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To,

BSE Limited
Scrip Code: 543228

National Stock Exchange of India Limited
NSE Symbol: ROUTE

Dear Sir/Madam,

Sub: Earnings Call Transcript - Q2 FY22

We are enclosing herewith copy of the transcript of the Company's Q2 FY22 earnings conference call dated October 18, 2021. The transcript will also be 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 truly,

For Route Mobile Limited

Rathindra Das
Head Legal, Company Secretary & Compliance Officer

Encl: as above



ROUTE MOBILE LIMITED

Transcript of the Earnings Conference Call for Q2 FY22 held on October 18, 2021 through Video-Conferencing

Moderator: Good evening ladies and gentlemen. I'm Margaret, your moderator for today. Welcome to the Conference Call of Route Mobile Limited arranged by Concept Investor Relations to discuss its Q2 and H1 FY22 Results. From the leadership team at Route Mobile we have with us today Mr. Rajdipkumar Gupta - Managing Director & Group CEO; Mr. Gautam Badalia - Chief Strategy Officer; and Mr. Suresh Jankar - Chief Financial Officer.

Before we begin, I would like to remind you that some of the statements made in today's earnings call maybe forward-looking in nature, and may involve risks and uncertainties. Kindly refer to slide number #2 of the presentation for the detailed disclaimer. 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. Please note this conference is being recorded. I would now like to hand the conference call over to Mr. Rajdipkumar Gupta for the opening remarks. Thank you, and over to you sir.

Rajdipkumar Gupta: Thank you, Margaret. Good evening, everyone. First, let me thank all our investors and stakeholders for your faith, support and well wishes over the last year. We have completed a little over one year of our listing on NSE and BSE. And the success we have had thus far is being fueled with your support. Yet, this is only the beginning of the next phase of value creation for all our stakeholders. We also thank all our shareholders for approving the resolution for raising funds through issuance of equity shares or other such securities up to INR 2,000 crore. Operationally, we are back at full strength from the office, since our vaccination drive for all the employees has largely been completed.

In Q2 FY22 we have again demonstrated a solid financial performance of 25% year-on-year growth. Before we take you through the financials, I would like to talk about some key highlights of this quarter.

Post our acquisition of SendClean we have launched and we are live with **self-serve** platform, which allows seamless onboarding of customer on the email platform. For Call2Connect we have optimized our leadership team with appointment of Ms. Shefali Sharma as a Chief Executive Officer and Mr. Ramachandran Sivathanu as the Chief Operating Officer. I'm confident that with the leadership and the addition of new 1,000 seater facility, the business will continue to grow. As, I had mentioned during the last call, we have launched our global delivery platform which is called as Rapid and we have had over 7,000 registrations from over 100 countries. As a part of our system integrator strategy, we have completed integrating our API's with two leading CRMs.

Juniper Research has once again ranked Route Mobile as top five service provider in CPaaS domain. In terms of our inorganic growth and geographical expansion strategy, we have recently signed a definitive agreement to acquire Masivian and InterTeleco to foray into Latin America and Kuwait market. The closing of both the acquisition is expected in Q3 FY22, subject to the completion of customary conditions precedent. We have strengthened our board with the appointment of Mr. Bhaskar Pramanik, as an Independent Director. Mr. Pramanik is a seasoned entrepreneur and tech disruptor with a career span of over 45 years.

Finally, to ensure we attract and retain top talent during this hyper competitive market, we have approved and grant 7,36,500 stock options on October 12, 2021 to eligible employees in our company and its subsidiaries under the RML ESOP 2021 scheme. Now, I would like to hand over to Gautam to run through the numbers of Q2, over to you Gautam.

Gautam Badalia:

Thank you. Rajdip. Good evening, everyone. Hope you and your family are safe and fine. We have already uploaded our quarterly earnings presentation on our website as well as on the stock exchange websites. Hope you had a chance to go through the presentation. I'll quickly summarize our financial and operating performance during Q2 FY22 and H1 FY22, before opening the floor for Q&A.

The key takeaway from our financial performance in Q2 FY22 has been the strong revenue growth momentum despite Q2 traditionally not being the best quarter in terms of seasonality. In fact, the revenue clocked in Q2 FY22 has been our best quarterly revenue performance till date. In volume terms we processed little over 9.11 billion transactions, which is again the highest quarterly billable volumes processed by us till date. In terms of geography, our India pie continues to increase. India as a percentage of revenue has increased from 41% in FY21 to 47% of our revenue in H1 FY22. The same is highlighted in slide #18 of earnings presentation. This is despite Q1 FY22 performance being slightly muted for reasons highlighted in Q1 FY21 earnings call.

We continue to witness very strong momentum on the next generation products, Clocking a Y-o-Y growth of 87%, again this can be referred on page #26 of earnings presentation. As Rajdip highlighted in terms of our inorganic growth strategy, we have identified Latam and GCC as key markets from our geographical expansion standpoint. We have recently signed a definitive agreements to acquire Masivian SAS for our Latam market foray, and InterTeleco for our GCC market strategy. Masivian differentiated cloud communication platform offerings for enterprises will help us create a springboard for growth in Latin America. InterTeleco acquisition will further strengthen Route Mobile presence in Middle East through expansion into a new region which is Kuwait. We anticipate the closing of both these transactions to happen in Q3 FY22, subject to the completion of the customary condition precedents.

With this backdrop, let me walk you through our financial performance. In terms of Q2 FY22 performance, revenue from operations grew by 24.7% from 3,493 million in INR terms, in Q2 FY21, to 4,357 million in Q2 FY22. There was a sequential growth of 15.4%. Billable transactions increased from 7.77 billion in Q2 FY21 and 6.86 billion in Q1 FY22 to 9.11 billion in Q2 FY22. Average

realization per billable transaction decreased from Rs.0.55 in Q1 FY22 to Rs.0.48 in Q2 FY22 going to change of country mix. As highlighted earlier the Indian share of revenue has increased significantly in the overall portfolio that actually led to the average realization trending southwards. Gross profit margin expanded from 19.5% in Q2 FY21 and 20.4% in Q1 FY22 to 21.2% in Q2 FY22. EBITDA grew by 54.5% from 399 million in Q2 FY21 to 617 million in Q2 FY22. EBITDA grew by 25.5% on a sequential basis. EBITDA margin expanded from 11.4% in Q2 FY21 and 13.02% in Q1 FY22 to 14.15% in Q2 FY22. Adjusted profit for tax grew by 24.8% from 363.4 million in Q2 FY21 to 453.6 million in Q2 FY22 as compared to 377 million in Q1 FY22. Adjusted PAT margin was 10.4% in Q2, FY22 as against 10% in Q1 FY22 and 10.4% in Q2 FY21. For H1 FY22 revenue from operations grew by 23.4% from 6588.9 million in H1 FY21 to 8,131.9 million in H1 FY22.

In terms of certain KPIs, billable transactions increased from 14.73 billion in H1 FY21 to 15.97 billion in H1 FY22. Average realization per billable transaction increased from Rs.0.45 to Rs.0.51 for the same period. We had a net revenue retention of 118% you may refer to slide #20 of the earnings presentation for the same. We added over 400 new customers in H1 FY22 across all the products. Gross profit margin increase from 19.5% in H1 FY21 to 20.8% in H1 FY22. EBITDA grew by 39% from 797 million in H1 FY21 to 1,108 million in H1 FY22. In terms of operating leverage, EBITDA as a percentage of gross profit expanded from 62.2% in H1 FY21 to 65.5% in H1 FY22. EBITDA margin expanded from 12.1% to 13.6% for the same period. Effective tax rate in H1 FY22 was 18.2% as against 17.9% in H1 FY21.

Adjusted profit for tax grew by 26.3% from 658 million in H1 FY21 to 831 million in FY22. Adjusted PAT margin improved from 10% to 10.2% for the same period. Net cash as on 30th September, 2021 was 4,004 million, average receivable days was 55 days for H1 FY22 and FY21 as well. Average payable days increased from 80 days in FY21 to 83 days in H1 FY22. Cash flow from operations was minus 91.9 million largely because of the GST payment made by the company for the period FY20-21 which was to the tune of 311 million, Refer slide #12 of the presentation, and some other factors for the cash flow from operations being negative were stabilization of receivable and payable days and We've also made payment of previous year taxes for Route Mobile UK. We on-boarded 89 new employees during H1 FY22 and the attrition rate in H1 FY22 on an annualized basis was 19%. With this we open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vimal Gohil from Union AMC. Please go ahead.

Vimal Gohil: Sir, firstly just to get done with some data points, can you please highlight what was your revenue from your Call2Connect services this quarter?

Gautam Badalia: Call2Connect revenue was INR 82.5 million.

Vimal Gohil: Okay, 82.5. Your new services business has seen very good momentum, just wanted to get a sense that 50% gross margin be a good assumption for your new services? Because I'm sure the gross margins over there are far higher as

communicated by you earlier, will this assumption for those services be fair assumption?

Gautam Badalia: So Vimal gross margins are definitely higher for the new generation of products.

Vimal Gohil: Okay. Sir, if you can just help me understand your growth in the new platform business, have we got any sort of revenue from SendClean this quarter? And is there any inorganic component, which is there in the new services or, new product as you may call it?

Gautam Badalia: SendClean revenue for the quarter for the last quarter gone by, was about 19.6 million in INR.

Vimal Gohil: Okay. Any other component that wasn't there in the previous quarter or the previous year that has been there, any one-time items?

Gautam Badalia: No, there aren't any one-time item.

Vimal Gohil: Okay. What tax rate should we assume for the next couple of years at least, what is our outlook on tax rates?

Gautam Badalia: So, in and around 18% to 19%, should be the effective tax rate.

Vimal Gohil: And why would this be lower than the normal statutory effective tax rate of 23%, 24%?

Gautam Badalia: Because we have diversified operations across various geographies, and it blends to around that 18% to 19%.

Vimal Gohil: And which are the geographies where the tax rates are lower?

Gautam Badalia: UK, Malta, Middle East and for UAE there is zero taxation there.

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

Manik Taneja: Just wanted you to share some more insights around the two acquisitions that you've made one in Latin America, one being in deals, if you could talk about how do they fit in with regards to our aspirations of expanding, and also some of the metrics around gross margin and EBITDA margin for both those entities and, and also talk about our aspiration to grow the voice. Thank you.

Rajdikumar Gupta: Thanks, Manik. Gautam let me answer this question. So Manik, if you see Latin America is definitely going to be another larger market for CpaaS after Asia. And with this acquisition of Masivian, we got two large market covered which is Colombia and Peru. We already have a presence in Chile and with this acquisition, it also opens the door for us in Brazil. So, overall combined synergy if you see potential of cross selling and upselling of product like Masivian doesn't have the email platform and all the evolved platform like RCS and WhatsApp. They can

actually use all our platform directly for those market. We see a great upsell opportunity in those market with this acquisition.

In terms of Kuwait acquisition, which is InterTeleco, yes, that's a market which is also growing very fast, where the margin is very high and there are very limited number of players who are actually evolved and doing business in that market. As an expansion strategy of our Middle East market, we always believed that Kuwait is definitely an integral part for our vision and story. Keeping that in mind, now we have a very solid establishment in Saudi as well. So Saudi, UAE and Kuwait along with Qatar and Bahrain are the five market which we are very, very strong right now, and looking forward to generate more revenue from this market in coming years down the line. Gautam if you want to add anything, over to you.

Gautam Badalia: No, that's all.

Manik Taneja: To get your sense on the fact that on the expansion to the voice services having worked out....

Rajdipkumar Gupta: Yes, Manik.

So, if you talk about overall portfolio of Route Mobile as of today, like we have almost everything covered well in our portfolio or offering, including the voice as well, but our voice platform is only for the enterprise segment but we want to get into Call2Connect as a solution option, and we are definitely looking out to have some acquisition in this space. We are in talks with certain companies but, right now we are just looking forward to have this offering as a part of our product portfolio. Very soon we will try to do something in that space, I can say.

Manik Taneja: Sure. Last one before I get back into the queue. Typically, third quarter is always the best quarter for our business, given the seasonality around business, so that should fulfill this year as well?

Gautam Badalia: You are absolutely right. Historically, that is the trend and, Q3 happens to be, the quarter where there are festivities across the globe and definitely, that will augur well for the industry and for us as well.

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

Pranav Kshatriya: I have two questions. Firstly, can you give some color on what are the moving parts for the top line and gross margin for this quarter, the gross margin expanded, the volume growth was strong, but there was a bit of a dip in the realization. So, what are the moving parts here? And my second question is, you talked about expanding this call center or Call2Connect business to 1,000 seats, so what is the aspiration three to five years out and what are the investments which you are looking at for this business? Thank you.

Rajdipkumar Gupta: So, Gautam you can answer the first part, I will answer the second part.

Gautam Badalia: Sure, Rajdip. In terms of the gross margin, the realizations that have come up essentially, it's been because of India volumes increasing significantly. In India, the realizations on an average are portfolio realization so that has actually skewed the overall realization southwards. So that's the kind of dump on the moving piece to the gross margin or the average realization coming off. Over to you Rajdip for the second question.

Rajdipkumar Gupta: If you see we have added over 400 customers in H1., There are certain large customers which have been on boarded in last quarter and have started contributing in overall revenue of ours and that is exactly what you see. There are not only one but multiple customers that we have on boarded. We started getting lots of traction, the traffic from their side in last quarter and this will be the future trajectory as well. In terms of Call2Connect if you see there are lots of use cases post COVID is going to be over the BOT or the live agent, keeping that in mind, the requirement of call center is going to increase day-by-day and keeping that in mind, we have just recently set up a 1,000 seat call center in Virar. We definitely have a vision to have 5,000 seater capacity within three years down the line and that is the target we have already set within ourselves to have a 5,000 seater call center available within three years for the market.

Pranav Kshatriya: Okay. So we are basically looking at, I assume that even if I do some rough calculation 1,000 seats also would be almost double of current revenue run rate and 5,000 seat we are talking about almost 5x so it's almost 10x of where currently we are. That's the kind of scale for which is possible for Call2Connect in next three years to five years period?

Rajdipkumar Gupta: That's exactly the point and the reason we wanted to change the management team also because we wanted to have aggressive people to lead the entire Call2Connect. And now we have a really solid team who's going to lead Call2Connect. With the kind of experience, they have, we have a full faith in them and we were also bullish and we are also targeting the same kind of number which you have just mentioned.

Moderator: Thank you. The next question is from the line of Hitesh Mehta from Emkay Global. Please go ahead.

Hitesh Mehta: Couple of questions, first about the RCS business. Can you provide some details whether we have start monetizing RCS traffic, last quarter when the number was around 5% of overall volume. Can you provide some detail on the volume handled this quarter, and how the monetization is playing out? Second question is about, a couple of acquisition you provided some details, but if you can provide a number of clients which we added. We see cross selling related opportunities in terms of product, but it is largely in terms of geographical expansion, and we see limited cross selling, via outreach. Would like to know whether there are a few products, which through acquisition can help us to augment in India, where we can cross sell and get more revenue? Can you provide some product synergy equipped in either of these two acquisitions? And the last question is about, ILD termination charges increased from July. If you can quantify what kind of benefit we realize in Q2. Thank you.

Rajdipkumar Gupta: So, Hitesh just to answer your question, Latin America is a big market of WhatsApp business and the company is one of the largest in Colombia, in terms of market reach and wallet share. Same goes to Chile market, they are also having presence in Peru. So, these Latin American markets are very much a WhatsApp business savvy market, hence we believe that our API's and the fact that we are the direct partner with WhatsApp, we will bring lots of synergy for Latam acquisition where they can actually go. In fact, selling our WhatsApp API directly as a partner rather than buying from some third party. The voice business also in that part of the world is getting good traction. We believe that once we have the voice platform, we've all voice platform, we can also be using their capacity. They got almost 200 people and with that, around 50 people are in sales in various parts of Latin America. So, I think for cross sell, upsell, we can use their manpower to sell our products more in Latin America and that's our strategy. A simple example of email, like they are sending over 400 to 500 million emails per month and they are using third party for that email platform, immediately they will start using SendClean platform. So that is the overall combination of synergy we see out here where Masivian will use more of Route Mobile platform to sell more product in those markets. I hope I'm able to answer all your questions. If there anything if I missed, you can repeat that will be good.

Gautam Badalia: In terms of RCS, we processed over 850 million RCS messages in Q2 FY22. So at that point in time we were not charging for the RCS messages and now we have already started charging from this quarter.

Hitesh Mehta: Gautam when you say from this quarter so Q2 no revenue realized from RCS?

Gautam Badalia: Yes, In Q2 there was no revenue realized through RCS.

Hitesh Mehta: What kind of realization one should expect from RCS start, let's say 5% is the kind of traffic, what are we getting? So, in terms of revenue, can we expect WhatsApp kind of realization or somewhere between SMS and WhatsApp?

Gautam Badalia: So, somewhere between SMS and WhatsApp.

Rajdipkumar Gupta: Yes, RCS is definitely going to be between SMS and WhatsApp and RCS and adoption ratio is still not as evolved as WhatsApp in India. But, we'll look forward to, within a year or so the kind of response we are getting from enterprise customer to opt for RCS it has a great future and we believe that in coming quarters, in fact from this quarter onwards we will start realizing revenue from RCS itself and we have already on-boarded customers who are going to pay for every transaction, they're going to send on RCS now.

Hitesh Mehta: Okay. Last question was about ILD; you didn't provide any detail?

Rajdipkumar Gupta: So, ILD as a traffic has definitely increased at our end and we don't want to quantify number and volume but yes, ILD is definitely going to add more potential in revenue in coming quarters. But it's the overall mix, you can say that we do see a good traction happening on the ILD side as well. There are various international customers who have started using our platform for ILD as well.

Moderator: Thank you. The next question is from the line of Manish Poddar from Nippon India AIF. Please go ahead.

Manish Poddar: After these two acquisitions what is the cash on books?

Gautam Badalia: No, so we have just signed the definitive agreement, the closing is pending certain CPs to be met by the targets. So, we expect that to happen anytime in Q3. So currently, the cash on books as a 30th September was about INR 400 crores.

Manish Poddar: When you are getting well entrenched with clients, and the clients move in different buckets, big size, does the working capital improve, or actually deteriorate?

Gautam Badalia: No, so what happens is, it is again a geographic kind of hypothesis from geographies like India and Middle East it tends to kind of increase the working capital gap for larger global clients which are kind of in their own hyperscalers that they have and hence the working capital tends to be significantly better.

Manish Poddar: Just a clarity, so when the larger ticket size clients have moved from two to four, on annualized basis and these would be global clients so here on our working capital should gradually improve, is that correct?

Gautam Badalia: That's correct, that's how one should look at it, that's correct.

Moderator: Thank you. The next question is from the line of Swati Madabhushi from Comgest. Please go ahead.

Swati Madabhushi: I'm relatively new to the company, so please bear with me. My first question is now that with Twilio and Sinch making acquisitions and entering the India domestic market, is there any change in pricing or winning of projects or winning of new clients, is there any change that you see on the ground?

Rajdipkumar Gupta: Hi, Swati, Rajdip here. Definitely not, we were always competing with all the companies which they acquired. So, we were competing with them in last 10 to 12 years I don't see any difference as such because it's the same competition.

Swati Madabhushi: But on the international side, where India domination happens because these guys can have international especially with the MNC companies, is there no change in how the revenue is moving or anything like that, because of this?

Rajdipkumar Gupta: Not at all, in fact our revenues increased I can say that.

Swati Madabhushi: But just for the future reference, what I want to understand so, if say Facebook is big for you, and Twilio will also have a relationship with Facebook, maybe ValueFirst might not have or ACL might not have but they now are able to live with Facebook directly via this Twilio or Sinch , isn't that more competition for you?

Rajdipkumar Gupta: Not at all. The reason, I need to also study about our operator stack, we have deployed a firewall with two operators in India that gives advantage to us in

terms of pricing also, and we are monetizing the revenue for operator in terms of providing firewall technology to them, to cut down this grey routes which is coming to the network and it's a firewall solution provided by our sister concern company called as 365squared and TeleDNA. None of the Indian aggregator have the kind of stack which we have and we have deployed within India. So we definitely have advantage of that in the market right now.

- Swati Madabhushi:** Okay. So, you don't see any change or any change in the near future?
- Rajdipkumar Gupta:** In fact we see a growth opportunity because all these customers are going to use more ILDO traffic at higher price, this is definitely going to grow opportunity for Route Mobile.
- Swati Madabhushi:** Okay. And then when I read your quarterly results, you give segment wise data. You put India and UK and all, in India you state India domestic?
- Rajdipkumar Gupta:** No, it is India domestic and India intentional. So, you have to consider India in two parts one international customer sending traffic to India and the Indian interface within India. So, it's a combination of both.
- Swati Madabhushi:** When I see that there is India, Dubai, UK, Nigeria others and so, there is India line. What does that line represent and where is the rest of the India revenue reflecting is it in UK?
- Gautam Badalia:** So, that is India domestic. The way to look at our business essentially will be to look at this business by way of termination of the messages. So, in our presentation, if you refer to slide #18, you will be able to get the exact India revenue coming basis the termination of messages either happening from domestic enterprises or international enterprises so that's about 47%, Slide #18 will give you that exact picture of how India revenue is captured.
- Swati Madabhushi:** So, what is this, then why do you put it like this?
- Gautam Badalia:** So, I will tell you why, we have a lot of international clients and a lot of those international clients' enterprises would have subscribers in India who would be consuming the services and most of such international clients, we invoice them out of UK.
- Swati Madabhushi:** Okay. Do you split the 47% into which is from domestic clients and how much is from the MNC clients? Or, like out of India terminating in India and local termination?
- Gautam Badalia:** No, we don't give that bifurcation.
- Swati Madabhushi:** Okay. But let me ask this thing on, how is your market share growing within the India domestic part?
- Gautam Badalia:** I did highlight this point that, India as a percentage of our overall revenue has been increasing, and it has been increasing at a very strong growth rates. So, Q1 FY22 India as a percentage of revenue was if I am not wrong 33%, which has

increased today to 54% in Q2 FY22, so we've been growing both from international messages terminating into India as well as domestic messages from domestic enterprises.

- Swati Madabhushi:** So, domestic has been growing as well?
- Gautam Badalia:** Yes, that's correct.
- Moderator:** Thank you. The next question is from the line of Harshil Shethia from AUM Fund Advisors. Please go ahead.
- Harshil Shethia:** Sir, I had a question on the financial end. In the cash flow from operations, we've booked a bad debt of around INR 5 crores. Can you just elaborate?
- Gautam Badalia:** Can you just help us identify which line item within the cash flow. It is INR 54 lakhs so it's 5 million.
- Harshil Shethia:** Okay, got it. There is an interest income decrease in terms of deposits, so what would that be?
- Gautam Badalia:** Interest income decrease. These are adjustments prior to the working capital change. So what is your query, I have not been able to understand?
- Harshil Shethia:** The line below the advances that is except for INR 54 lakhs, it is INR 4.9 crore, which is interest income on fixed deposit which is a decrease. So basically, is it that you are just classifying it as a different line item?
- Gautam Badalia:** No, it is a cash flow and the way to tabulate the cash flows.
- Harshil Shethia:** That is there, because the line item is not visible in investing activities and financing activities, both.
- Gautam Badalia:** We can give you the reconciliation. So, that would have been offset with one of the line items below the cash flow from operations. We can give you the reconciliation that should be very simple.
- Moderator:** Thank you. The next question is from the line of Mohan Kumar from MJ Financial. Please go ahead.
- Mohan Kumar:** Just wanted to touch base on a couple of things. The first thing is, during the last quarters call you had mentioned that you would probably revise up the guidance for the rest of the year if this quarter is good. So, I just want to know if that something that's on the card still given that there is inorganic growth also that is likely to be priced in the second half of the year.
- Gautam Badalia:** So we've been witnessing strong momentum and there is no reason, not to have certain momentum going forward as well.

Mohan Kumar: Got it. And for the second question that I had was, can you give us some color on how the number of transactions are looking in the UK? In the last quarter, you mentioned that the number of transactions is much higher in India and that's why probably the mix was slightly less favorable on the margin side. But are you seeing the mix, towards UK improving a bit given that has been reopened across Europe that has played out quite well right now?

Gautam Badalia: Sorry, can you please repeat your query, what is the exact, I've not been able to understand that?

Mohan Kumar: So I'm just trying to understand the number of transactions in the mix is starting to become a little bit more favorable towards Europe, given that the last quarter India **(Inaudible)** transactions, are we seeing the growth in Europe also coming in given that the economy has reopened across the board in Europe right now?

Gautam Badalia: So, I don't have the numbers specific for Europe, but I can tell you India the volumes have increased and the rest of the world outside India, the volumes have been pretty much stable. So, that can kind of give you some insights around that.

Mohan Kumar: One quick follow up on this itself. So the INR 2,000 crores that you have recently just got approval for raising, would that be for acquisition that is focused in Europe too or it's just going to be Africa, like you mentioned earlier?

Gautam Badalia: So, the INR 2,000 crores is an enabling resolution. We've received the shareholders' approval for the same to pursue our organic as well as inorganic growth strategies.

Mohan Kumar: So, which regions would you be focusing more at?

Gautam Badalia: So, the inorganic growth strategy will be either for geographical expansion or product line expansion. At this point in time, in terms of our geographical expansion strategy we have already identified Latam. So we've signed a definitive agreement with Masivian. And within GCC, we have signed a definitive agreement with InterTeleco. So these are the two immediate markets where we are looking at and now putting more time and energy. So, I hope that answers your query.

Moderator: Thank you. The next question is from the line of Vikas Jain from Financial Quotient. Please go ahead.

Vikas Jain: My quick question is about the attrition rates that we just discussed are at about 19% and the employees that got on-boarded. Is it a back fill, or capacity addition that has been taken onboard?

Gautam Badalia: The business is growing and we are adding more pieces to it through some of the email acquisition that we did, now we're looking at expanding the number of seats for the call center business. Plus, overall, there is a strong momentum which is driving the business at this point in time. So the hires that we have done essentially is to help us largely on sales and marketing. Developers are essentially on the technology side. So these are the two areas that we have been focusing on in terms of hires.

Vikas Jain: I know, but it is essentially a backfill of the employees who would have left because of the higher attrition percentage, or these are new positions that we are hiring. I just wanted to understand that?

Gautam Badalia: So, just to give you a flavor on some of the attrition that has happened, about 30% of that attrition was kind of involuntary and balance because of the hyper competitive scenario right now, that is the state of the market right now and what we have done essentially incentivize the employees at this point in time as we have also come up with a new ESOP plan, and we're trying to now also offer a stake to employees.

Vikas Jain: Excellent. So now this 19%, how does this augur with our relative performance of the previous quarters or years because I've also not been tracking the company not for a long time. So how does that compare to our previous performance?

Gautam Badalia: About a few, a couple of years back it was around 19%, it fell to about 11% and in H1 on an annualized basis it is coming to about 19% at point in time. But as I said about 30%, within that happens to be involuntary.

Vikas Jain: Can you just give some more information about what do we exactly mean by involuntary here, so why would we want people to move out because of the performance issues or because our performance?

Gautam Badalia: Yes, performance issues and unfortunately there was sad demise, of one employee. So, it was more to do with the performance.

Vikas Jain: Alright. And given the current industry scenario and the high attrition rate that is going through the industry, how do you think that it would impact the margins and the quarters coming forward?

Gautam Badalia: So at senior and mid-levels we haven't seen too much of attrition or people leaving us and as I said we have recently also conceptualize ESOP plan for the wider spectrum of employees. So hopefully that should help them stay motivated.

Rajdipkumar Gupta: Just to add out here. Most of the level four employees, level three employees mainly from customer support they left and most of the hiring we had in last two quarters if you see is more on the technology and product side. So we have a very decent product team now. I think one of the product members has left, and we are hiring more people in that. So, senior team wise, level one, level two everybody's intact and we don't see any problem over there.

Vikas Jain: That's definitely good news. Another thing that I wanted to check upon, if I remember this right from our last call of Q1, there was a comment which made me believe that Q2 would be the best quarter ever, in terms of performance. So since I do not have the relevant performance details of all the previous quarters, does that stand true, kindly bear with me for my ignorance on that?

Gautam Badalia: No, that's absolutely true. This is our best quarterly performance ever.

Moderator: Thank you. The next question is from the line of Atul from Parani Financial. Please go ahead.

Atul: I have two questions. One is regarding our market share position of India Business. Though, we have shown de-growth from last two quarter, I understand our volume is increasing, but price realization is not there. So, I just want to understand how is the market share position currently?

Gautam Badalia: So, this quarter we haven't seen any de-growth from India business performance, in this quarter India performance has been much better than what was in the previous quarter.

Atul: Right. And how we stand on the market share position with these numbers?

Gautam Badalia: There is no established results so to say, which kind of gives you a flavor of how the market share stands at this point in time. From our perspective, historically last three, four, five years, if we were to look at Route Mobile performance in India, we started focusing in the Indian market, somewhere around 2016, 2017. We set up the entire enterprise sales team and since then our Indian revenue pie would have increased by more than 5x. So, definitely the market is also growing and we are also getting market share from competition.

Atul: Right. And the second question would be on the growth, though the volume increases is there on the quarter-on-quarter basis, when can we expect year-on-year growth in India business? Like for last two quarters, there has been de-growth, and on Q-o-Q basis we have seen the growth for this quarter.

Gautam Badalia: Get the facts correct on a Y-o-Y basis, we have demonstrated a 49% growth for the India business.

Rajdipkumar Gupta: Exactly, from where are you getting this data?

Atul: On consolidated basis, I'm seeing the figure which shows the revenue had de-grew from INR 127 crore to INR 105 crore.

Gautam Badalia: No, So, my request will be to look at it from slide number #18 where we are capturing India termination revenue both domestically originated and terminated and internationally originated and terminated in India. We are capturing that in slide number #18. So, there, India happens to be about 47% of the total revenue pie.

Moderator: Thank you. We'll take one last question which is from the line of Vimal Gohil from Union AMC. Please go ahead.

Vimal Gohil: Sir, my question was on the balance sheet. If I were to observe the consolidated balance sheet there is a line item on other current asset wherein the number has gone up to INR 111 crores from INR 47 crores in March, if you can just maybe give us what has transpired here.

Gautam Badalia: That's correct, so it includes GST. So, the amount that we have paid and the GST is getting reflected over there, because we intend to get the input tax rate on the same.

Vimal Gohil: So, does this normalize going forward or will it stay at these elevated levels?

Gautam Badalia: No. It pertains to FY2021. We will be seeking input tax credit against that. So over a period of time once we are able to claim the input tax rate against this payment spread, it should get normalized.

Vimal Gohil: Okay. Can you just highlight where are we paying higher GST and where are we sort of getting lower GST because of which this difference is arising?

Gautam Badalia: No, we have a uniform GST rate of 18%.

Vimal Gohil: Anyways, I'll probably take this offline Gautam, just to get an idea on what it is, because I guess that is one line item that is like leading to your negative CFO. Fair enough and just to follow up on the previous gentleman's question, even I'm having that number of INR 127 crores in India, maybe for Q2 of FY21, maybe we can check on that as well.

Gautam Badalia: Are you referring to the segment results there, the segment revenue?

Vimal Gohil: That's right.

Gautam Badalia: So this actually doesn't give you the true picture of the India revenue. What happens is, if there is an international client, where we are servicing them in multiple geographies, we invoice that client in RML UK and for the revenues or messages that are getting terminated in India, that doesn't get reflected in the segment revenue. So, it doesn't actually give you the true picture of the India revenue and that's the reason why I've highlighted that if you're looking at India revenue, we should look at slide number #18 where we captured the India revenue. This is the termination of messages into India.

Vimal Gohil: Right. Just a humble suggestion here, maybe we can change the segment revenues so as to give us a better picture that will help us.

Gautam Badalia: Appreciate that suggestion, we'll discuss that with Grant Thornton, and we'll see if we can kind of change it to that by termination.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that was the last question for today. I now hand the conference over to Mr. Rajdipkumar Gupta for closing comments.

Rajdipkumar Gupta: Thank you everyone and have a nice evening. Take care, thank you.

Moderator: Thank you for attending the conference call. If you have any further queries please send an email to sanjay@conceptpr.in. On behalf of Route Mobile Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.