Registered & Corporate Office:
Route Mobile Limited,
4th Dimension, 3rd Floor, Mind Space
Malad (West), Mumbai - 400 064, India
+91 22 4033 7676/77-99
Fax: +91 22 4033 7650
info@routemobile.com
www.routemobile.com
CIN No: L72900MH2004PLC146323

Ref No: RML/2022-23/220

Date: May 25, 2022

To,

BSE Limited
Scrip Code: 543228

National Stock Exchange of India Limited
NSE Symbol: ROUTE

Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and year ended March 31, 2022

We are enclosing herewith copy of the transcript of the Company's Q4 FY21 earnings conference call dated Thursday May 19, 2022.

The transcript is also available on the Company's website i.e. www.routemobile.com under the Investors section.

You are requested to take the above information on record

Thanking You
Yours faithfully,
For **Route Mobile Limited**

Rathindra Das
Group Head-Legal, Company Secretary & Compliance Officer

Route Mobile Limited
Earnings Q4 & FY22 Earnings Conference Call
May 19, 2022

Management:

1. Mr. Rajdipkumar Gupta – Managing Director and Group CEO
2. Mr. Gautam Badalia. Group Chief Strategy Officer & Chief Investor Relations Officer
3. Mr. Suresh Jankar – Chief Financial Officer
4. Mr. John Owen – CEO Europe and America

Route Mobile Limited
Earnings Q4 & FY22 Earnings Conference Call
May 19, 2022

Moderator: Good evening, Ladies and gentlemen I am Margaret the moderator for this conference. Welcome to the conference call of Route Mobile Limited hosted by Concept Investor Relations to discuss its Q4 and FY22 Results.

We have with us today Mr. Rajdipkumar Gupta – Managing Director and Group CEO, Mr. Gautam Badalia. Group Chief Strategy Officer & Chief Investor Relations Officer, Mr. Suresh Jankar – Chief Financial Officer and Mr. John Owen – CEO Europe and America.

At this moment, all participants are in listen-only mode later we will conduct a question-and-answer session. At that time, if you have a question please press "*" and "1" on your telephone keypad. Before we begin, I would like to remind that some of the statements made in today's earnings call maybe forward looking in nature and may involve certain risks and uncertainties. Kindly refer to Slide #2 of the presentation for their detailed disclaimer. Please note that this call is being recorded.

If you need assistance during this conference call please signal the operator by pressing "*" then "0"on your telephone keypad. I now hand the conference over to Mr. Rajdipkumar Gupta. Thank you and over to you, Sir.

Rajdipkumar Gupta: Thank you Margaret. Good evening everyone. I want to start by wishing all of you a good health and prosperity. We have had another strong quarter in fact we have yet again posted our best quarterly revenue. It gives me immense pleasure to highlight that we have outperformed our revenue growth guidance of 30% revenue growth in FY22. We have demonstrated our industry leading growth rate of 42% in FY22. Adjusted to our acquisition our organic revenue has grown by 33% year-on-year basis. Heading into FY23 we are already witnessing very strong growth momentum and we are confident of delivering it at least 40% year-on-year growth in FY23. The following are some of the key highlights of our quarter gone by. India continues to be very strong and important market for RML and we are aggressively gaining market share. We have on boarded number of large clients in the quarter gone by and including few large BFSI clients. Route Mobile (UK) Limited was listed one of the top three fastest growing Indian companies in United Kingdom. We completed the acquisition of MRM during the quarter gone by MRM acquisition will help, expand Route Mobile to reach to new geographies primarily in Europe, South Africa and Japan. We have recently signed business transfer agreement with Teledger to acquire DLT, trusted block chain and AI powered solution. The closure of this transaction is subject to competition of condition precedence including the outcome of an ongoing arbitration proceedings. Route Mobile Limited has also setup a dedicated SBU for short code, 10 DLC toll free messaging and intent to scale it globally for P2A messaging. We have signed three new firewall contracts in Q4 22. We participated in events like MWC Barcelona, GITEX Dubai and others. Further after almost two years of a pandemic we conduced our global team meet at Goa as a part of our AOP planning. Reward and recognition of our employees and the forum to socialize with our employees in person including the employees of the company acquired during the last two years. In terms of hiring, we have added 21 employees in Masivian to expand our reach in adjoining market like Mexico, Chile and Brazil. We believe this investment will start to yield result for us in Q3FY23 onwards in terms of deepening our penetration in Latin market. Now some of these measures have naturally had some impact on our operating overhead, but we believe margins will show markup improvement in fourth coming quarters. In terms of our EBITDA margins, we are confident of delivering a 150 basis point improvement in our EBITDA margin in FY23. In terms of our awards and recognitions Route Mobile won Gold at the 2021 Juniper Research report and finally based on our good performance in 2021-22 the board of director has approved a final dividend of INR Rs. 2 per share. I will now turn over to Mr. Gautam Badalia to take us through the financials. Thank you for your time.

Gautam Badalia: Thank you Mr. Rajdip Gupta. Good evening everyone hope you and your family are safe and fine. We have already uploaded our quarterly earning presentation on our website as well as the stock exchange websites hope you had a chance to go through them. We have also uploaded our follow on note today to just clarify certain one-off item, hope you had a chance to go through them as well. I will quickly summarize our financial and operating performance during Q4 FY22 and for the full year FY22 before opening the floor for Q&A. The key takeaway from our financial performance in Q4 FY22 has been the strong revenue growth momentum as highlighted by Mr. Rajdip Gupta. On a Y-o-Y basis you have demonstrated a revenue growth of 73% and on a QoQ basis we have demonstrated a revenue growth of 11%. In fact our exit monthly revenue run rate for the month of March 2022 was around INR 2,620 million and we believe FY23 will continue to witness similar growth momentum while there is seasonality in the business, but the endeavor will be to maintain the monthly run rate clocked in March 2022. In volume terms we processed over 18 billion billable transactions in Q4 which is again the highest quarterly billable volume process by us till date. As Mr. Rajdip Gupta highlighted we continue to gain significant market share in one of our very key markets that is India and in FY23 our revenues coming from termination in India both domestic and international should be northwards of $USD 175 million. The contraction in EBITDA margins from 14.2% in Q4 FY21 and 13.7% in Q3 FY22 to 11.1% in Q4 FY22 is partially attributable to seasonality of the business especially of Masivian and certain one-off expenses. Q4 FY21 which incidentally happens to be Q1 CY22 for Masivian historically accounts for around 20% of their annual revenue and they have very high fixed overheads which is largely the human capital cost. As revenues ramp up operating leverage kicks in so as they head into the financial year the performance of the business starts to improve drastically. We have also uploaded an annexure highlighting the impact of this seasonality in the workings. Further we believe LATAM is a very high margin market and some of the micro markets within LATAM are massively under penetrated and are at this point in time undergoing digital transformation. Hence, we have invested in expanding our sales team in Chile, Mexico and Brazil which we have identified as key markets for growth within LATAM. The returns from this incremental investment should start accruing towards from Q3 FY23 onwards. Further, there were certain operating expenses which totaled to about 55 million in INR terms which pertain to the conferences events like MWC Barcelona, GITEX Dubai events and then annual global employee for the AOP planning, rewards and recognition for employees and within this we have also invited all the employees from the acquired entity. So, ideally all of this cost would have been incurred a provision for across the quarters, but the impact was they are only in Q4 FY22. So, to that extent we have kind of uploaded a note which captures the impact of aforesaid on our EBITDA margins for the quarter gone up. With this backdrop, let me walk you through our financial performance, in terms of Q4FY22 performance revenue from operations grew by 72.7% from INR 3,624 million in Q4 FY21 to INR 6,261 million in Q4 FY22. There was a sequential growth of 11.2%. Billable transaction increased from 9 billion in Q4 FY21 and 16 billion in Q3 FY22 to 18 billion in Q4 FY22. Average realization per billable transactions remained stable at 35 paisa in Q4 FY22 as compared to the last quarter. However, it reduced from 41 paisa in Q4 FY21 to 35 paisa owning to lower average realization per billable transaction in Masivian and lower email average realization. Gross profit margins remained stable at 21% in Q4 FY22. In terms of operating overhead there was also a non-cash charge of INR 95 million owning to the ESOPs that were granted in the previous quarter. Adjusted for that and some of the reasons mentioned above EBITDA grew by 35.3% from INR 515 million in Q4 FY21 to INR 697million in Q4 FY22. Sequentially EBITDA declined by 9.7% from INR 772 million in Q3 FY22 to INR 697 million in Q4 FY22 owning to reasons mentioned above. Effective tax rate for the quarter was 16% however because of tax refund received in 365 square and deferred tax credit, overall tax amount in Q4 was negative INR 0.6 million. Adjusted profit for tax grew by 59.2% from INR 398 million in Q4 FY21 to INR 634 million in Q4 FY22 as compared to INR 620 million in Q3 FY22. Adjusted profit margin was at 10.1% in Q4 FY22 as against 11% in Q3 FY22 and 11% in Q4 FY22. Now coming to the full year performance revenue from operations grew by 42.4% from INR 14,062 million in FY21 to INR 20,020 million in FY22. In terms of certain KPIs billable transactions increased from 32 billion in FY21 to 52 billion in FY22, average realizable per billable transaction was 38 paisa in FY22 as against 44 paisa in FY21 and this decline was pursuant to the lower realization in Masivian and the lower email average realization. We had a net revenue retention of 134% as highlighted in slide 21 of the earnings update. We added over a 180 new customers in Q4 FY22 across all products. Gross profit margin expanded from 19.7% in FY21 to 21% in FY22. EBITDA grew by 46.7% from 1,756 million in FY21 to 2,576 million in FY22. In terms of operating leverage EBITDA as a percentage of gross profit was 63% in FY21 and 61% in FY22. EBITDA margin expanded from 12.5% in FY21 to 12.9% in FY22. Effective tax rate for the full year in FY22 was 13% as against 18% for reasons mentioned above. Adjusted profit for tax grew by 40.6% from INR 1,483 million in FY21 to INR 2,085 million. Adjusted PAT margin was at 10.4% in FY22 to 10.5% in FY21. Attrition rate has increased from 11% in FY21 to 21% to FY22. Net cash and cash equivalent of the books was INR 1,0262 million as on 31st March 2022. CFO to EBITDA conversion was 52% in FY22. So, at the end of 6 months so as on 30th September the CFO to EBITDA was negative. So, the business has significantly transferred in terms of the CFO to EBITDA conversation. Average receivable days was 57 days in FY22 we have excluded in this analysis the receivables from M.R Messaging, Masivian and Interteleco because these were acquired recently. Average payable days increased from 80 days to 86 days in FY22. We on boarded 174 new employees in FY22 and just to kind of give some perspective on the amortization related to all the acquisitions that we have done. So, we estimate in FY23 the overall amortization impact will be around INR 580 million and the interest cost again as part of the purchase price allocation will be around INR 140 million for FY23. With this highlights we open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask question may press "*" and " 1" on touchphone, if you wish to withdraw the question que, you may press "*" and "2", participants are requested to use handset while asking question, any one linking to ask question please press "*" and "1" at this time. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: So post the acquisition there is a significant change in the working capital cycle the receivable days and the cash flow conversation. What you have shown in the presentation is 57 days, but when we try to look at from the balance sheet it seems to suggest that the receivable days is about 87 - 88 days, so my question here is that is this the conversions that the working capital cycle on the receivable side we have to look at and when we are trying to look at the balance sheet change in receivable days and payable days and trying to correlate with the cash flows they are not tallying, so is there anything that you want to highlight so this is my question one and my question two is all this time we have been giving growth guidance on revenue and a certain margin guidance when I am trying to look at the per transaction EBITDA number and the total transaction number is not it that we should actually look at that particular area and post Masivian and all these acquisitions there is a drop in realization correspondingly there is a drop in EBITDA per transactions so that is about a little shed than 4 paisa is that the number that we should look forward?

Gautam Badalia: The reason why we kind of excluded Masivian M. R Messaging and Interteleco was because of they being acquired for very limited period, I mean they are on the balance sheet for very limited time frame. So, if we were to kind of do the receivable analysis for each of them individually Masivian on an annualized basis, the DSO days will be about 48 days for M. R Messaging it will be about 54 days for Interteleco it will be about 38 days, so as a blend the DSO days will come down marginally.

Pritesh Chheda: From this, it will come down?

Gautam Badalia: It will come down marginally that is correct.

Pritesh Chheda: So, if you do a simple change in from last year to this year the change in debtors is about 200 plus crores and the change in payable is about 150 plus crore, but when you try to look at the cash flow statement the numbers are completely different.

Gautam Badalia: We can take this offline, but I mean the payables also have certain element which is there in other current financial liabilities which is outstanding expenses. So, maybe the difference could be owning to that, but we can definitely discuss this offline and close this out.

Pritesh Chheda: And the other question was on the profitability side less than 4 paisa is what we see this quarter so when you are giving your guidance on revenue at INR 262 crores and your guidance on 30% growth and margin guidance, is it that you should be actually giving the billable transaction guidance and the corresponding EBITDA per transaction guidance, what would be the direction there?

Rajdipkumar Gupta: It is very tough to give that kind of a guidance to be honest it is not so easy because there are multiple customer and different pricing and also I think it is always better to get analysis on quarter-on-quarter basis on this.

Moderator: Thank you. The next question is from the line of Ashish Chopra from Goldman Sachs. Please go ahead.

Ashish Chopra: I had a couple of questions on revenues and then on the margins firstly on revenues, so M.R Messaging I think this quarter you reported almost 6.5 million Euros and I guess it was integrated only for a month so the run rate seems to be far ahead of the 6.5 million Euros of CY21 does this have some sort of a strong seasonality here that we should be mindful of and expect lower revenue there or how should we thinking about the run rate considering what we integrated in the month of March?

Rajdipkumar Gupta I think M.R Messaging performance is we are very much sure that they will continue with the same kind of revenue on a monthly basis.

Ashish Chopra: Mr. Rajdip Gupta, actually I am a bit confused with respect to the conservatism on your revenue guidance because you mentioned that you closed March with INR 262 crores annualizing that number itself is an excess of INR 3,100 crores and you are guiding for somewhere close to at least INR 2,800 crores kind of revenues?

Rajdipkumar Gupta: We are guiding 40% growth and based on our last so many quarters, so many years performance I think we always overachieve our numbers. You may take that as a conservative number for sure, but I think 40% growth is also beyond the industry growth. So, I think it is better to guide 40% as a fixed growth rate.

Gautam Badalia: There is some amount of seasonality in the business, but definitely the endeavor will be to maintain that INR 262 crore March run rate, but from a guidance perspective we want to be conservative and hence that 40%, but the endeavor is definitely to stick to that 262 crore monthly run rate that we have clocked in March.

Ashish Chopra: Because where I was coming from was that March if anything had a weaker seasonality with Masivian only getting 20% of the revenues in the quarter and you also have your products business which keeps flowing at a very healthy rate by far, and there was more to come in terms of growth that was that I was coming from and plus last year Mr. Rajdip Gupta like you had called out a 30% growth rate which was organic and you in fact leading that would you want to call out this time around as well considering the number of pieces that are getting integrated in the business as to how are you looking at the organic growth run rate, can that kind of match the 33% momentum we saw last year or any thoughts on that?

RajdipKumar Gupta: Definitely yes, I think organic growth will definitely with the same rate you can take that.

Ashish Chopra: And on the EBITDA margin guidance you mentioned that you are confidence of 150 basis points improvement in FY23, should we read this improvement on the adjusted EBITDA margin that you report of 12.9% or would this include maybe some of the tail off of ESOP charges how should we looking to know?

Gautam Badalia: So, on the adjusted EBITDA margin actually it will get reflected on both the accounts there will be some benefits because of the ESOP charge I mean gradually kind of going and then gradually tapering off, but on both fronts I think we should be able to demonstrate a 150 basis point improvement.

Ashish Chopra: And should this be front ended considering that March is the quarter when you generally see this seasonal weakness on the back of high third quarter so are you just this how are you expecting the trajectory to build there on the margins, are there some immediate recouping of some of the one off thoughts that you highlighted in your opening remarks which should see our EBITDA margin improve much more in the first half or how are you kind of thinking about the trajectory to the close of the year.

Gautam Badalia: Some of those expenses were definitely kind of largely I mean screwed in Q4 so some of that benefit will definitely kick in. So as of practice I mean account practice we will be provisioning for some of this cost I mean from an overall year perspective so impact will be there I mean in terms of that cost I mean being there in Q1 FY23 as well and for Masivian we have kind of invested into the employees, hired the new employees, expanded the sales team into the newer geographies so to that extent the fruits of that investment will start coming in from Q3 so to that extent Masivian will be slightly muted, but significantly better than the Q4 performance that was there and for them Q3 and Q4 happens to the best. So, incidentally for the 50 days of Masivian performance in November and December we have done close to 22%, 23% EBITDA margin so that is the trajectory, that is the ramp up that happens over a period of time within Masivian.

John Owen: I think you have explained it very well there is some seasonality because that would come in their first quarter which is our fourth quarter and that was into that. We also made some conscious decisions to go into newer market, Mexico, Peru, Chile and that will grow into that cost space over the next 6 months. So, you are right the EBIT will actually hold off and improve and expand this we go through those momentum, but I think the clear message is the M.R Messaging and Masivian and Route Mobile our revenue base is very robust. It is never back drawing the margins its scale will give us, integrations will give us I am just growing into that cost structure.

Ashish Chopra: On the Masivian built last quarter you had reported the margins were in excess of 23% and this quarter I think it has come down to all the way to 4% where seasonality some of these investments, so rest is how should we think about the full year margin trajectory I mean obviously we will look at a lot of these variations, but if you could just help us understand a little bit better if you could explain what was the EBITDA margin for the full year last year for Masivian and post these investments how should the full year trajectory be looked at?

John Owen: I would let Gautam go through the full year EBIT forecast what I will say is we will follow the same trajectory as last year so we will be trailing or planning up to that sort of high teens outcomes in the year, but obviously it does not have the linearity lot of other businesses how the way you enjoy every quarter. We also made those investment decisions which actually provide a drag in Q4 probably a little bit in Q1, but again on the quarterly basis that margin expansion will accelerate in the second half of the year and sort of let Mr. Gautam Badalia talk about comparisons to last year and next year.

Gautam Badalia: Ashish the last year, Masivian had clocked a 16% EBITDA margin at a portfolio level for the full financial year.

Ashish Chopra: And you are saying if that can be matched despite the investment this year as well?

Gautam Badalia: So, the ramp up that we are expecting is around the Q3 so definitely some amount of that will play out.

Ashish Chopra: One last question from my side just to understand little bit on the gross margin trajectory, so your gross margin in Q4 FY21 was 22% and after which we have had the acquisition of Masivian coming at a 40% plus gross margins and we saw MRM full one month which was also addictive at least as far as Q4 of FY22 and despite what we saw was that the gross margin in Q4 22 has actually declined by 80 basis point which would mean that the impact on standalone gross margin decline on a Y-o-Y margin has been ever higher, could you just break that out in terms of what driving that considering that you mentioned that at least bill rate or per transaction realization on a standalone business are not very different so on the gross margin trajectory why would that be down significantly Y-o-Y?

Gautam Badalia: So, Ashish that is largely attribute to few large accounts where there are some volume-based discounts, but they give us massive scale and because of that scale I mean because of the discount rolled out and because of the volume commitment that they have their gross margins happens to be slightly lower than the portfolio average and that has actually led to some amount of contraction in terms of the Route Mobile gross margins.

Moderator: Thank you. The next question is from the line of Sunil Singhania from Abakkus. Please go ahead.

Sunil Singhania: On one hand we are talking about this run rate of INR 262 crores being maintained and which one of the other participants also mentioned second we have also talked about the fact that we have invested heavily in new geographies and as John mentioned Chile and Mexico and so on and so forth and obviously as we have invested the revenue should only ramp up there and third is it is a normal, I would say nature of the business that month-on-month the volume automatically increases and also we have a large sales team which is not going to sit on their back side obviously they would also have targets of getting new businesses, so given all this I think 262 multiplied by 12 and plus there should be an additional thing and Mr. Rajdip Gupta you did mentioned that the domestic business itself should grow at 30% plus and therefore if we just add Masivian and M.R Messaging I think the revenue growth comes to at least 70%-75%, can you just clarify on these points?

Gautam Badalia: Just to kind of give some perspective you are absolutely right in your assessment I think the internal target is much higher than the INR 3,200 crore if we were to annualize the 262 crores I mean it is between INR 3,100 to 3,200 crores internal targets are definitely higher than that. There is some amount of seasonality in the business I mean which happens usually around Q2, but having said that I mean the endeavor is definitely to maintain this March run rate and pile on to the growth we are seeing significant momentum in terms of the Indian penetration market share where we have been able to grab significant market share. There are some large client wins that have happened, so that definitely the target is to achieve that INR 3,100- 3,200 crore number plus some growth on top of it.

Sunil Singhania: And the second thing you mentioned 150 basis point increase in margin at the same time obviously as I mentioned it will be ramping up gradually, so if we take the whole year EBITDA margin to be 150 basis point higher than current year whole year, can you guide us what would be the exit EBITDA margin for March 2023 it should be significantly higher than 14%, 15% if it is going to scale up gradually and the average EBITDA margin is to be 13.5%.

Gautam Badalia: So, operating leverage will kick in so for Q4 largely if you look at except for Masivian most of the other pieces I think will function at whatever will be the average EBITDA margin for the year. There will be some operating leverage because of scale advantage. So, it should be around 13%-13.5% odd EBITDA margin for March quarter.

Sunil Singhania: So, it will be more or less stable for the whole year?

Gautam Badalia: It will be more or less stable, except for Q1 where there will be some impact because of the Masivian piece, but largely it will be stable.

Rajdipkumar Gupta: Just to add Sunil bhai for enterprise customer the life cycle I think is 3 to 4 months to just on board a customer which is a large scale if you consider a growth of 70% probably that is not the right way to say it because if you talk about India market also we need to just focus on 5 to 6 large customer to on board and as past what we have done also. So, I think we need to also consider how long one customer on boarding is going to take I mean India normally large customer is taking about three to four months.

Sunil Singhania: One last we have already have cash in our books and we will be generating a lot of cash, is our acquisition done or we would still be looking at acquisitions?

Rajdipkumar Gupta: To be honest it is a good question because I would like to share some of the thought process like as we all see the digital escalation and digital penetration is growing day by day and there are lots of digital transaction going to happen in coming days as well, but in the same area there is digital fraud is also going to happen. So, we are definitely looking out to do something in digital fraud area domain where we want to make sure we work on a mobile identity as a services, as a offering in our portfolio. So, probably we are looking out to acquire something in voice and mobile identity to complete our entire stack.

Moderator: Thank you. The next question is from the line of Pranav Kshatriya from Edelweiss. Please go ahead.

Pranav Kshatriya: My first question is regarding the EBITDA margin if I look at the cost excluding Masivian for this quarter that has significantly increased so how should we see that trajectory for employee cost, for Route Mobile and you did explained a bit about the 150 basis point margin expansion, but for the next quarter this Masivian EBITDA margin will go from 4% to 23% in a more staggered manner or it will be a straight jump initially and then subsequently there will be a jump.

Gautam Badalia: Masivian - the ramp up happens gradually Q3 and Q4 happens to be their best quarter. So, Q4 of last year we did about 23% EBITDA margin, Q3 they did about 18%. Q2 this year I mean we are expecting it to be around 10% EBITDA margins and then gradually ramps that to about 18% and over 20% EBITDA margin for the full year. Coming back to your first query on the cost side. So, some of the cost actually were one time largely cost around the event that we did the global meet event and some of this conferences that we participated.

Pranav Kshatriya: Gautam I am actually referring to the attachment which you distributed later; which basically shows that the core employee cost on a quarter-on-quarter basis, ex of Masivian is up 33% so that I am trying to understand why the employee cost in this quarter itself has gone up so dramatically?

Gautam Badalia: Pranav you are asking about Masivian or you are asking about ex of Masivian?

Pranav Kshatriya: Ex of Masivian.

Gautam Badalia: So, there were some variable components of the salary which got integrated into this then in terms of employee benefit expenses there was this annual meet which is part of the staff welfare expenses which is accounted for in the employee benefit expense.

Pranav Kshatriya: Because I thought that INR. 2.5 crore employee the staff welfare cost is added separately?

Gautam Badalia: No that is part of the employee benefit expense the, MWC conference and all those things they are part of the other expenses.

Pranav Kshatriya: On a run rate basis how much we should be assuming the employee expenses ex of Masivian? It should trend down because some of these benefit will not be there on absolute basis ex of M.R Messaging and Masivian we should see Q1 FY23 employee cost be lower and margins should come back.

Gautam Badalia: That's correct

Moderator: The next question is from the line of Manik Taneja from JM Financial. Please go ahead.

Manik Taneja: Just wanted to pick your brains around what you are seeing with the Latin American market because some of your global peers have suggested increase in competitive intensity in Brazil which is a biggest market there that is number one and the second question was this regards to the adoption for whatsapp messaging if you could help us understand how are you seeing this progress for next 12 months and how should we understand the lower growth for the relatively muted growth for the new products you see for us?

Rajdipkumar Gupta: I think probably when you track down Latin America I think we have to consider two different parts in Latin America one Spanish speaking countries and one Portuguese speaking countries. So, Brazil I think we do know there are lots of competition and not we are not focusing on right now in a big way in a Brazil market, but our major market is Colombia, Peru, Chile and Mexico which is especially a Spanish speaking country where we have set of people like almost 210 people working with Masivian and we recently increase our team in Mexico and Chile. So, I think our focus is going to be more or less Spanish speaking Latin market rather than going to the Portuguese market as of now.

Manik Taneja: And you do not see any increase in competitive intensity there?

Gautam Badalia: Just to add I think the competitive intensity is largely there in Brazil at this point in time. There are lot of other virgin markets in LATAM where we believe there is a lot of potential and hence we are expanding our wings into those markets.

John Owen: Just to build on that story because we got a strong enterprise business with Masivian based in Colombia and Peru it gives us a lower risk, low cost of entry places on Mexico which is probably 10 times bigger than Colombia and also then ran into Chile which is again a strong economy. So, I think we got the acquisition in Masivian it is not about just custom facing we now got a Spanish speaking market leader with good reference accounts, good people we are now putting sales teams and offices into those big markets that are culturally aligned to the Columbian and the Spanish speaking and that is where we could probably get quicker revenue success in the short term which is where we put the cost in. So, the growth strategy building more organically around the Masivian is the right strategy. If he wants to look at Brazil that will be a different strategy and that is again on the consideration, but it would not come out of the Masivian acquisition.

Manik Taneja: My second question was around the WhatsApp what are you seeing in that business strategy?

Rajdipkumar Gupta: Manik, if you just see our quarterly revenue growth in new product like it is not just WhatsApp, but RCSs, Viber and Voice. I think we have done almost over $11 million revenue from new products in large financial year and the kind of traction we are having not only in India market, but in almost all the global markets where we are present right now including Latin America as well. So, all our stack is now being used by Masivian and to grow and sell to their existing customer base. So, we do lots of opportunity of cross sell and up sale with Masivian acquisition because we already have a stack which is required in those market which we are directly handing over to Masivian team to go and sell in the market. So, we believe that in coming days Latin America market is going to play a critical role for WhatsApp and others services of new product.

Manik Taneja: So my question was regards to last 18 months you have enjoyed some improvement in pricing because of the increases that happened with certain segments, so do you foresee something similar happening over the next 12 months now, especially with regards to WhatsApp business piece.

Gautam Badalia: I mean I will also try to add to what Mr. Rajdip Gupta said for the previous question so in Q3 I think we have demonstrated significant growth rate in terms of our new product revenue and

Q4 it got a little normalized because the base has increased quite a bit in Q3 so that is one aspect and further in February there was already a price increase by WhatsApp and that had also some bearing I mean in terms of some teething issues that were there at that point in time. So, I think now we are fairly stable in terms of the platform and the usage by customers. So, we do not envisage any immediate price increase on the WhatsApp front.

Moderator: Thank you. Due to no response, we will move to the next question which is from the line Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Just two question first about the acquisition of Teledger you help us understand rationale behind it and if you can provide some detail on the arbitration what is the issue there, second question is about the salary hike when we plan to give salary hike which will impact our employee cost?

Rajdipkumar Gupta: Just to add little about the TeleDNA product portfolio which almost goes along with 365 squared, like so there is a firewall deployment of TeleDNA with Airtel Nigeria at the same time they are deployed their SMSC with Idea-Vodafone also and with Nokia and Erickson kind of customer they are serving right now.

Gautam Badalia: So he is asking about Teledgers the one that we have signed a definitive agreement.

Rajdipkumar Gupta: Teledgers is more about having the DLT platform because we have a very strong relationship with operators globally and we believe that in coming days various part of the world will definitely look for the DLT kind of solution which is implemented already in India and I think having a block chain based DLT platform is definitely one key areas where we always believe to have and with this acquisition we are going to have access of block chain based technology which is not just a DLT platform, but if you talk about entire telecom ecosystem right now there is a lot of used cases can be created using block chain and we will try to focus completely on creating those kind of used cases with the operator where we have very good in routes and good relationship with them. So, I think the idea behind acquiring Teledgers is to just have a DLT platform and the block chain capability within Route Mobile. Just to share we have already deployed the DLT platform with Indian operator.

Dipesh Mehta: I just want to get sense now because that was a decision in-house versus purchase so create versus purchase in that I think you selected purchase kind of thing, just want to understand thought process around it, why we decided to acquire them rather than organically built it because I think their presence is very limited?

Rajdipkumar Gupta: There are certain opportunities we have now come up very recently and there are operators who are looking out to do some kind of a POC as of now. If we start trying to build it will take few months or quarter or year so we thought instead of building the block by ourselves let us acquire the company because opportunity is there right now and then we believe that in coming quarters or months there may be more operators who are going to adopt DLT platform.

Dipesh Mehta: And do you think DLT platform, Indian market has an opportunity or is it largely for international market?

Rajdipkumar Gupta: India market is an opportunity, my only question is like if operators are allowing multiple aggregators to put their SMSC within their infrastructure why not having two different DLTs and probably if you see classic example of Airtel they have IBM and like other DLT platform and the same thing goes to the other operator also probably we can create some kind of option or revenue model which gives the enhancement of increase in their revenue. So, there are definitely operators are looking out to deploy one more DLT within their network or maybe three more so you never know.

Dipesh Mehta: You mentioned some arbitration so if you can provide some details what is there and by when you expect it to get over and salary hike when we plan to do or in Q4 we already done?

Rajdipkumar Gupta: Salary hike we always have a cycle of salary increment within April so there is definitely going to be salary increases in the month of April and on arbitration Gautam if you want to just highlight.

Gautam Badalia: So there is an ongoing arbitration which is contractual breach between Teledgers and third party and it is pertaining to some technical know-how and other things. So, we will wait for that arbitration outcome to be concluded and then we would want to close the transaction and hence that conditionality is there as part of the BTA.

Dipesh Mehta: And this salary hike in Q1 do you expect any material impact or how one should look impact in Q1?

Rajdipkumar Gupta : I do not think material impact, its going to be available in the industry standards that is the base we can expect.

Moderator: Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar: Sir you spoke about how you are seeing a very good traction in new product sales, so what would you guide for your gross margins for next year or two?

Rajdipkumar Gupta: It is very tough to give a product margin guidance because every different product has a different kind of margin set. So, voice maybe 70% margin, emails can be 75% margin or 80% margin, at the same time RCS can be 50% margin. So, I think we cannot give a guidance for the entire new product but overall, we believe that over 40% margin can be considered as a guidance.

Suraj Nawandhar: We are giving internal guidance on how much percentage of your revenue will come from new product sales for FY23 - FY24, have you put any targets internally?

Rajdipkumar Gupta: We do have internal target for ourselves and sales people and we believe and Gautam will share that.

Gautam Badalia: I think we had guided I think for the year gone up we had guided about $10 million we have been able to close it at about $11 odd million. So, we are looking at doubling this for the coming year.

Suraj Nawandhar: So you are expecting a 100% growth?

Gautam Badalia: Yes.

Moderator: Thank you. The next question is from the line of Abhishek Bhandari from Nomura. Please go ahead.

Abhishek Bhandari: Sir I have very two simple basic questions one what was the organic growth rate for Q4 and entire FY22 and second there is a lot of confusion around your EBITDA margin improvement there 150 bps is on Q4 adjusted or FY22 reported if you can just clarify that will be helpful?

Gautam Badalia: I can give that to you just give me some time we will get back to you offline and for the quarter gone by so in Q3 FY22 we have done about INR 531 crores of organic revenue and which in Q4 was about INR 527 crores. Y-o-Y the growth was 45% organic. Abhishek what is the other thing asked, sorry I missed it.

Abhishek Bhandari: Number for FY23 if you can give that number 150 bps is on what pace Q4 reported, Q4 adjusted or FY22 reported?

Gautam Badalia: The Q4 adjusted number.

Abhishek Bhandari: My third question is Gautam we are also seeing lot of slowdown in many consumer tech apps which were beneficiary of lot of leisure time during the COVID period and that also was lot of volumes of many people like us, if you could share your early thoughts on are you also seeing similar kind of thing either in the business profile or it is too early to fall out any slowdown?

Rajdipkumar Gupta: It is too early and in fact we see a drastic growth in our volumes if you see here in last quarter in volume to this quarter I think our volume is growing, but you are right but there are some apps, but those apps are very small in terms of volume growth contribution, but I think it is too early to even think about it.

John Owen: What I would say Rajdip it is built on that if you look at our key customers those native internet customers were still probably 15% to 20% of their market share and we are in a new regions our headroom to grow with those customers increases. So, I think you are right I would not forecast we have head rooms in our business in our relationship to grow.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Rajdipkumar Gupta for closing comments.

Rajdipkumar Gupta: Thank you everyone and have a nice evening and take care.

Moderator: Thank you. On behalf of Route Mobile Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Also if you have any further query please send an email to investors@routemobile.com or gaurav.g@conceptpr.com. Thank you very much for attending this conference. You may now disconnect your lines. Thank you.