per user or increasing your customers, actually?

Subash Menon

No. I mean, somebody commented about five. We have not quite commented on that. So that's one aspect. The next aspect is that the 25% to 30% growth is a number that we'll certainly achieve, but we are not saying that you may want to factor in a higher number there possibly. There will be customer growth as well.

So, it's going to be a combination of customer growth and average revenue per customer growth. But I don't think we have said anyway that in three years, 2.5 would be 5.

Majid

But do you think directionally coming in start to midterm, we are going for 5?

Subash Menon

No. We have not said 5. Somebody asked in the call earlier whether we will be at 5 or something like that. So, what I indicated was from last year to this year, please look at the growth in average revenue per customer. It went from 2.5 to 2.77 now.

Majid

So, I just want to understand which factor was, like, out of that 25% to 30% growth, maybe it will be driven by average revenue per customer or it should be more on customer addition group?

Subash Menon

Yes. The bigger factor would be number of customers.

Majid

And sir, you have also done an acquisition of another company. It's trying to bring down your margins, but how we are looking that to scale up in terms of margins and all?

Subash Menon

On the margin front, we will see that improving to the CVM levels in short term.

Majid

Okay. So, it can improve to what level, sir?

Subash Menon

To the CVM division level, I said.

Majid

Okay. Fine, sir.

Subash Menon

So, right now, the division is a drag because of the lower margin, lower profitability. That will change positively next year.

Majid

Okay sir. Sir, finally, I have just one more question. Sir, this time, you were able to have good receivable days. You were able to reduce to around 36 days for H1 FY26. Would that be maintained for the end of this year? Or the receivable days will increase?

Subash Menon

No. Sharat, you need to comment on the receivable day because people are looking at the phase of the balance sheet. Please explain.

Sharat Hegde

Yes. So, when we say receivables, there are both billed as well as contracted receivables. By contracted, I mean, there are certain unbilled revenue, which we have already delivered, but we are yet to bill/invoice. So, as per the Ind-AS reporting, the unbilled receivables will be sitting in other revenue as contract.

Subash Menon

No. Not other revenue.

Sharat Hegde

No. Sorry. I meant other current assets. My mistake. The contract receivables are a part of other current assets. Now, in the investor deck that we have presented, the AR of INR 33 crores that we have mentioned, that we have combined both billed receivable as well as contracted receivable in there. So, you'll have to take that. And when you take that and do an annualized DSO, you will actually arrive at 100 days.

So, 100 days is the DSO that we have achieved for the first half. And we have always been saying that in our kind of business, a DSO of 100 to 120 is always a healthy one. So, we are within that healthy range.

Majid

Perfect. Thank you, sir.

Moderator

Thank you so much, sir. Due to time constraints, that will be the last question for the day. Now, I hand over the floor to the management for the closing comments.

Subash Menon

Thank you very much. Once again, thanks everybody for your time and for your questions and for your interest. Really appreciate that. I've already stated all these things, but I would like to sum up by stating them once again that the business is chugging along very well. We are winning more customers as expected, and that will continue to be the case.

You will see, exciting growth in the years to come, with respect to revenue, and we expect nonlinearity to continue in the business, which means profitability also will grow in the coming years. That's the very nature of a good product business, and that will be demonstrated by us every quarter.

So with all that, I believe we have some very interesting times ahead and look forward to your support in the years to come.

Moderator

Thank you, sir.

Subash Menon

Thank you very much.

Moderator

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.

Sharat Hegde

Thank you.

Note:
1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.