

SEPTEMBER 8, 2020

## IPO Note

**ROUTE MOBILE LTD****NOT RATED**

(Note: All the information in this note is taken from RHP)

**Offer Details**

The price band is in the range of Rs.345-350/share. The total issue size is of Rs.600 cr (at Rs.350/share). It includes fresh issue of Rs240 cr and an Offer For Sale (OFS) of up to Rs360 cr.

**Offer details**

Particulars	Details
Price band (Rs/share)	Rs345-350
Opening date of the Issue	September 9th, 2020
Closing date of the issue	September 11th, 2020
No. of shares pre-issue (nos. cr)	5.0
No. of shares post-issue (nos. cr)*	5.686
Fresh Issue (nos. cr)*	0.686
Offer for sale (nos. cr)*	1.028
Issue size (Rs cr)*	600
<b>Bid Lot</b>	
Book Building QIBs	50%
Non-Institutional	15%
Retail	35%
Lead managers	ICICI Securities Limited, Axis Capital Limited, Edelweiss Financial Services Limited and IDBI Capital Markets & Securities Limited

Source: Company RHP, \* Based on upper price band

**Shareholding Pattern**

	Pre Issue	Post Issue
Promoter holding (%)	96.00	66.33
Public shareholding (%)	4.00	33.67
Total (%)	100.00	100.00

Source: Company RHP

**Objects of the offer**

Particulars	(Rs cr)
Repayment/prepayment in full or part, of certain borrowings of the company	36.5
Acquisition and other strategic initiatives	83.0
Purchase of office premises in Mumbai	65.0
General Corporate Puposos	NA

Source: Company RHP

**Background**

Route Mobile Ltd provides cloud-communication platform as a service ("CPaaS") to enterprises, over-the-top ("OTT") players and mobile network operators ("MNOs"). According to the ROCCO Report 2020, they were ranked as a tier one application-to-peer ("A2P") service provider internationally. Further, the company was ranked second globally as a tier one A2P service provider in 2017. (Source: ROCCO Report 2017). Route Mobile was also ranked first for 'value added services' provided, their 'implementation process' and 'uptime performance' among tier one vendors. (Source: ROCCO Report 2017). Route

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Mobile enterprise solution comprises two primary components – the front-end that provides an interface for enterprises to integrate with, and a back-end which is directly integrated with over 240 MNOs, and provides access to over 800 MNOs across the globe, as of June 30, 2020, enabling the company to leverage their SMS and voice channels for digital communication (“Super Network”). Further, the backend is also integrated with OTT business messaging solution providers, and is capable of supporting Rich Communication Services (“RCS”) business messaging, offering multiple channels of communication to enterprises. Route Mobile omni-channel platform enables enterprises to leverage various modes of digital communication to engage with their stakeholders – including customers, employees and vendors.

Route Mobile’s range of enterprise communication services include application-to-peer (“A2P”) / peer-to-application (“P2A”) /2Way Messaging, RCS, OTT business messaging, voice, email, and omni-channel communication. Further, the company also offers SMS analytics, firewall, filtering and monetization, SMS hubbing and Instant Virtual Number (“IVN”) solutions to MNOs across the globe. Their clients include some of the world’s largest and well-known organisations, including a number of Fortune Global 500 companies.

The company was incorporated in 2004 and is headquartered in Mumbai, India. As of June 30, 2020, the company has serviced over 30,150 clients, cumulatively since inception, across sectors including social media, banking and financial services, aviation, retail, internet/ e-commerce, logistics, healthcare, hospitality, media and entertainment, pharmaceuticals and telecom. As on the date of the Red Herring Prospectus, company’s global operations included nine direct and 12 step-down subsidiaries serving their clients through 18 locations across Africa, Asia Pacific, Europe, Middle East and North America. Consistent with their strategy of pursuing inorganic growth to deepen company’s relationship with MNOs and broaden their product and service portfolio, the company acquired 365squared Limited with effect from October 1, 2017, which operates in SMS analytics, firewall, filtering and monetization. Further, Route Mobile also acquired Call2Connect, effective April 1, 2017, a company which offers voice, non-voice and consulting BPO services to some of the largest enterprises in India.

Robute Mobile’s operations are internally aligned into the following business verticals: (i) enterprise; (ii) mobile operator; and (iii) business process outsourcing (“BPO”).

**Enterprise:** Enterprise vertical primarily provides cloud based communication platform to enterprises to enable digital communication through multiple channels including RCS, A2P / P2A messaging, 2Way Messaging, OTT business messaging, enterprise email and URL shortening; and Mail2SMS. Company’s platform also provides enterprise voice application services including interactive voice response, Click2Call, missed call facility and outbound dialer, which enable enterprises, to connect incoming and outgoing voice calls to their applications and systems.

**Mobile Operator:** Route Mobile’s main service offerings in this segment include SMS analytics, firewall, filtering, monetization and CPaaS and hubbing solutions. Company’s analytics based SMS firewall solution helps MNOs identify grey route traffic terminating on their networks, block grey route traffic, identify the source of such grey route traffic, and monetize such traffic.

**Business Process Outsourcing (BPO):** The company provides a range of BPO services including client support, technical support, booking and collection services. Route Mobile strategic objective is to integrate BPO capabilities with

its enterprise voice platform and deliver end-to-end offerings to enterprise customers.

**Company Products and Solutions**



Source: Company RHP

**Management Background**

Name	Age	Designation	Background
Mr. Chandrakant Gupta	67	Chairman and Non-Executive Director	He received the higher secondary school examination certificate from Board of High School and Intermediate Education, Uttar Pradesh. He has been a Director on Board since 2007.
Mr. Rajdipkumar Gupta	45	Promoter, Managing Director and Group CEO	He has been associated with the company since inception. He has more than 18 years of experience in the field of software designing and development. He is responsible for the company's growth and business development.
Mr. Sandipkumar Gupta	46	Promoter and Non-Executive Director	He has been associated with the company since inception. He has over 18 years of experience in audit and accounts and business analysis, and over 15 years of experience in SAP configuration and software system consulting.
Mr. Gautam Badalia	39	Chief Strategy Officer	He has 13 years of experience in investment banking, mergers and acquisitions and structured finance. He is responsible for development and execution of strategic initiatives to support long term growth of the company and enhance shareholders value.
Mr. Rahul Pandey	44	Chief Credit Officer	He has 16 years of experience in telecommunications industry. He is responsible for coordinating the debts of existing creditors and deciding whether to allow credit to a debtor and overall managing all money borrowed or owed to the business.
Mr. Suresh Jankar	45	Chief Financial Officer	He has 10 years of experience in finance sector. Prior to joining company, he has worked with the Capricorn Lifestyle Private Limited. He leads the finance and accounts team and is responsible for activities pertaining to the accounts of the Company in India.
Mr. Ramesh Helaiya	37	Chief Technical Officer	He has over 12 years of overall work experience in the information and technology sector. He is responsible for company's messaging platform and technology related to the platform.

Source: Company RHP

## Business response to COVID-19

Since the onset of the COVID-19 pandemic in March 2020, the company has responded swiftly by implementing various processes to ensure its operations and services to its customers continue seamlessly. They maintain a robust VPN infrastructure, which has enabled and equipped its employees to work from home to ensure no service disruptions and provide support to its customers. This meant that almost its entire team was able to work from home from March 23, 2020 when a national lockdown came into force in India. The company has also deployed security systems to safeguard assets and customer data as well as issued detailed work from home protocols to enable secure usage.

Its platform is designed to handle any increases in traffic and its servers maintain excess capacity, which can be scaled in real time as well. Its servers and platform are maintained in Tier III datacenters and all components are managed remotely by authorized personnel only and through secured connections. Further, its support teams continue to operate and are reachable through the same channels available to its customers, clients as before. They have conducted internal processes as usual including payroll and hiring as well as revenue closure and invoicing. They consider that its swift response and proactive steps taken have mitigated the impact of COVID-19 pandemic on its business and personnel thus far.

## Acquisitions and Investments

The company has made several acquisitions and certain strategic investments in Fiscal 2017 and in subsequent periods. The following table sets forth certain information relating to the various acquisitions and investments announced in Fiscal 2017 and in subsequent periods, and where applicable, the closing date of the relevant transaction.

### Acquisitions and investments

Sr. No.	Acquisition / Investment	Effective Date	Shareholding Acquired	Transaction Consideration	Revenue from Operations of Acquired Entity / Investee in Fiscal 2020 (Rs Cr)	Revenue from Operations of Acquired Entity / Investee in the three months ended June 30, 2020 (Rs Cr)
1	365squared Ltd	October 1, 2107	100%	Euro 10 million upfront Plus earn-out payments in accordance with the relevant share purchase agreement	115.776	21.387
2	Call2Connect	April 1, 2017	100%	Rs 5.67 cr	30.254	4.912
3	Cellent Technologies	September 9, 2016	100%	Rs 11.274 cr	4.328	0.222
4	Start Corp	September 9, 2016	100%	Rs 2 cr	1.6170.232	

Source: Company RHP

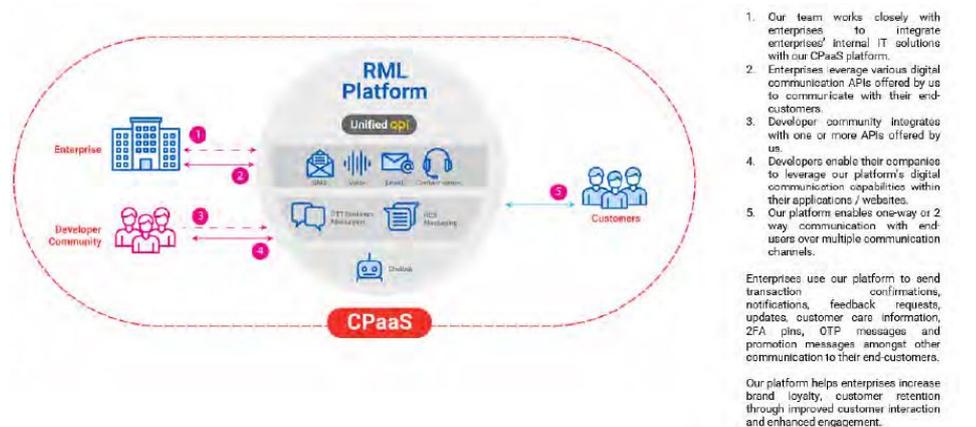
In addition, the company has entered into a business transfer agreement dated June 15, 2020 to acquire certain technologies and related contracts from a Bengaluru-based company specializing in development of telecom related solutions, which includes, inter alia, multimedia messaging service center and short message service center platforms on a going concern basis.

## Strengths

### Omni-channel cloud communication platform service provider with diversified service offerings for enterprises

The company is among the leading CPaaS providers to enterprises, OTT players and MNOs. According to the ROCCO Report 2020, the company was ranked as a tier one A2P service provider internationally. Further, they were ranked second globally as a tier one A2P service provider for 2017 (Source: ROCCO Report 2017). Being an associate member of the GSMA and an accredited open hub connectivity solution provider allows them to manage both A2P and P2P traffic for enterprises and MNOs. In addition, Route Mobile (UK) Limited is also an associate member of GSMA.

The company assists enterprises in their digital communication strategy by enabling multiple channels of communication to deliver messages to their stakeholders – including customers, suppliers, and employees. Enterprises can choose to communicate with the end user through select channels, for example SMS, or through multiple channels including SMS, OTT business messaging, voice and email amongst others. For example, in a typical online financial transaction, a customer receives OTP from his bank through multiple channels including, SMS, email and / or an automated voice call. Additionally, they have developed a single unified API, an ‘omni-channel platform’, which incorporates communication modes such as A2P / P2A / 2Way Messaging, email, RCS messaging, voice and OTT business messaging, allowing enterprises to reach customers on both traditional and all leading OTT platforms.



Source: Company RHP

With growing internet penetration, business models are evolving and cloud communication services are being used by enterprises for streamlining back-end operations as well as for engaging with customers, employees and other stakeholders. The size of the global A2P messaging market (including only directly connected A2P revenue) was US\$ 37.9 billion in 2017 and is estimated to grow at a CAGR of 4.4% (Source: Juniper Reports). In Fiscal 2018, 2019 and 2020, through their in-house developed cloud communications platform, Route Mobile processed more than 21 billion, 24.74 billion and 30.31 billion billable transactions, respectively, while in the three months ended June 30, 2020, the company processed more than 6.95 billion billable transactions. Their 45 member technical team, as of June 30, 2020, are engaged in developing new and customized solutions for clients across sectors and industries. Further, their competitive position is enhanced by their ability to leverage their existing

relationships with their clients, whom they will continue to target for increasing spend on cloud-based communications by cross-selling newer offerings, and expansion into newer sectors and geographies.

### **MNO focused suite of products**

Globally, telecom providers lost over \$11 billion in revenues in 2018 due to delivery of messages through “grey routes” (Source: Juniper Reports). With the use of Route Mobile’s analytics based SMS firewall, it assists MNOs in identifying and plugging such revenue leakages due to grey routes, driving additional revenues for them, and for us.

Route Mobile is able to diversify its service offerings in the mobile operator segment with its acquisition of 365squared to include SMS analytics, firewall, filtering and monetization solutions. It proactively help MNOs identify A2P revenue leakage and monetize the same. In addition, it assists MNOs in securing their networks and improve their understanding of how A2P messages terminate on their network. On an average, its SMS firewall contracts with MNOs have a tenure of three years, with certain contracts providing for automatic renewal for further two years, which provides Route Mobile with reasonable visibility and stickiness of revenue from such business.

Route Mobile also offers its CPaaS to MNOs by which they help them extend A2P messaging services to enterprises and other aggregators. Further, its SMS hubbing solution allows inter-connectivity between smaller MNOs to connect to global operators, and expand their network and services to their subscribers when they roam across the globe. Route Mobile added the IVN solution for MNOs. This solution enables MNOs to offer additional mobile number to existing subscribers, on the same mobile device, without any additional KYC requirements or SIM cards. The virtual number is assigned instantly and is linked to the subscribers existing KYC profile. The company believes that this solution will help them to further deepen relationships with its MNO clients.

### **Global connectivity through established relationships with MNOs**

As of June 30, 2020, Route Mobile had direct relationships with over 240 MNOs (“Super Network”) and provided its enterprise clients with access to over 800 mobile networks.

Route Mobile also has 6 strategically located data centres. Its global presence enables them to offer its clients the flexibility of multiple routes, better speed of delivery and an ability to optimize cost of delivery per message. They are able to serve its clients better as a result of its direct relationship with MNOs. As of June 30, 2020, it had direct relationships with 161 MNOs in EMEA, 32 MNOs in the APAC region, 48 MNOs in North America and South America, 6 MNOs in India and 1 MNOs in Australia. As of June 30, 2020, they have served over 30,150 clients, cumulatively since inception, globally through its offices across Africa, Asia Pacific, Europe, Middle East and North America.

Based on its Super Network, Route Mobile is an attractive partner for enterprises allowing it to communicate cost-effectively across multiple geographies. The significant number of its direct relationships with a broad range of MNOs allows them the ability to provide its services at a competitive cost and helps ensure high quality of service for its enterprise clients.

Route Mobile’s existing direct and indirect reach to mobile subscribers globally provides them to attract varied categories of enterprises that need to communicate with their clients. Their established presence in all major geographies provides an opportunity to leverage the growth in the cloud-

communications space. Following its acquisition of 365squared the company have further strengthened its direct arrangements with MNOs.

### **Diversified and global client base across industries serviced locally**

Route Mobile has a diverse enterprise client base across a broad range of industries including social media companies, banks, financial institutions, e-commerce entities, travel aggregators and other client facing companies. Additionally, its MNO clients include over 25 operators across four continents, as of June 30, 2020. In addition, its client base is spread across four continents and as of June 30, 2020, they had served over 30,150 clients, cumulatively since inception. In Fiscal 2018, 2019 and 2020 and in the three months ended June 30, 2020, its ten largest clients accounted for 36.08%, 46.00%, 52.50% and 63.65% of their revenue from operations, respectively, while their single largest client accounted for 6.49%, 19.86%, 14.58% and 15.45% of its revenue from operations in such periods. Its diverse global client base helps them limit its dependency on a specific client, industry or geography and reduces financial risk. The company believes their leadership position as a cloud-communication service provider is supported by its global operations with 18 locations, as of June 30, 2020, allowing them to serve their clients locally in the jurisdiction they operate.

Its track record of delivering quality and innovative solutions across various segments enable the company to develop and strengthen its relationships with their clients and increase business from existing clients. They are in regular communication with its clients through dedicated client teams that include sales and engineering personnel, which allows the company to work closely with its clients on an ongoing basis and provide them end-to-end services. Route Mobile has historically experienced strong client retention and have derived a significant proportion of revenues from existing client accounts that have continued to grow.

Route Mobile has also leveraged its diversified client base to up-sell to existing clients as and when they launch new services and features or when its clients expand their operations and use cloud-communications for new services. For example, Route Mobile has sold voice services to a messaging client and vice-versa. The company's believe that increased integration of new services increases client engagement and, over the long-term, client loyalty. As a result, they have been able to strengthen their relationship with clients across sectors.

### **Scalable delivery platform supported by robust infrastructure**

Company's cloud-based delivery platform enables them to build and manage applications without having to create and maintain the underlying infrastructure for each client. They are therefore able to provide enterprises with solutions to operate applications without purchasing, configuring or managing the underlying hardware and software. They currently operate at a throughput capacity of over 10,000 messages per second. Its six strategically located data centres provide its operations with the resilience required to meet the requirements of its clients. The company has adopted secure protocols and offer 128-bit encryption to its clients. Additionally, its scalable platform requires limited capital expenditure as and when they add new clients or new services or when traffic volumes increase. Company's platform allows its clients to scale elastically without having to redevelop their applications or change their communications infrastructure.

According to the ROCCO Report 2017, Route Mobile has been ranked first in terms of its 'implementation process', its 'uptime performance' and its 'route monitoring and management'. These parameters ensure low latency and high

availability for clients. In addition, they have the ability to serve its clients through 18 locations across Africa, Asia Pacific, Europe, Middle East and North America. its ability to consistently deliver on stringent service level agreements with its clients reflects its robust infrastructure.

### **Robust business model and consistent financial track record**

The company has a number of clients on a pre-paid business model where the client pays upfront allowing them to reduce the overall working capital cycle. Its total revenue increased at a CAGR of 37.61% from ₹ 504.95 crore in Fiscal 2018 to ₹ 956.25 crore in Fiscal 2020 and was ₹ 309.61 crore in the 3 months ended June 30, 2020. In Fiscal 2018, 2019 and 2020, and in the 3 months ended June 30, 2020, 41.77%, 24.99%, 17.01% and 15.47% of its revenue from operations, respectively, were prepaid. The standard terms of the agreements with its post-paid clients require payments to be made within 30 - 60 days.

In addition to a security deposit or a credit line paid in advance by the company, they are typically required to pay MNOs within a specified period, usually ranging between 45 and 60 days. This business model provides them with a negative working capital cycle and supports flexibility in pricing its services. Further, its revenue is directly linked to usage based on each transaction or communication sent by clients and is based on a pricing model where they have an ability to change the prices offered based on prevailing market rates or owing to increase in rates by MNOs as a result of regulatory action or legislation. Its pricing control mechanism also ensures that relationship managers and system administrators are unable to price services below a certain base, which also ensures margin protection.

Route Mobile has experienced sustained growth in its business in recent years. They have not required any capital infusion in the company since Fiscal 2007. They have been consistently profitable since the last decade. Its sustained growth is attributable to its high operating margins and low-cost base.

### **Experienced Promoters and senior management team**

Its Promoters, Sandipkumar Gupta and Rajdipkumar Gupta have approximately 2 decades of experience in the software and the communications sector. Rajdipkumar Gupta has extensive experience in the field of software designing and development and has wide technical and management expertise having worked with a number of organizations in India and abroad. Sandipkumar Gupta is a qualified chartered accountant and a SAP certified solution consultant - mySAP Financials - Managerial and Financial Accounting with over 19 years of experience in audit and accounts and business analysis, and over 16 years of experience in SAP configuration and software system consulting. Their experience in the software and telecommunications field, including extensive knowledge of the software life cycle and implementation strategy, is supplemented by its senior management team, which includes seasoned technology professionals with global experience, as well as professionals with deep experience in product development, strategy development, designing and installation of IT networks and network user management. Its senior management team has significant experience in all aspects of its business operations. Their management team's in-depth understanding of target markets and client demand and preferences for communications applications have enabled them to grow its business and expand its operations. Their understanding of industry trends, demands and market changes have enabled them to adapt and diversify its offerings and leverage market opportunities.

## Strategies

### **Continue to develop omni-channel digital communication offerings and innovative solutions**

Route Mobile has continuously focused on retaining and deepening relationships with its existing customer base with the help of a dedicated key accounts management team. They have grown its revenues with respect to particular customers and intend to focus on revenue expansion through cross-selling and up-selling a wider range of services and solutions to its existing customers. Its R&D team has augmented their CPaaS platform with several new channels of digital communication, which will drive growth in the near term. Route Mobile intends to leverage newer solutions with its existing customers and position themselves as the partner of choice for these customers. This will increase stickiness of its relationship with its existing customers and augment the ability to serve start-ups and young enterprises.

Route Mobile has made significant investments in developing its communication services and solutions. These investments have enabled them to expand its product and service offerings to include major mobile communication channels, including messaging, email, OTT and voice. The company continuously track new technologies, industry segments and market trends in the mobile technology sector. They intend to leverage its existing platform, diverse enterprise client base and Super Network to capitalize on the growth opportunity in cloud-communications space and endeavour to be a one-stop communications solution provider to such enterprise clients and MNOs.

### **Continue to focus on developer community program**

Route Mobile API Developer or RAPID network is an initiative to formally launch its developer community program. The objective of this program is to enable developers to leverage the capabilities of its CPaaS platform and seamlessly deploy communication features within their applications / software. Through the developer community program, they are in the process of adopting a bi-modal go-to-market strategy. The developer community program primarily will focus on agility, enabling developers and their enterprises to experiment with its APIs and leverage its platform to improve their digital communication solutions. Their business partners, system integrators and third party developers will have access to an online portal with APIs allowing them to integrate with its platform and develop digital communication solutions for end-users.

### **Enhance service offerings through inorganic opportunities**

Since Fiscal 2017, Route Mobile has expanded its operations through a number of acquisitions and successfully integrated these businesses into its operations. They continue to focus on building its presence in new markets and addressing the need for cloud-communications services in new industries. They intend to continue its strategic expansion plans through inorganic growth opportunities in new markets and geographies allowing them to complement its existing operations. Through strategic acquisitions, Route Mobile intends to increase the scale of its operations, access new clients and enter high-growth geographies in a cost-effective manner.

In conjunction with its organic growth strategies, Route Mobile intends to pursue strategic acquisitions or investments by selectively evaluating targets in order to increase its product and service offerings, expand its existing client base and its geographic reach to strengthen its position as a global cloud-communication platform services provider.

**Grow presence in additional markets to serve clients locally**

With its leading position in the cloud-communication space coupled with the anticipated growth in this sector, Route Mobile intends to continue to grow in the markets where they currently operate and further expand its offerings in additional markets. They intend to meet the requirements of a broader range of global developers and enterprises. In order to attract and secure new clients, they will continue to develop its network of offices to increase awareness amongst enterprises. They also plan to focus on further strengthening its position in certain important enterprise markets, such as Africa and Latin America, which have significant potential for cloud-communication services. They have operations in Kenya, Ghana, Uganda, Zambia and Nigeria, through its subsidiaries, Route Connect (Kenya) Ltd., Route Mobile Ltd., Route Mobile (U) Ltd., Route SMS Solutions Zambia Ltd. and ROUTESMS Solutions Nigeria Ltd., respectively. It also has operations in the Americas, where they anticipate significant potential to serve OTT and enterprise clients. In addition to the aforementioned, Route Mobile continue to target expansion into newer geographies directly through strategic acquisitions.

**Leverage the CPaaS platform and BPO expertise to deliver virtual contact centre solutions**

Route Mobile added BPO capabilities through the acquisition of Call2Connect, with effect from April 1, 2017. Its strategic objective is to integrate its BPO capabilities with their enterprise voice platform and deliver end-to-end offerings to enterprise customers. Its CPaaS offerings enable enterprises address their digital communication requirements while its BPO services intend to address customer/vendor/partner requirements to interact with a human interface. Further, they intend to leverage Call2Connect's expertise in call centre and other BPO services, combined with its expertise in technology driven digital communication enablement to create a new revenue stream through virtual contact centre solutions.

## Financials

### Balance Sheet

Y/E Mar (Rs. Cr)	FY18	FY19	FY20	Jun'20
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	20.7	21.7	22.4	21.3
Goodwill	84.1	83.1	85.5	85.1
Right-of-use assets	21.0	15.3	9.7	8.3
Other intangible assets	75.5	64.4	59.1	55.7
Intangible assets under development	-	2.1	-	-
Financial assets				
Other financial assets	4.3	4.7	16.2	27.5
Deferred tax assets (net)	6.8	7.5	3.8	2.7
Non-current tax assets (net)	5.8	9.0	18.3	16.4
Other non-current assets	9.5	16.3	7.5	2.1
	<b>227.7</b>	<b>224.1</b>	<b>222.5</b>	<b>219.1</b>
<b>Current assets</b>				
Financial assets				
Investments	-	10.7	11.9	12.4
Trade receivables	97.3	144.7	203.7	184.0
Cash and cash equivalents	23.5	29.4	61.5	114.0
Other bank balances	79.1	66.3	41.1	44.7
Other financial assets	4.2	9.6	10.6	11.6
Other current assets	15.6	21.1	75.2	49.1
<b>Total assets</b>	<b>447.4</b>	<b>505.8</b>	<b>626.5</b>	<b>634.8</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	50.0	50.0	50.0	50.0
Other equity	110.9	161.8	220.4	247.0
Equity attributable to owners of the Holding Company	160.9	211.8	270.4	297.0
Non-controlling interests	-0.7	-1.9	-2.2	-2.3
<b>Total equity</b>	<b>160.2</b>	<b>209.9</b>	<b>268.2</b>	<b>294.7</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	3.6	4.0	3.7	3.7
Lease liabilities	17.3	11.8	5.6	4.7
Provisions	1.4	1.6	2.2	2.4
Deferred tax liabilities (net)	0.0	0.0	0.5	0.5
	22.3	17.3	12.1	11.3
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	77.8	73.2	37.4	38.8
Lease liabilities	4.8	5.4	5.9	5.3
Trade payables				
Total outstanding dues of micro enterprises and small enterprises				
Total outstanding dues of creditors other than micro enterprises and small enterprises	56.1	59.7	181.3	171.7
Other financial liabilities	100.1	105.3	88.0	58.5
Provisions	0.8	0.6	0.8	0.8
Current tax liabilities (net)	3.8	11.6	24.4	30.3
Other current liabilities	21.5	22.8	8.5	23.3
	264.9	278.6	346.3	328.8
<b>Total equity and liabilities</b>	<b>447.4</b>	<b>505.8</b>	<b>626.5</b>	<b>634.8</b>

Source: Company, RHP

**Profit and Loss Statement**

Y/E Mar (Rs. Cr)	FY18	FY19	FY20	Jun'20
<b>Revenue</b>				
Revenue from operations	504.9	844.7	956.3	309.6
Other income	4.5	7.7	11.9	2.7
<b>Total revenue</b>	<b>509.5</b>	<b>852.4</b>	<b>968.1</b>	<b>312.3</b>
<b>Expenses</b>				
Purchases of messaging services	340.7	667.0	764.2	249.4
Employee benefits expense	50.5	55.4	58.2	13.0
Finance costs	7.8	13.1	4.9	1.0
Depreciation and amortisation expense	15.8	21.9	22.7	6.0
Other expenses	38.1	30.0	34.1	9.5
<b>Total expenses</b>	<b>453.0</b>	<b>787.4</b>	<b>884.0</b>	<b>279.0</b>
Profit before tax	56.5	65.0	84.1	33.3
<b>Tax expense</b>				
Current tax	10.9	11.2	10.8	5.2
Deferred tax charge/(credit)	-1.1	-0.7	4.2	1.2
	9.8	10.5	15.0	6.4
<b>Profit for the period/year</b>	<b>46.7</b>	<b>54.5</b>	<b>69.1</b>	<b>26.9</b>

Source: Company, RHP

**Cashflow Statement**

Y/E Mar (Rs. Cr)	FY18	FY19	FY20	Jun'20
Cashflow from Operating Activities	32.2	28.5	93.4	81.1
Cashflow from Investing Activities	-130.2	-5.0	0.2	-27.7
Cashflow from Financing Activities	42.4	-22.6	-62.3	-1.1
Currency fluctuations arising on consolidation	-2.1	5.0	0.8	0.1
Net increase/ (dec) in cash and cash equivalents	-57.7	5.9	32.1	52.5
Opening balance of cash and cash equivalents	80.8	23.5	29.4	61.5
Cash and cash equivalents taken over on acquisition	0.4	-	-	-
Closing balance of cash and cash equivalents	23.5	29.4	61.5	114.0

Source: Company, RHP

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

<b>BUY</b>	–	We expect the stock to deliver more than 15% returns over the next 12 months
<b>ADD</b>	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
<b>REDUCE</b>	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
<b>SELL</b>	–	We expect the stock to deliver < -5% returns over the next 12 months
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