

# ROUTE MOBILE LIMITED

## Issue highlights

- ❑ Incorporated on May 14, 2004, **Route Mobile Limited (“Route Mobile”)** provides Cloud-communication Platform as a Service (“CPaaS”) to enterprises, over-the-top (“OTT”) players and Mobile Network Operators (“MNOs”).
- ❑ They were ranked as a tier 1 application-to-peer (“A2P”) service provider internationally. Route Mobile ranked 2<sup>nd</sup> globally as a tier 1 A2P service provider and also ranked 1<sup>st</sup> for ‘value added services’ provided, its ‘implementation process’ and its ‘uptime performance’ among tier 1 vendors in 2017.
- ❑ Company’s operations are internally aligned into the following business verticals:
  - **Enterprise:** Provides cloud based communication platform to enterprises to enable digital communication through multiple channels;
  - **Mobile Operator:** offerings in this segment include SMS analytics, firewall, filtering, monetization and CPaaS and hubbing solutions; and
  - **Business Process Outsourcing:** provides a range of BPO services including client support, technical support, booking and collection services.
- ❑ Its Enterprise solution comprises 2 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.
- ❑ In Fiscal 2020 and in the 3 months ended June 30, 2020, it serviced 2,787 customers and 1,380 customers, respectively. As of June 30, 2020, Route Mobile 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.
- ❑ **The company has a number of clients on a pre-paid business model where the client pays upfront.** 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, was prepaid.**

## Brief Financial Details\*

(₹ In Cr)

Particulars	As at June 30,	As at March 31,		
	2020 (03)	2020 (12)	2019 (12)	2018 (12)
Equity Share Capital	50.00	50.00	50.00	50.00
Reserves as stated	247.02	220.37	161.78	110.85
Net worth as stated	297.02	270.37	211.78	160.85
Long Term Borrowings	3.70	3.71	3.95	3.57
Short Term Borrowings	38.82	37.36	73.16	77.77
Revenue from Operations	309.61	956.25	844.67	504.95
Revenue Growth (%)	-	13.21%	67.28%	-
EBITDA as stated	40.30	111.67	99.96	80.14
EBITDA (%) as stated	12.90%	11.53%	11.73%	15.73%
Profit Before Tax	32.29	84.12	65.00	56.49
Net Profit for the year	26.93	69.10	54.53	46.68
Net Profit as % to Revenue	8.70%	7.23%	6.46%	9.24%
EPS (₹)	5.42	13.83	11.19	9.57
RONW (%)	9.12%	25.58%	26.42%	29.74%
NAV (₹)	59.40	54.07	42.36	32.17

Source: RHP, \* Restated Summary, EPS and RONW for the quarter ended June 30, 2020 have not been annualized

## Issue Details

**Equity Shares aggregating upto ₹ 600 Cr**  
(Fresh Issue of Equity shares aggregating upto ₹ 240 Cr and Offer for sale of Equity Shares aggregating upto ₹ 360 Cr)

## Issue highlights

**Issue size: ₹ 600 Cr**  
**No. of shares<sup>^</sup>: 17,142,856 Shares**  
**Face value: ₹ 10**

## Issue summary

**Price band: ₹ 345 - 350**  
**Bid Lot: 40 Shares** and in multiple thereof

**Post Issue Implied Market Cap<sup>^</sup>: ₹ 1,990 Cr**

**BRLMs: Axis Capital, ICICI Securities, Edelweiss Financial, IDBI Capital**  
**Registrar: KFin Technologies Pvt. Ltd.**

**Issue opens on: Wednesday, 9<sup>th</sup> Sep’ 2020**  
**Issue closes on: Friday, 11<sup>th</sup> Sep’ 2020**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	16-09-2020
Refunds/Unblocking ASBA Fund	17-09-2020
Credit of equity shares to DP A/c	18-09-2020
Trading commences	21-09-2020

**Listing: BSE and NSE**

## Issue break-up

Cat	No. of Shares @ upper end	₹ In Cr	% of Issue
QIB	8,571,427	300	50%
NIB	2,571,429	90	15%
Retail	6,000,000	210	35%
<b>Total</b>	<b>17,142,856</b>	<b>600</b>	<b>100%</b>

## Shareholding (No. of Shares)

	Pre issue	Post issue <sup>^</sup>
No of shares	50,000,000	56,857,142

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoters Gr	96.00%	66.33%
Public	4.00%	33.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>^</sup>@ Upper price Band

## BACKGROUND

The company was incorporated as 'Routesms Solutions Private Limited' on May 14, 2004, at Mumbai. The company was promoted by Sandipkumar Gupta and Rajdipkumar Gupta, each one holding 14,400,000 Equity Shares representing 28.80% of the pre-offer issued, subscribed and paid up equity share capital of the company.

**Chandrakant Gupta** is the Chairman and Non-executive Director of the company. He has been on the Board since 2007.

**Rajdipkumar Gupta** is the Promoter, Managing Director and Group Chief Executive Officer of the company. 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.

**Sandipkumar Gupta** is the Promoter and Non-Executive Director of the company. 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.

**Ramachandran Sivathanu** is the Independent Director of the company. Prior to joining the company, he has worked with Loop Telecom Pvt. Ltd., Loop Mobile (India) Ltd., Meridian Mobile Pvt. Ltd., RPG Cellular Services Ltd., Red Bottle Telecommunications Consultancy Pvt. Ltd., Clothesline Media Pvt. Ltd. and Eureka Forbes Ltd.

**Nimesh Salot** is the Independent Director of the company. He has more than 14 years of experience in the field of investment banking. He has previously worked with Ladderup Corporate Advisory Pvt. Ltd., Mape Advisory Group Pvt. Ltd., Rabo Finance Ltd., Ernst and Young, India, DSJ Communications Ltd. and Kayjay Financial Research Services Pvt. Ltd.

**Sudha Navandar** is the Independent Director of the company. She is also an independent director on the board of Goa Glass Fibre Ltd, Anand Rathi Financial Services Ltd. and Anand Rathi Wealth Services Ltd.

**Gautam Badalia** is the Chief Strategy Officer of the company. 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.

**Rathindra Das** is the Head Legal, Company Secretary and Compliance Officer of the company. He has over 8 years of experience in compliance and secretarial matters.

**Rahul Pandey** is the Chief Credit Officer of the company. 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.

**Sharad Kumar** is the Executive Vice President – Middle East. He has over 18 years of experience in the telecom sector.

**Suresh Jankar** is the Chief Financial Officer of the company. He has 10 years of experience in finance sector.

**Tushar Agnihotri** is the Executive Vice President – India and APAC. He has 24 years of overall work experience, with over 16 years of experience in the telecom sector.

**Ramesh Helaiya** is the 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.

The company has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Award
2020	<ul style="list-style-type: none"> <li>Ranked 4th in the Tier One A2P SMS Vendor Benchmarking Report (MNO Edition) released by ROCCO</li> <li>Ranked 378th in the list of "The Next 500" by Fortune India</li> </ul>
2019	<ul style="list-style-type: none"> <li>"Most Innovative Communication Solutions Provider 2019" at the CV Magazine – Technology Innovator Awards 2019</li> <li>Best Messaging Innovation – Consumer Solution at the Messaging and SMS Global Awards 2019.</li> <li>Best Governed Company under Unlisted Segment – Emerging Category at the 19th ICSI National Awards for excellence in Corporate Governance, 2019.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Ranked 2<sup>nd</sup> as a Tier One A2P SMS Messaging Vendor, Report released by ROCCO</li> </ul>

## OFFER DETAILS

The Offer	
Fresh Issue (₹ 240 Cr)	Upto 6,956,521~ - 6,857,142^ Equity Shares
Offer for sale (₹ 360 Cr)	Upto 10,434,782~ - 10,,285,714^ Equity Shares
Sandipkumar Gupta – The Promoter Selling Shareholder	Upto 5,217,391~ - 5,142,857^ Equity Shares
Rajdikumar Gupta - The Promoter Selling Shareholder	Upto 5,,217,391~ - 5,142,857^ Equity Shares

(~ lower price band and ^ at upper price band)

## OBJECTS OF THE ISSUE

Objects	Amount
Repayment or pre-payment, in full or part, of certain borrowings of the company;	36.50
Acquisitions and other strategic initiatives;	83.00
Purchase of office premises in Mumbai; and	65.00
General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

(₹ In Cr)

## BUSINESS OVERVIEW

Route Mobile Limited (“Route Mobile”) provides cloud-communication platform as a service (“CPaaS”) to enterprises, over-the-top (“OTT”) players and mobile network operators (“MNOs”). They were ranked as a tier 1 application-to-peer (“A2P”) service provider internationally. Route Mobile ranked 2<sup>nd</sup> globally as a tier 1 A2P service provider and also ranked 1<sup>st</sup> for ‘value added services’ provided, its ‘implementation process’ and its ‘uptime performance’ among tier 1 vendors in 2017. (Source: ROCCO Report 2017). Its Enterprise solution comprises 2 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 them 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. Its omni-channel platform enables enterprises to leverage various modes of digital communication to engage with their stakeholders – including customers, employees and vendors.

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

As of June 30, 2020, Route Mobile 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. Currently its global operations included 9 direct and 12 step-down subsidiaries serving its clients through 18 locations across Africa, Asia Pacific, Europe, Middle East and North America. Consistent with its strategy of pursuing inorganic growth to deepen its relationship with MNOs and broaden its product and service portfolio, **Route Mobile acquired 365squared Limited with effect from October 1, 2017**, which operates in SMS analytics, firewall, filtering and monetization. Further, **they 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.

As of June 30, 2020, Route Mobile had made 23 applications for registration of various trademarks, including, ‘Route Mobile’, ‘RouteSMS’ and ‘Route’ of which they have received registration for 12 trademarks.

The company has regional offices situated in Bengaluru, Hyderabad, Patna, Noida, Ranchi and Delhi. Internationally, they have offices in United States, United Kingdom, Malta, United Arab Emirates, Ghana, Nigeria, Nepal, Sri Lanka,

Bangladesh, Singapore, Uganda and Zambia. These offices are primarily located on leased premises or co-working spaces.

Route Mobile has a global sales team comprising of a direct sales team and channel partners. The direct sales team is primarily focused on selling its services and solutions to enterprises, and growing existing enterprise client accounts. Its marketing team focusses on raising awareness and inform current and prospective clients about the products and services as well as new offerings additionally, used by them include digital marketing, events and exhibition participation. On suppliers' side, Route Mobile has developed a significant number of direct relationships with MNOs, which provides its clients with global connectivity. As of June 30, 2020, Route Mobile had direct relationships with over 240 MNOs.

For the Fiscal 2018, 2019 and 2020, and the 3 months ended June 30, 2020:

- The Revenue from Operations were ₹ 504.95 crore, ₹ 844.67 crore, ₹ 956.25 crore and ₹ 309.61 crore.
- The EBITDA was ₹ 80.14 crore, ₹ 99.96 crore, ₹ 111.67 crore and ₹ 40.30 crore and EBITDA margins for the same periods were 15.73%, 11.73%, 11.53% and 12.90%, respectively.
- The Profit was ₹ 46.68 crore, ₹ 54.53 crore, ₹ 69.10 crore and ₹ 26.93 crore, respectively.

## BUSINESS VERTICALS

Company's operations are internally aligned into the following business verticals: (i) enterprise; (ii) mobile operator; and (iii) business process outsourcing ("BPO").

### Enterprise

Its 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. This 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. The CPaaS platform gives its current and potential customers the ability to leverage its Super Network and APIs to build out their digital communication service needs. Route Mobile provides a suite of APIs for various communication channels, across multiple geographies that are scalable and flexible to fit the customers' requirements. It has also recently launched Route Mobile API Developer Network - a program that enables developers to leverage capabilities of its platform and seamlessly deploy digital communication features within their applications/software.

### Mobile Operator

Its main service offerings in this segment include **SMS analytics, firewall, filtering, monetization and CPaaS and hubbing solutions**. Its **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. It has developed multiple engagement models, to offer flexibility to MNOs while using its solution. Route Mobile typically engages with MNOs on a revenue share model when deploying this solution. Certain MNOs also engage with Route Mobile for its hubbing solution and CPaaS offerings, to leverage its global connectivity and A2P platform.

### Business Process Outsourcing (BPO)

Route Mobile provides a range of **BPO services including client support, technical support, booking and collection services**. The strategic objective is to integrate its BPO capabilities with its enterprise voice platform and deliver end-to-end offerings to enterprise customers.

Route Mobile is an associate member of the GSMA and an accredited open hub connectivity solution provider with its internally developed cloud communications platform allowing them to handle both A2P and peer-to-peer ("P2P") traffic for enterprises, OTT players and MNOs. In the 3 months ended June 30, 2020, through its cloud communications platform, Route Mobile processed more than 695 crore billable transactions. In Fiscal 2020, its platform managed more than 3,031 crore billable transactions from its clients and was used by more than 2,700 clients while it managed more than 2,474 crore billable transactions in Fiscal 2019. Route Mobile has established direct relationships with MNOs that provide its clients with global connectivity. As of June 30, 2020, it has direct relationships with over 240 MNOs and 4 short messaging service centres hosted in various geographies across the globe. They are able to access more than 800 networks across the world, as of June 30, 2020.

## COMPANY PRODUCTS AND SOLUTIONS



Enterprise	
<ul style="list-style-type: none"> <li>▪ <b>Communication Platform as a Service ("CPaaS")</b></li> </ul>	It is a cloud-based platform that enables developers to add real-time communications features to their own applications without needing to build backend infrastructure and interfaces.
<ul style="list-style-type: none"> <li>- <b>Web tier:</b></li> </ul>	Customers and sub-customers interact with the platform using various interfaces.
<ul style="list-style-type: none"> <li>- <b>Middle tier:</b></li> </ul>	This tier receives and forwards messages while processing them for credit deduction and sending delivery reports.
<ul style="list-style-type: none"> <li>- <b>Database tier:</b></li> </ul>	The database stores and forwards messages to SMS centres.
<ul style="list-style-type: none"> <li>▪ <b>Enterprise Messaging</b></li> </ul>	The A2P messaging platform has been completely developed in-house allowing clients to connect through a choice of interfaces (HTTP, SMPP or web panel) and send messages globally.
<ul style="list-style-type: none"> <li>▪ <b>2Way Messaging</b></li> </ul>	This service enables enterprises to keep end-users engaged through message exchanges in a seamless, cost-effective manner and is highly customizable to tailor the optimal approach for each individual organization.
<ul style="list-style-type: none"> <li>▪ <b>OTT Business Messaging</b></li> </ul>	This service use to deliver text, images, buttons, links, directly to users. Business messaging finds use in retail banking, mortgage industry, stock markets, e-commerce, retail, hospitality, travel, and healthcare.
<ul style="list-style-type: none"> <li>▪ <b>Rich Communication Services ("RCS")</b></li> </ul>	RCS is a communication protocol between telecom operators, OEMs and messaging partners for A2P rich messaging. RCS enables enterprises to create more conversational and engaging solutions for consumers.
<ul style="list-style-type: none"> <li>▪ <b>Enterprise Email Sender</b></li> </ul>	The enterprise email sender service helps enhance customer communication with content rich and intuitive emails.
<ul style="list-style-type: none"> <li>▪ <b>URL Shortening</b></li> </ul>	This enables clients to automatically generate a shortened uniform resource locator (" <b>URL</b> ") for every single number and provides data on click rates, geographical information, type of browser used and operating system. Since each URL is unique for each number, URL shortening enables personalization based on click through rates, device information and location.
<ul style="list-style-type: none"> <li>▪ <b>Interactive Voice Response ("IVR")</b></li> </ul>	IVR is a system that captures customer inputs over the phone and generates the required response. IVR can be both incoming and outbound. IVR handles incoming calls, but when combined with an outbound dialer, it can call out and take customer responses for campaigns and surveys.
<ul style="list-style-type: none"> <li>▪ <b>Click2Call</b></li> </ul>	The Click2Call service is a tool that simplifies instant calling with cloud-based back-end support.
<ul style="list-style-type: none"> <li>▪ <b>Missed Call</b></li> </ul>	This service is an engagement tool that enables inbound inputs from customers through a simple, free of charge phone call. The tool can be deployed to capture responses or queries and send automated messages or arrange calls to customers.
<ul style="list-style-type: none"> <li>▪ <b>Outbound Dialer</b></li> </ul>	This facility allows enterprises to make automatic calls to pre-defined customer lists and play onetime passwords, promotional messages, or reminders as per their requirements.
Mobile Operator	
<ul style="list-style-type: none"> <li>▪ <b>SMS Filtering, Analytics, and Monetization</b></li> </ul>	The company offers SMS filtering, analytics, and monetization solutions through 365squared. Its solutions allow MNOs to control and monetize A2P messages terminating on their network.
<ul style="list-style-type: none"> <li>- <b>365secure</b></li> </ul>	This service offers MNOs a fully managed service for A2P message revenue assurance and fraud protection. 365secure is primarily for MNOs with limited or no filtering capability.

- 365managed	For MNOs with an existing filtering platform Route Mobile integrates with its system to offer a managed revenue solution.
▪ 365analytics	365analytics is a real-time detection and traffic analytics software with an intelligence that is constantly updated based on its global intelligence.
▪ Route Hub	This solution enables flow of messages between MNOs and mobile virtual network operators with different protocols and technologies and does not require any bi-lateral agreements.
▪ Instant Virtual Number ("IVN")	IVN solution is a virtual number that is configured on the top of an existing primary mobile number.
<b>Business Process Outsourcing</b>	
▪ BPO	This offer BPO functions to clients viz. back office support and operations, e-commerce support services and quality resource center management.
▪ Call Centers	These services primarily include voice and non-voice based services and offers the communications platform to clients to receive calls / emails / chat and offer other support.
▪ Campaign Management	This manages marketing and promotional activities for clients. This also run know-your-customer campaigns and serve as voice channel partners for its clients.
<b>Industry Focused Solutions</b>	
▪ Omni-channel solution for e-commerce brands	The omni-channel platform enables digital communication across voice as well as SMS channels and provides detailed reports that enable e-commerce brands to drive member specific initiatives.
▪ Digital communication solutions for banking / healthcare / retail sectors	This platform ensures quality of service through low latency and high delivery ratio. It offers GDPR compliant services and ensures data security and information integrity.
▪ Digital communication solutions for travel industry	This offers comprehensive digital communication solutions to players in the travel industry, particularly to airlines.
▪ Internet of Things enabling communication solutions	With the use of this platform, the client has been able to reduce requirement for on-the-ground personnel for equipment monitoring and is able to undertake real-time monitoring of equipment globally with centralized reporting. This results in faster reaction to potential equipment failure, thereby minimizing equipment downtime.
▪ URL shortening solution for retail and banking and financial services sectors	This enables clients to automatically generate a shortened uniform resource locator. Since each URL is unique for each number, URL shortening enables personalization based on click through rates, device information and location
▪ SMS firewall solution for telecom operators	The firewall solution helps identify and block international traffic arriving on an operators' network through grey routes.

#### Revenue from Operations:

	3 Months Ended June 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total
<b>Sale of Services</b>								
- Messaging Services	304.72	98.42%	927.47	96.99%	822.32	97.35%	489.63	96.97%
- Call centre Services	4.89	1.58%	28.78	3.01%	22.35	2.65%	15.32	3.03%
<b>Total</b>	<b>309.61</b>	<b>100.00%</b>	<b>956.25</b>	<b>100.00%</b>	<b>844.67</b>	<b>100.00%</b>	<b>504.95</b>	<b>100.00%</b>

#### The revenues generated in domestic and international currencies:

	3 Months Ended June 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total
Domestic	43.08	13.92%	183.51	19.19%	143.92	17.04%	100.56	19.91%
Export	266.53	86.08%	772.74	80.81%	700.75	82.96%	403.39	80.09%
<b>Total Billing</b>	<b>309.61</b>	<b>100.00%</b>	<b>956.25</b>	<b>100.00%</b>	<b>844.67</b>	<b>100.00%</b>	<b>504.95</b>	<b>100.00%</b>

While Route Mobile has a large and diversified client base, in each of its business verticals, they are dependent on business from certain significant clients. **In Fiscal 2020 and in the 3 months ended June 30, 2020, it serviced 2,787 customers and 1,380 customers, respectively.**

The revenue contribution of the key clients as a **percentage of total revenue** across the various business verticals:

Revenue Contribution by	3 Months Ended			
	June 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Top 5 clients	50.60%	40.64%	33.80%	24.92%
Top 10 clients	63.65%	52.50%	46.00%	36.08%
Top 20 clients	76.20%	65.53%	60.74%	49.88%
Top 50 clients	92.53%	80.79%	77.59%	69.71%

Details of the number of customers and revenue that contribute revenues of over ₹ 5 Crore

Revenue Split	3 Months Ended June 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Revenue (₹ Cr)	No of Customers	Revenue (₹ Cr)	No of Customers	Revenue (₹ Cr)	No of Customers	Revenue (₹ Cr)	No of Customers
Revenue higher than ₹ 5 Cr and less than or equal to ₹ 10 Cr	11.36	2	77.86	12	98.83	14	110.01	16
Revenue higher than ₹ 10 Cr and less than or equal to ₹ 25 Cr	62.61	4	215.05	14	253.70	15	99.17	6
Revenue higher than ₹ 25 Cr	118.10	3	403.33	7	231.51	3	63.61	2

## BUSINESS UPDATE – 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 their 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.
- It 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 data centres 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.

## ACQUISITION AND INVESTMENTS

Acquisition/ Investment	Specialised in:	Effective Date	Shareholding Acquired	Transaction Consideration	Revenue from Operations of Acquired Entity/ Investee in 3 months ended Jun' 30, 2020	Revenue from Operations of Acquired Entity/ Investee in Fiscal 2020
<b>365squared Limited</b>	SMS filtering, analytics, and monetization services.	1 Oct' 2017	100%	Euro 10 million upfront plus earn out payments <sup>^</sup>	₹ 21.39 Cr	₹ 115.78 Cr
<b>Call2Connect</b>	BPO business segment.	1 Apr' 2017	100%	₹ 5.67 Cr	₹ 4.91 Cr	₹ 30.25 Cr
<b>Cellent Technologies</b>	A2P messaging business	9 Sep' 2016	100%	₹ 11.27 cr	₹ 0.22 Cr	₹ 4.33 Cr
<b>Start Corp</b>	A2P messaging business	9 Sep' 2016	100%	₹ 2.00Cr	₹ 0.23 Cr	₹ 1.62 Cr

<sup>^</sup>payments in accordance with the relevant share purchase agreement

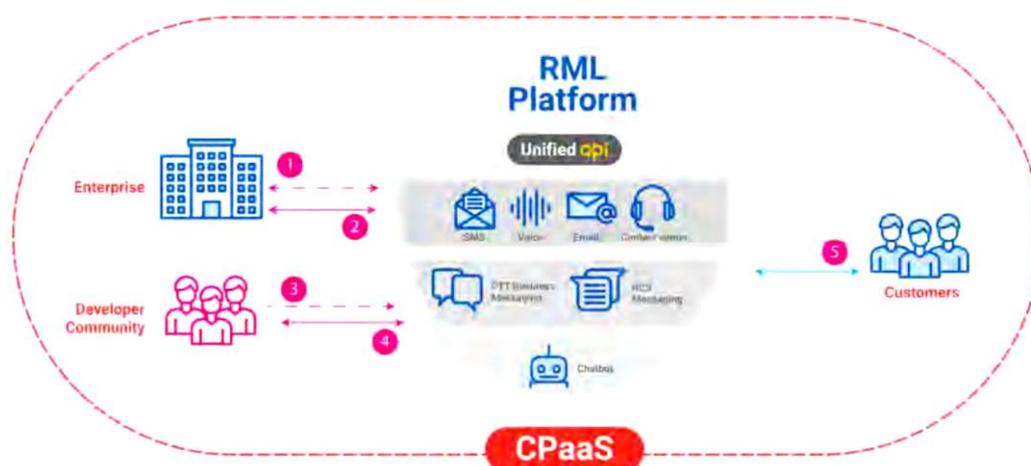
In addition, the company has entered into a business transfer agreement dated June 15, 2020 to acquire certain technologies and related contracts from a Bengaluru-based company specializing in development of telecom related solutions, which includes, *inter alia*, multimedia messaging service center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

## COMPETITIVE STRENGTHS

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

Route Mobile is among the leading CPaaS providers to enterprises, OTT players and MNOs. They were ranked 2<sup>nd</sup> globally as a tier 1 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.

Route Mobile 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.



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\$ 3,790 crore in 2017 and is estimated to grow at a CAGR of 4.4% (*Source: Juniper Reports*). In Fiscal 2018, 2019 and 2020, through its in-house developed cloud communications platform, they processed more than, 2,100 crore, 2,474 crore and 3,031 crore billable transactions, respectively, while in the 3 months ended June 30, 2020, they processed more than 695 crore billable transactions. Its 45 member technical team as of June 30, 2020 are engaged in developing new and customized solutions for clients across sectors and industries. Further, its competitive position is enhanced by its ability to leverage its existing relationships with the clients.

- **MNO focused suite of products**

Globally, telecom providers lost over \$1,100 crore 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 Route Mobile.

Route Mobile is able to diversify its service offerings in the mobile operator segment with its acquisition of 365 squared to include SMS analytics, firewall, filtering and monetization solutions. It proactively helps MNOs identify A2P revenue leakage and monetize the same. In addition, it assists MNOs in securing their networks and improves their understanding of how A2P messages terminate on their network. On an average, its SMS firewall contracts with MNOs have a tenure of 3 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 has recently 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.

- ***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.

- ***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 4 continents as of June 30, 2020. In addition, its client base is spread across 4 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 3 months ended June 30, 2020, its 10 largest clients accounted for 36.08%, 46%, 52.50% and 63.65% of its 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.

Its track record of delivering quality and innovative solutions across various segments enables them to develop and strengthen its relationships with its 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 them 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 has 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.

- ***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 6 strategically located data centres provide its operations with the resilience required to meet the requirements of its clients. They have 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. Its 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 1<sup>st</sup> 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.

## KEY BUSINESS 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.

## COMPETITION

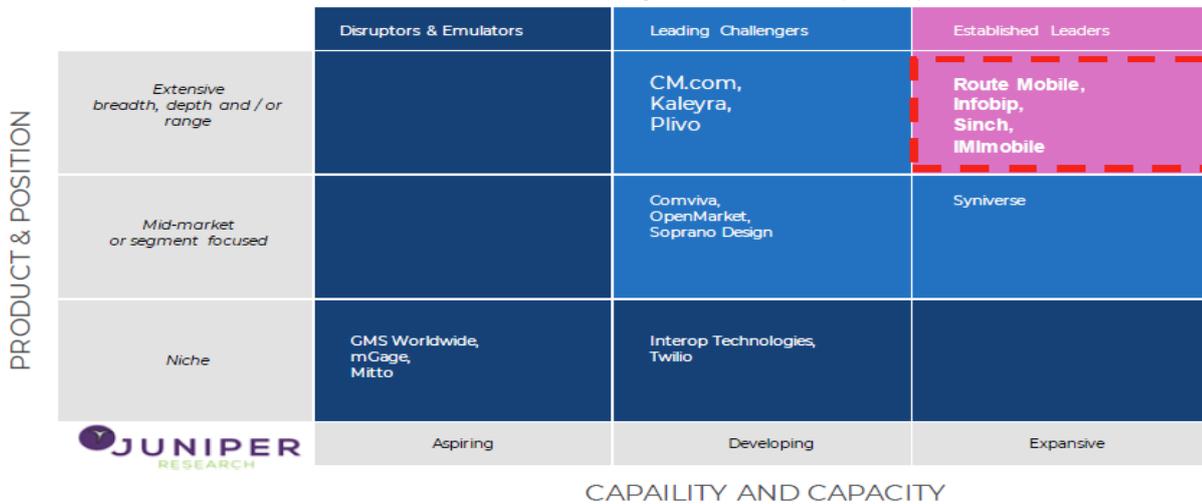
The cloud communications market is characterized by fragmented and highly competitive market participants. **Route Mobile compete with other global A2P service providers including Syniverse and Mblox in the United States, SAP Mobile in Germany and CLX in Sweden (Source: Juniper Reports).**

They are able to differentiate themselves from local, domestic players in the space, through its global reach and its ability to service large enterprise customers across multiple geographies.

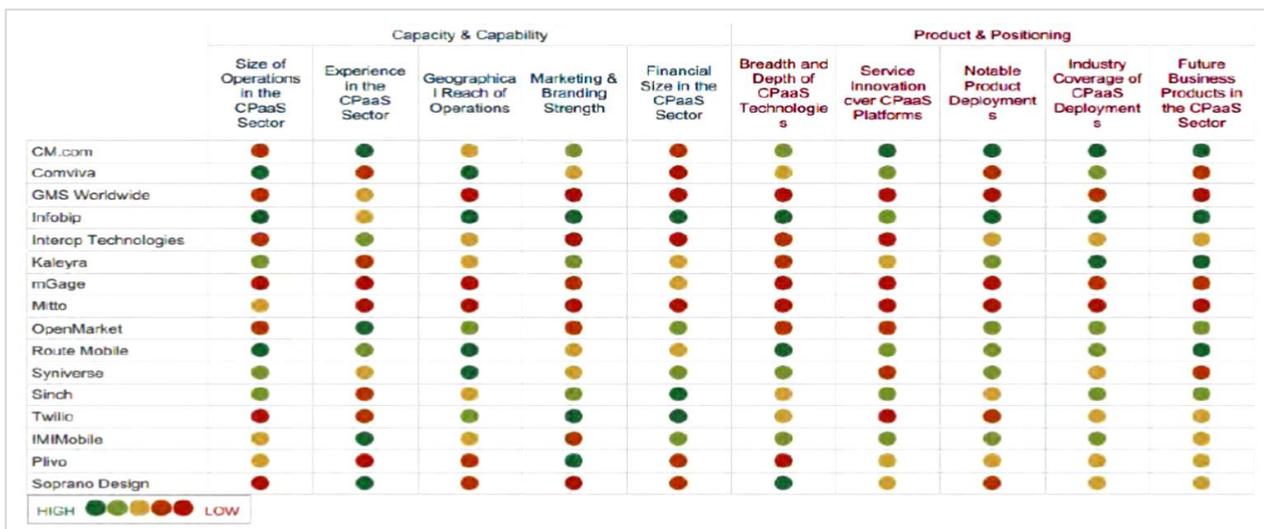
## INDUSTRY OVERVIEW – CLOUD COMMUNICATION

### CPaaS: The Competitive Market Landscape

#### JUNIPER RESEARCH LEADERBOARD - Communications Platform as a Service (CPaaS)



#### Heatmap: CPaaS Service Providers



#### Overview of Enterprise Cloud Communications - Competitive Landscape

	Global Cloud Communication Service Providers	Cloud API Providers	Regional Service Providers
<b>Mode of Operations</b>	<ul style="list-style-type: none"> <li>Have direct connect with telecom operators</li> <li>Services to SMEs and large enterprises</li> <li>Robust infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Service SMEs through flexible offerings</li> <li>Offer user friendly, easy to integrate applications</li> <li>Relies on global communication service providers for solution</li> </ul>	<ul style="list-style-type: none"> <li>Extremely localized players with minimal tie-ups with telecom operators</li> <li>Typically SMEs and select region specific telecom operators</li> </ul>
<b>Geographic Reach</b>	<ul style="list-style-type: none"> <li>Key telecom markets across the globe</li> </ul>	<ul style="list-style-type: none"> <li>Localized operations</li> </ul>	<ul style="list-style-type: none"> <li>Localized operations</li> </ul>
<b>Quality of Service</b>	<ul style="list-style-type: none"> <li>Wide and direct access and robust platform ensures high SLAs</li> </ul>	<ul style="list-style-type: none"> <li>Focus more on platform than on relationship and high level of service to SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Relatively poor due to non-specialized operations and low Reach</li> </ul>
<b>Key players</b>	<ul style="list-style-type: none"> <li>Route Mobile Ltd (India)</li> <li>Syniverse (USA)</li> <li>Mblox (USA)</li> <li>SAP Mobile (Germany)</li> <li>CLX (Sweden)</li> </ul>	<ul style="list-style-type: none"> <li>Nexmo (USA)</li> <li>Plivo (USA)</li> <li>Tropo (USA)</li> <li>Twilio (USA)</li> </ul>	<ul style="list-style-type: none"> <li>BulkSMS.com (SA)</li> <li>ConnectMedia (Kenya)</li> <li>Clickatell (SA)</li> <li>Dialogue group (UK)</li> <li>AT&amp;T (USA)</li> </ul>

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