

# ROUTE MOBILE LTD.

**RECOMMENDATION : BUY**

**MARKET PRICE : Rs.1301.05 (As on 12<sup>th</sup> May 2023)**

**TARGET PRICE : Rs.1627.00**

**FACE VALUE : Rs.10**

**BSE CODE : 543228**

**NSE CODE : ROUTE**







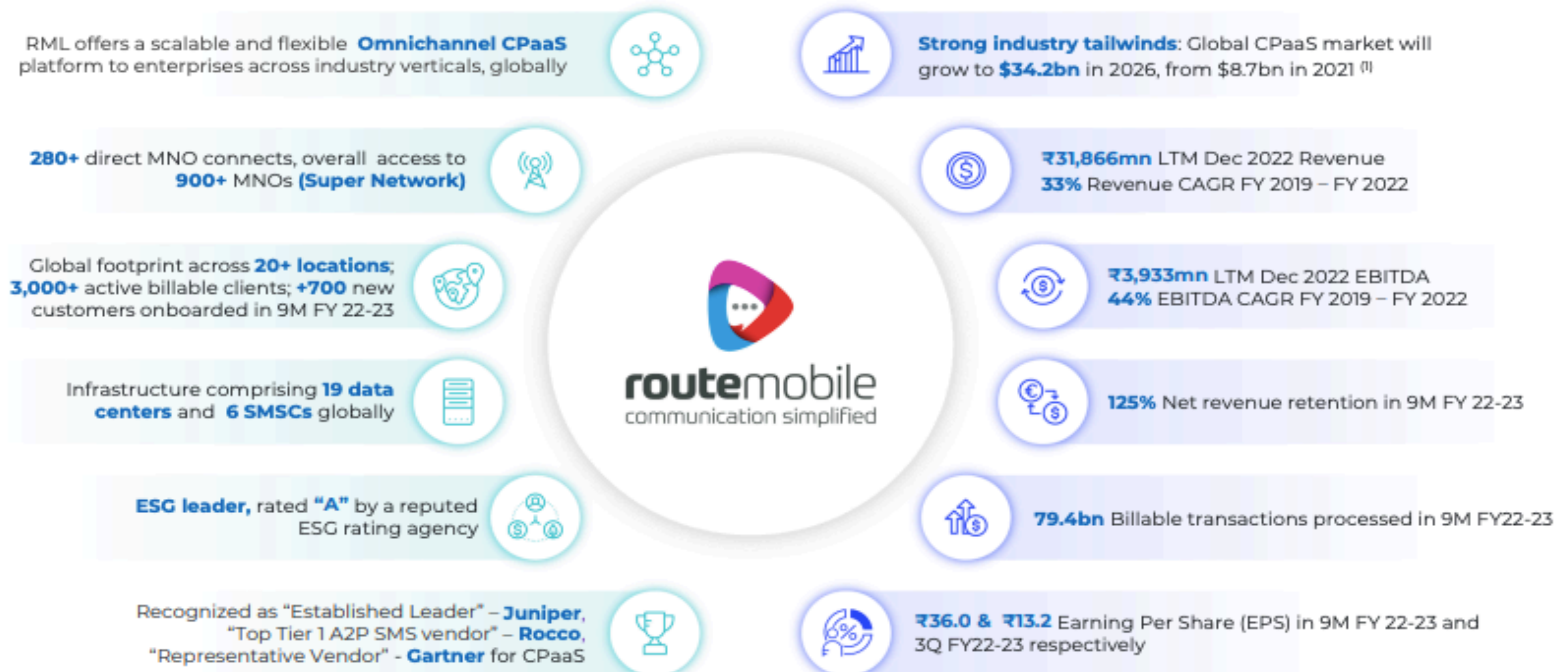
Founded in 2004, Route Mobile Ltd. is the leading Cloud Communications Platform service provider offering Communication Platform as a Service (CPaaS) solutions. The Company caters to enterprises, over-the-top (OTT) players, and mobile network operators (MNO) and its portfolio comprises solutions in messaging, voice, email, SMS filtering, analytics, and monetisation.

## ABOUT THE COMPANY

The Company delivers an entire communication product stack, based on a CPaaS principals, infusing Conversational AI across a broad range of industries including social media companies, banks and financial institutions, e-commerce entities, and travel aggregators. Route Mobile is headquartered in Mumbai, India with a global presence in the Asia Pacific, Middle East, Africa, Europe, and the Americas.

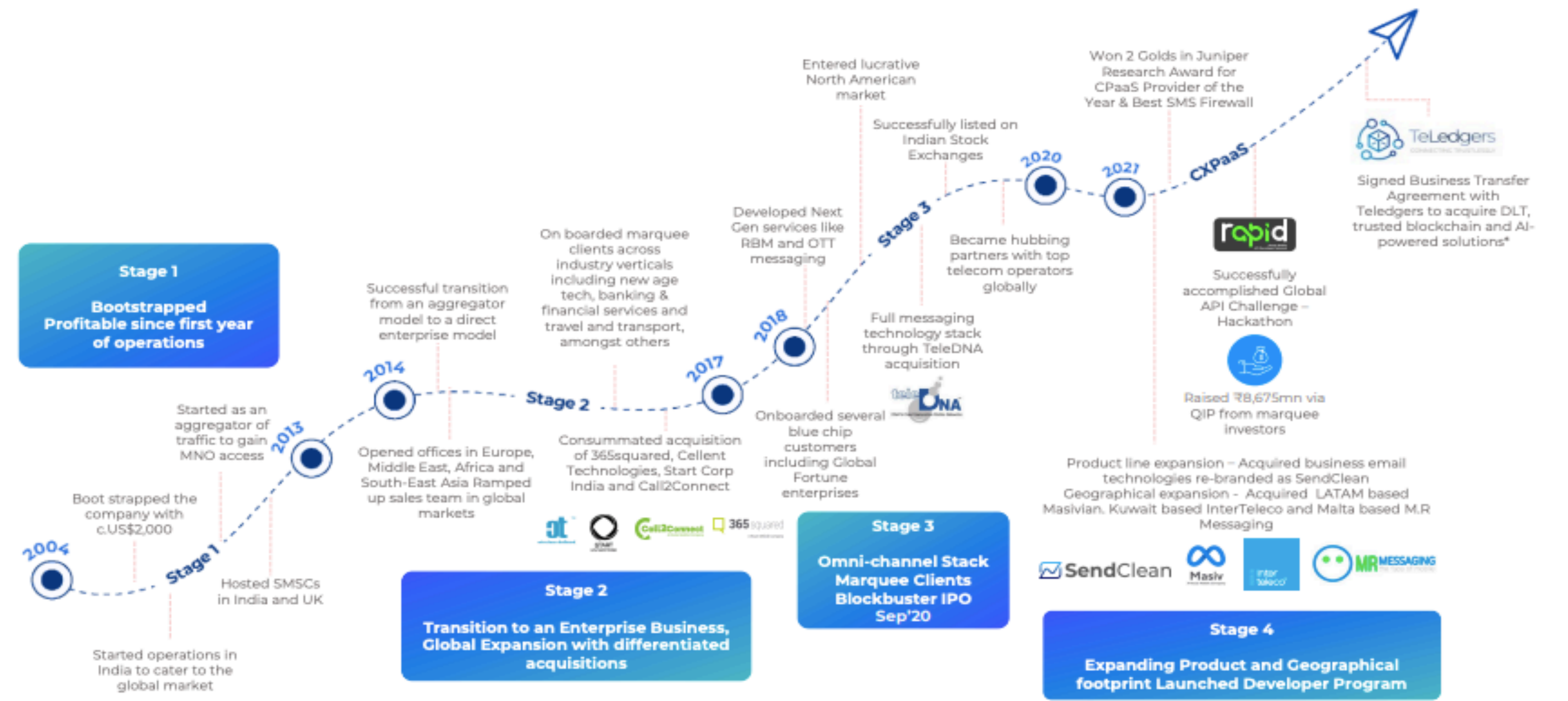


# Route Mobile - Industry Leading Global CPaaS Platform



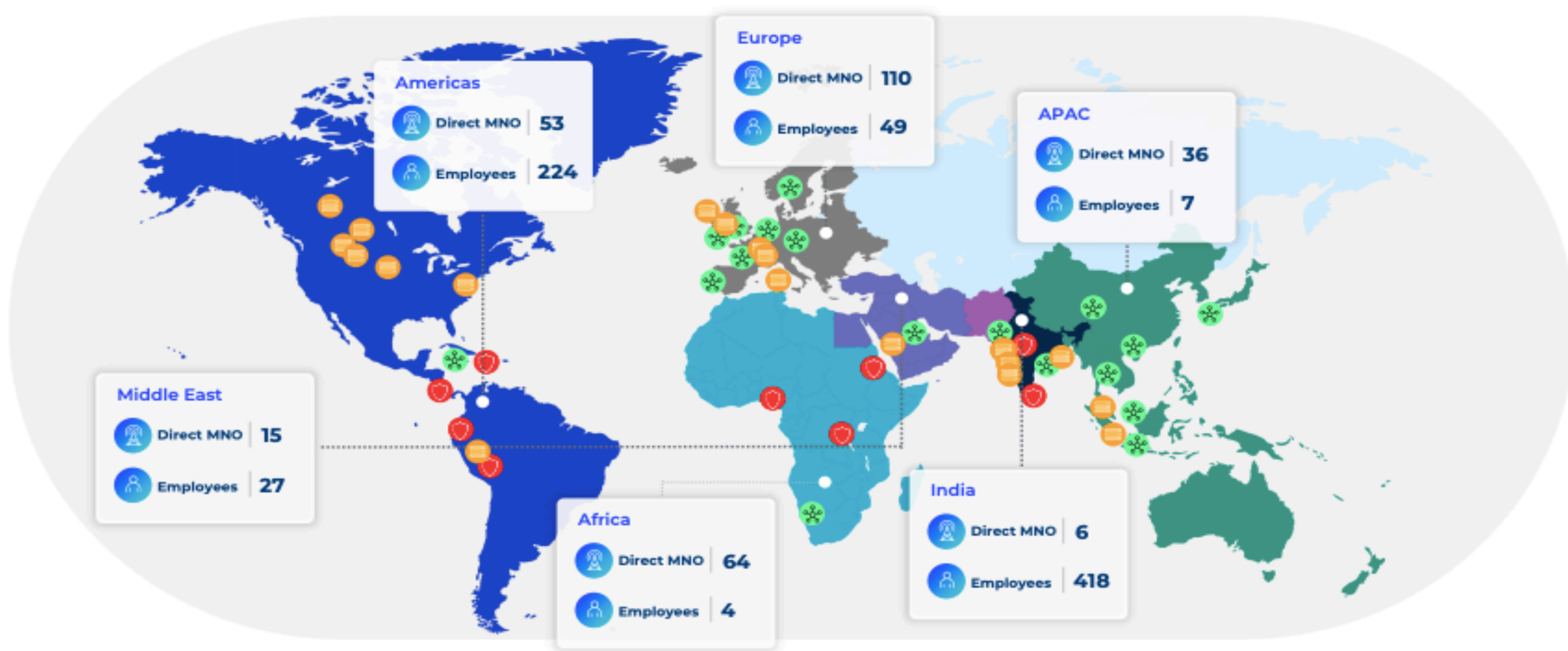


# Systematic roadmap to create sustained growth momentum





# Global Diaspora - Footprint & Super Network



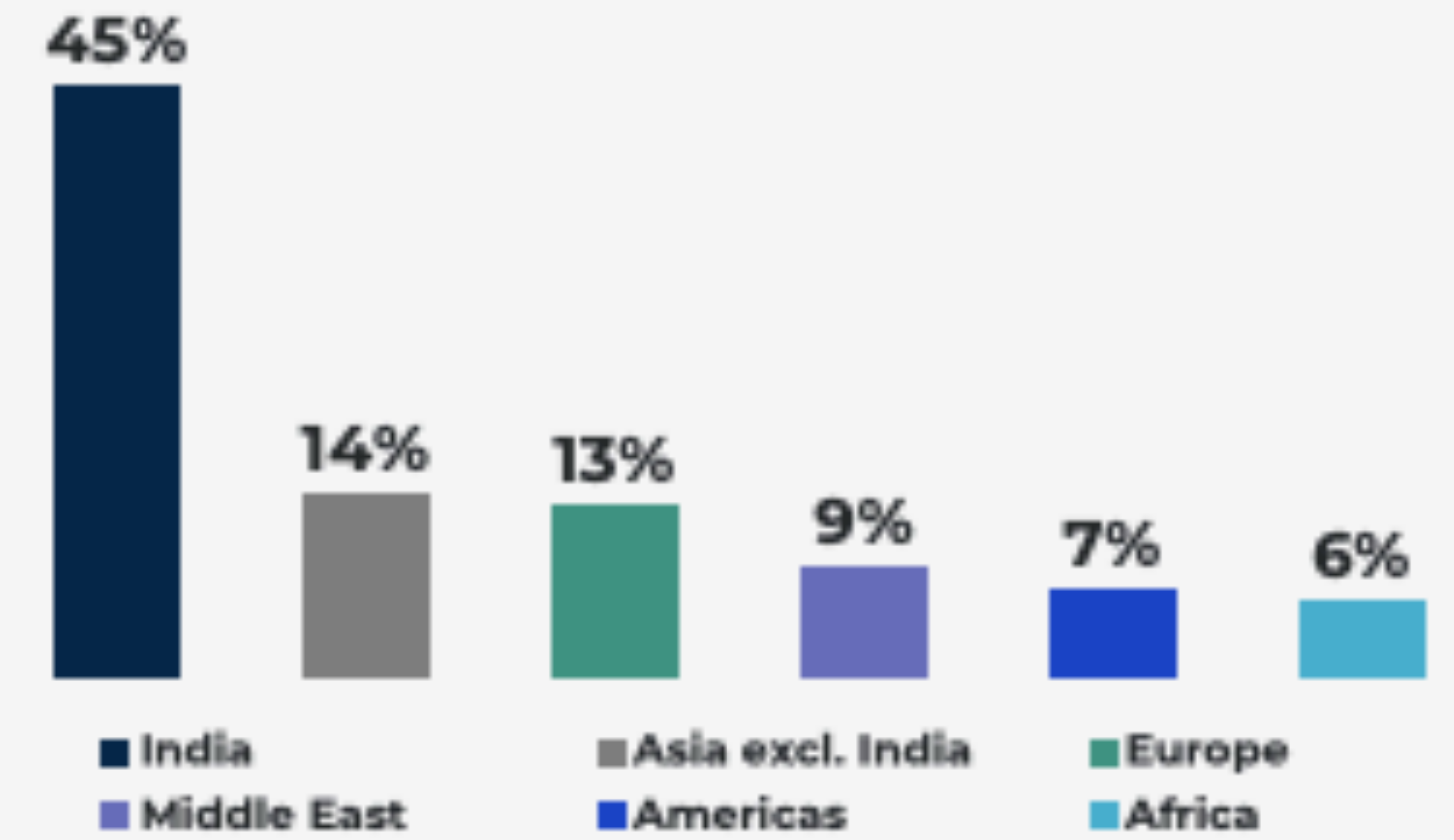


# Diverse customer base

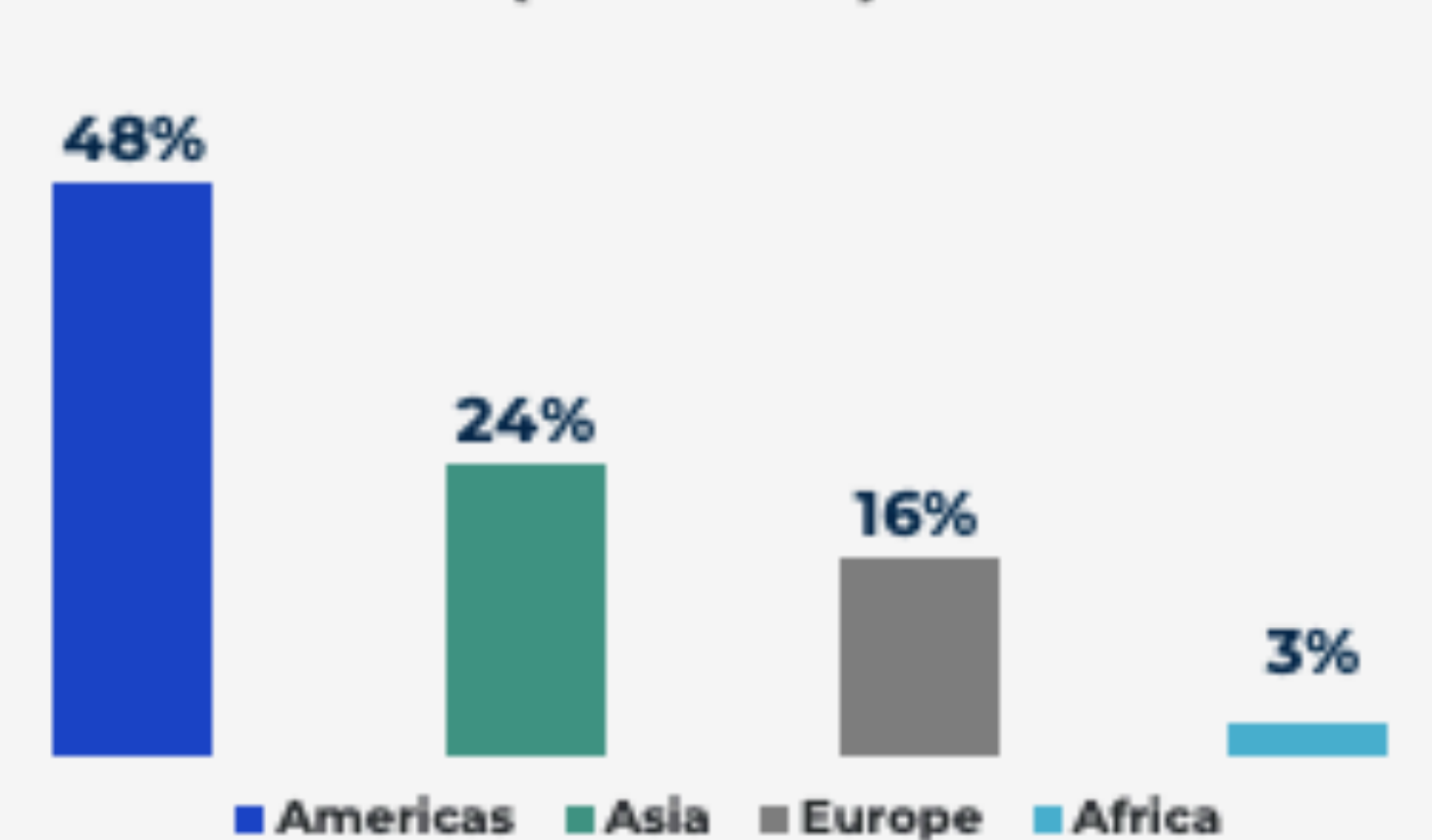
## Revenue contribution from select industries in 9M FY22-23



### Revenue for Top 50 countries by termination<sup>(1)</sup>



### Revenue by customer HQ (continent)<sup>(2)</sup>





# Key Developments since Q2 FY22-23





**Route Mobile Limited**  
Secures Exclusive End-to-End  
Partnership with one of  
the **Leading Mobile Network  
Operators** for International  
A2P Messaging in **Sri Lanka**




Route Mobile awarded  
**The Best Governed Company in Listed Segment:  
Emerging Category at the 22<sup>nd</sup> ICSI National  
Awards for Excellence in Corporate Governance**



22<sup>nd</sup> ICSI National Awards for  
Excellence in Corporate Governance  
Sunday, 26 February 2023



**Uganda Telecommunications  
Corporation Limited**  
appoints **365squared Limited**  
as its Exclusive Partner for  
SMS Firewall and A2P SMS  
Monetization Solutions and  
Services



International Regulatory Cooperation  
Communications & Information  
Technology Commission



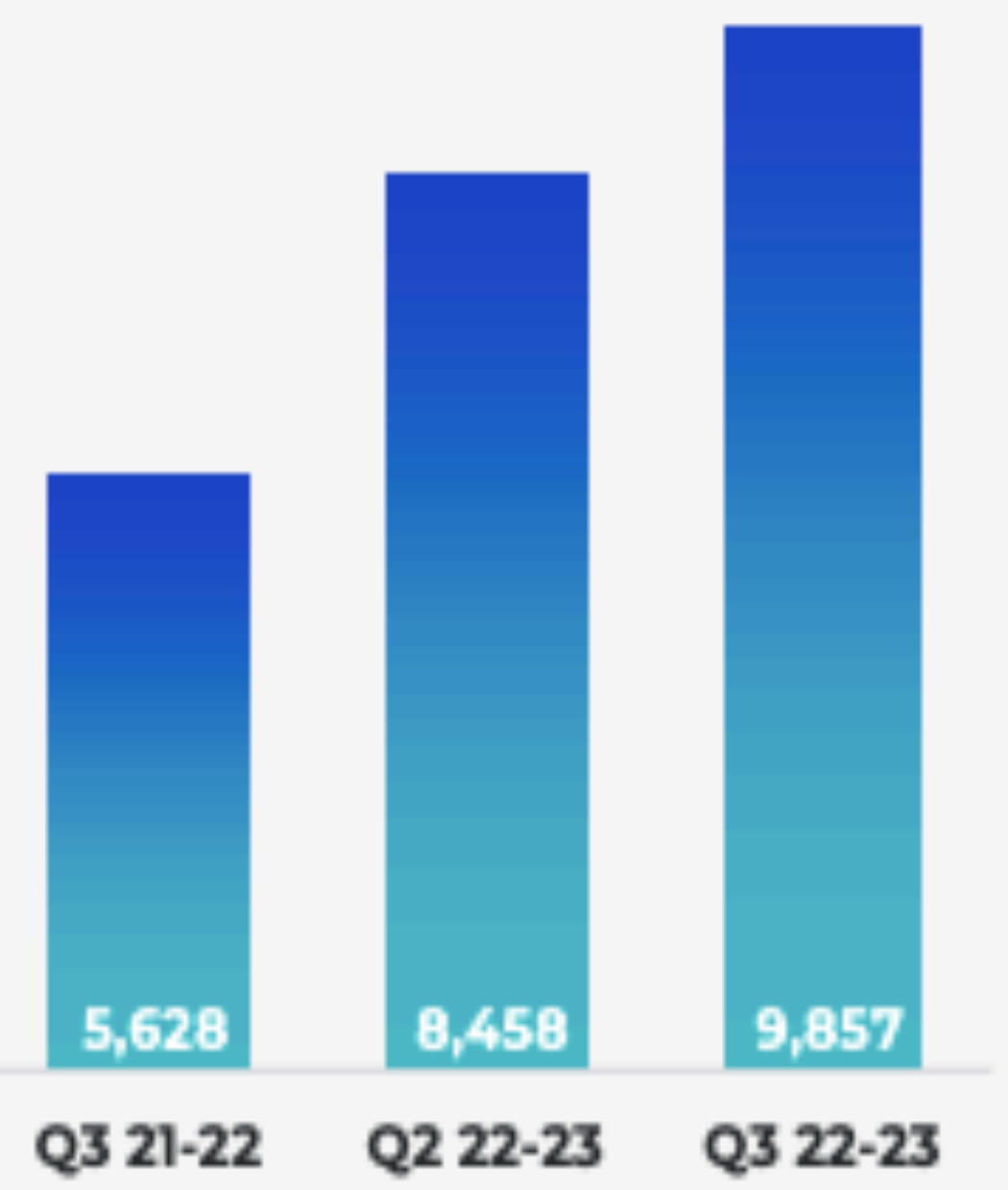
Route Mobile  
**strengthens its  
presence in the  
GCC region** with entry  
into the Kingdom of Saudi Arabia  
**with CITC License Win**





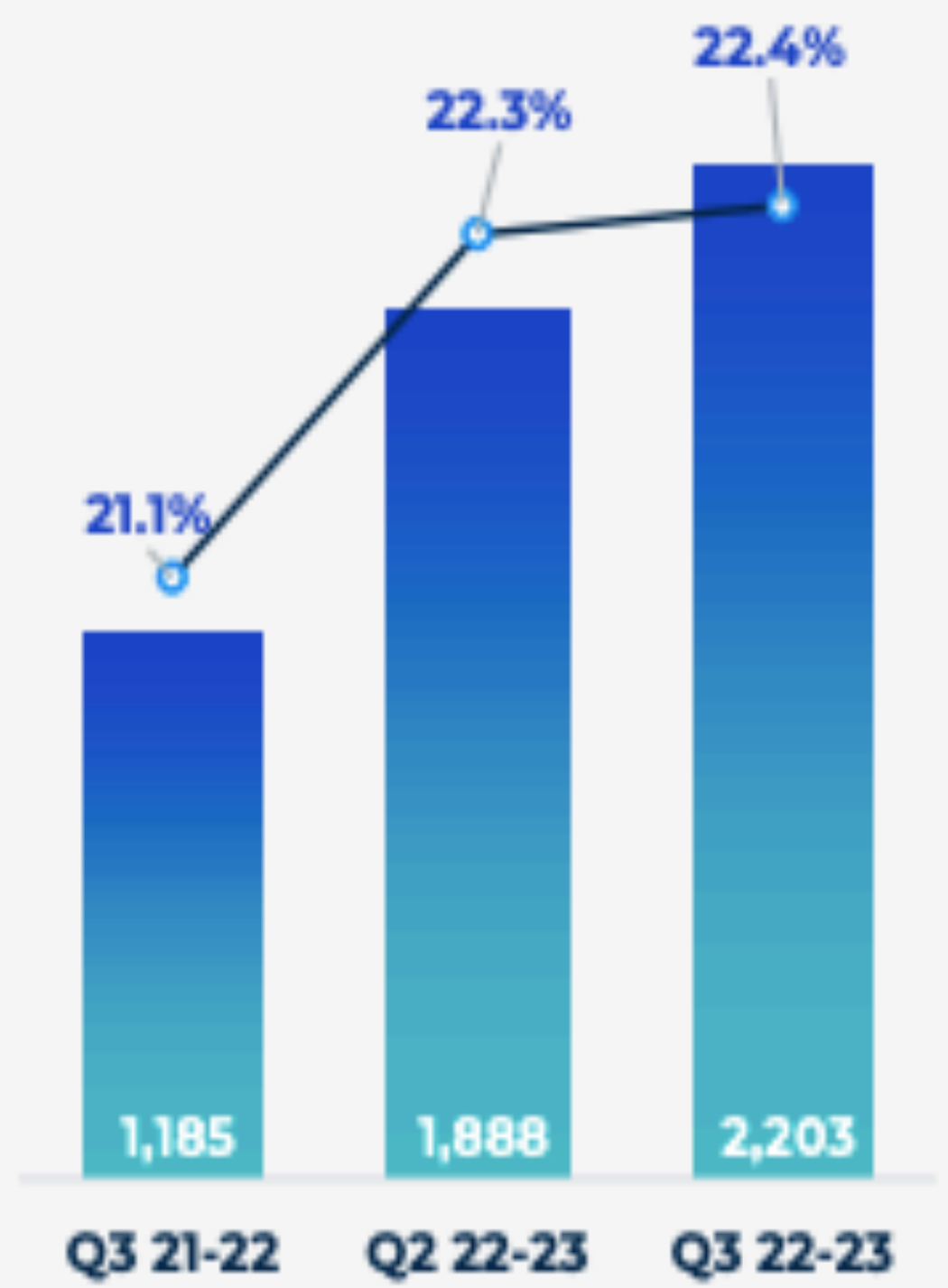
# Q3 FY22-23 Snapshot

Revenue from Operations (in ₹ mn)



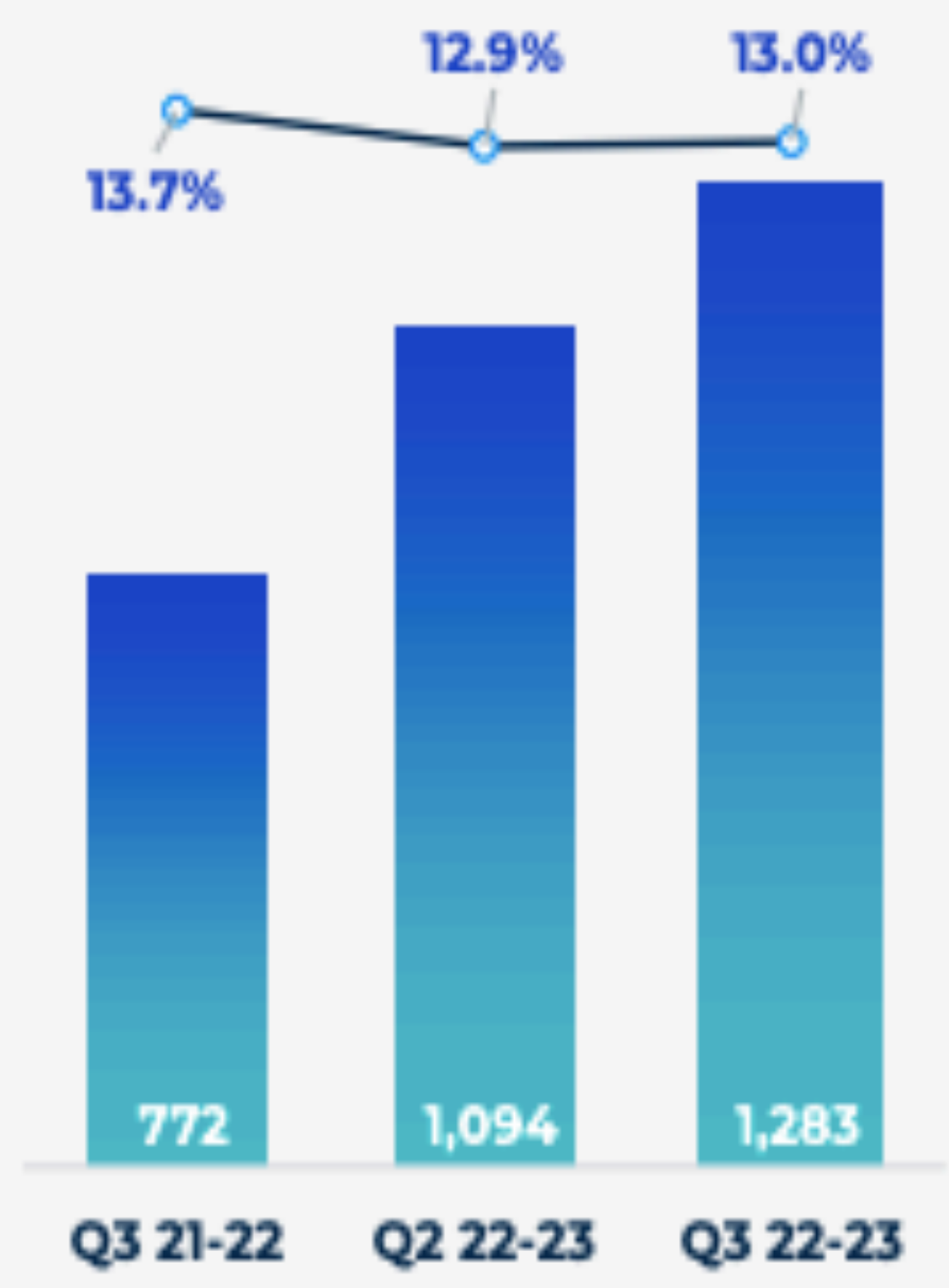
75% Y-o-Y growth  
17% Q-o-Q growth

Gross Profit (In ₹ mn) & Gross Profit Margin (%)



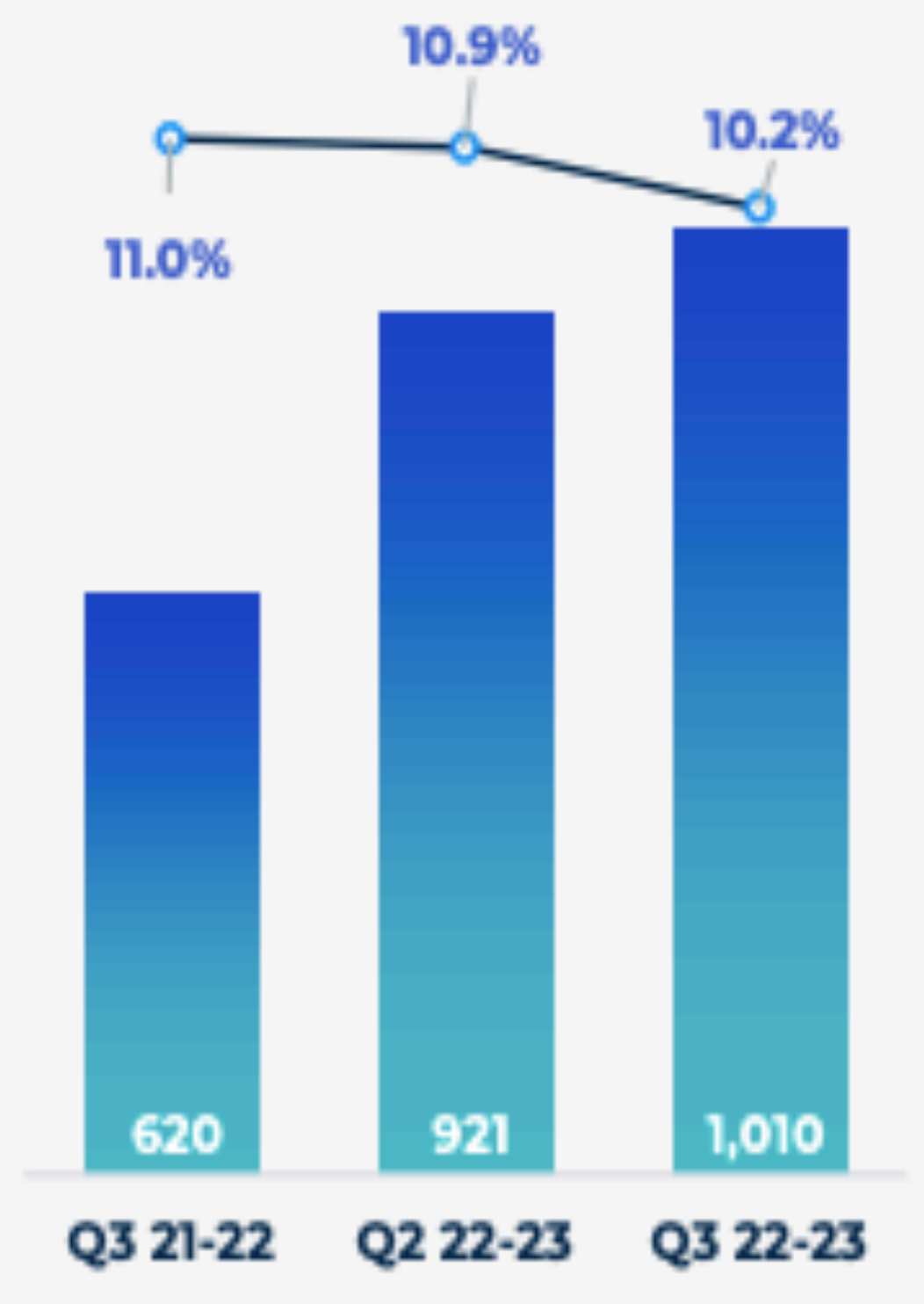
86% Y-o-Y growth  
17% Q-o-Q growth

EBITDA<sup>(1)</sup> (In ₹ mn) & EBITDA Margin (%)



66% Y-o-Y growth  
17% Q-o-Q growth

Adj. PAT<sup>(2)</sup> (In ₹ mn) & Adj. PAT Margin (%)



63% Y-o-Y growth  
10% Q-o-Q growth



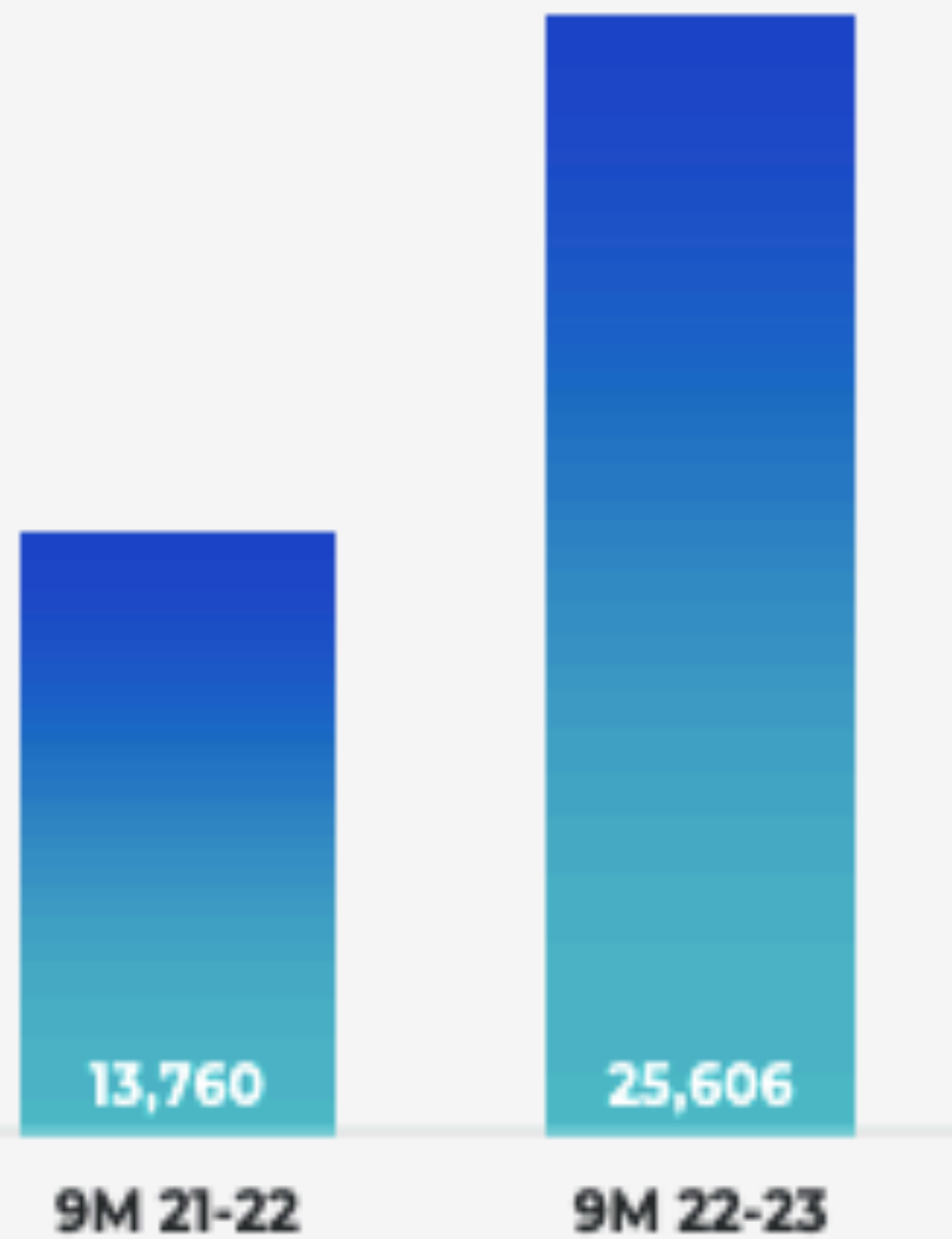
# Financial Highlights for Q3 FY22-23

- Closed Q3 FY22-23 with revenue from operations of **₹9,857mn** compared to **₹8,458mn** in Q2 FY22-23 and **₹5,628mn** in Q3 FY21-22
  - Y-o-Y growth of **75.2%** and sequential growth of **16.5%** in revenue
- Recorded Gross Profit of **₹2,203mn** in Q3 FY22-23 compared to **₹1,888mn** in Q2 FY22-23 and **₹1,185mn** in Q3 FY21-22
  - Y-o-Y growth of **85.9%** and sequential growth of **16.7%** in Gross Profit
  - Gross Profit margin of **22.4%, 22.3%, and 21.1%** in Q3 FY22-23, Q2 FY22-23 and Q3 FY21-22 respectively
- EBITDA of **₹1,283mn** in Q3 FY22-23 compared to **₹1,094mn** in Q2 FY22-23 and **₹772mn** in Q3 FY21-22
  - Y-o-Y growth of **66.3%** and sequential growth of **17.3%** in EBITDA
  - EBITDA margin of **13.0%, 12.9% and 13.7%** in Q3 FY22-23, Q2 FY22-23 and Q3 FY21-22 respectively
- Recorded Profit After Tax of **₹854mn** in Q3 FY22-23 compared to **₹726mn** in Q2 FY22-23 and **₹463mn** in Q3 FY21-22
  - Y-o-Y growth of **84.4%** and sequential growth of **17.5%** in Profit After Tax
- Adjusted Profit After Tax of **₹1,010mn** in Q3 FY22-23 compared to **₹921mn** in Q2 FY22-23 and **₹620mn** in Q3 FY21-22
  - Adjusted for ESOP benefit expenses, non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions, Intangible assets under development of ₹ 24mn (in Q3 FY22-23) and MR. Messaging bad debt written off pertaining to the pre-acquisition period amounting to ₹ 58.4mn
  - Adjusted Profit After Tax margin of **10.2%, 10.9% and 11.0%** in Q3 FY22-23, Q2 FY22-23 and Q3 FY21-22 respectively



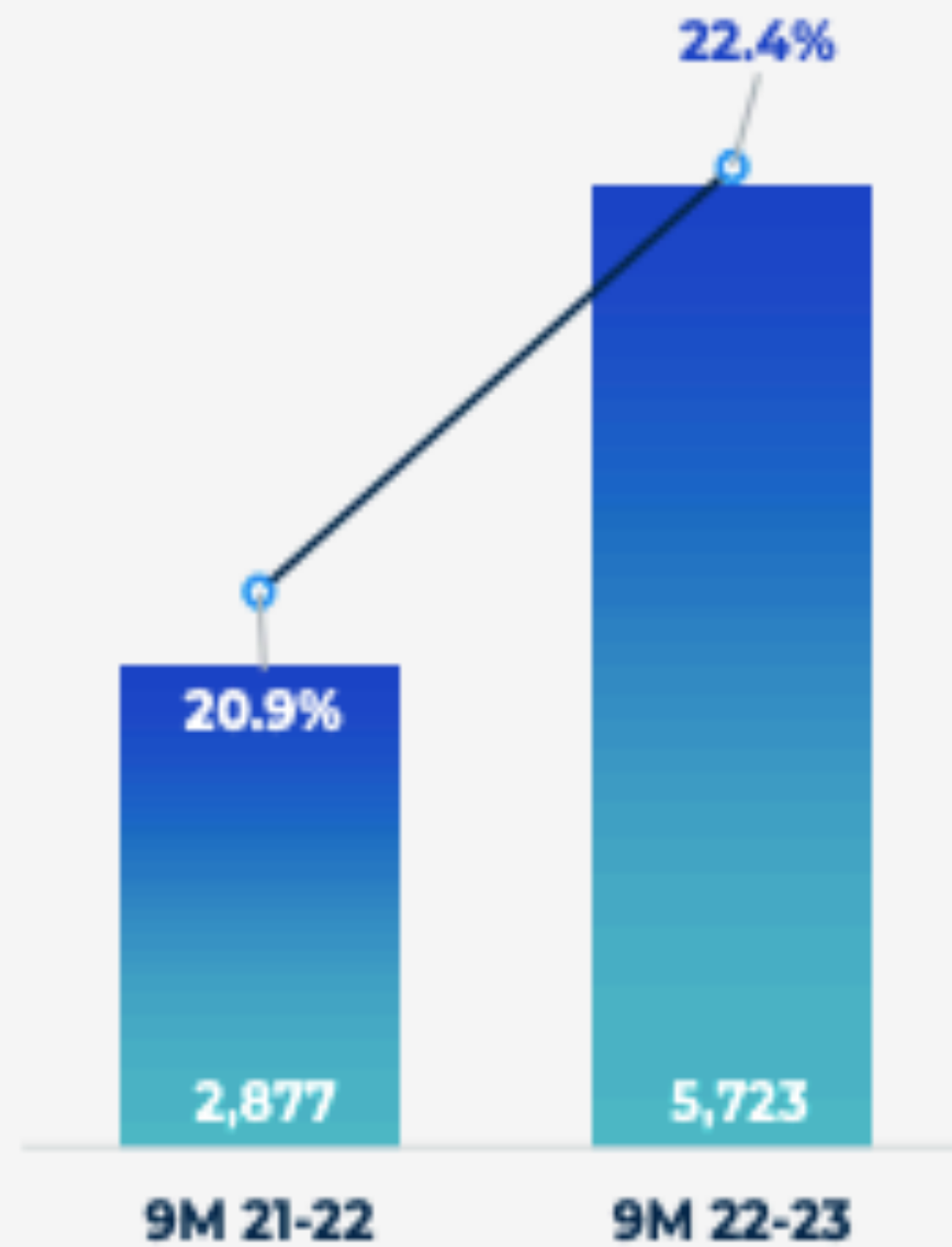
# 9M FY22-23 Snapshot

## Revenue from Operations (in ₹ mn)



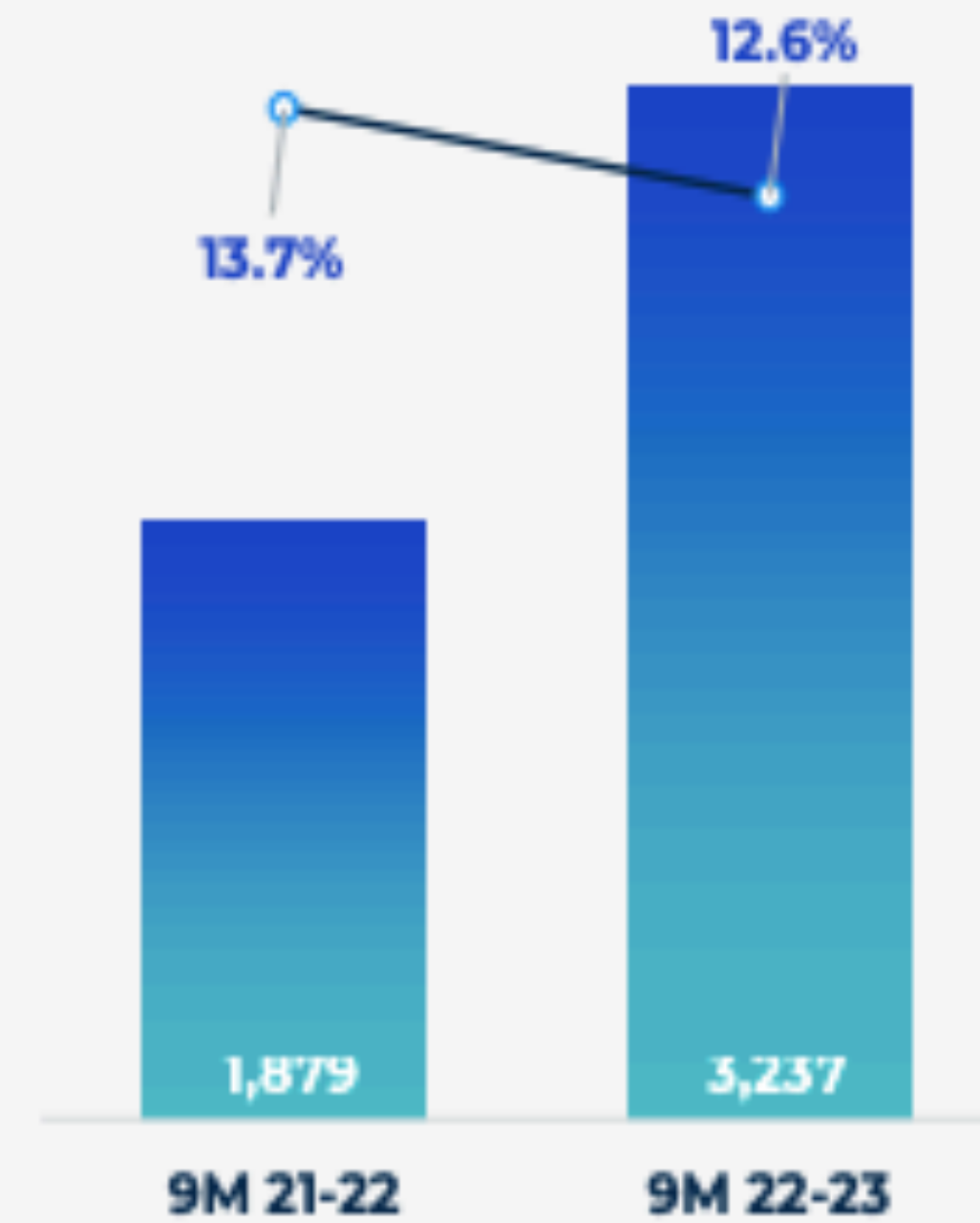
86% Y-o-Y growth

## Gross Profit (In ₹ mn) & Gross Profit Margin (%)



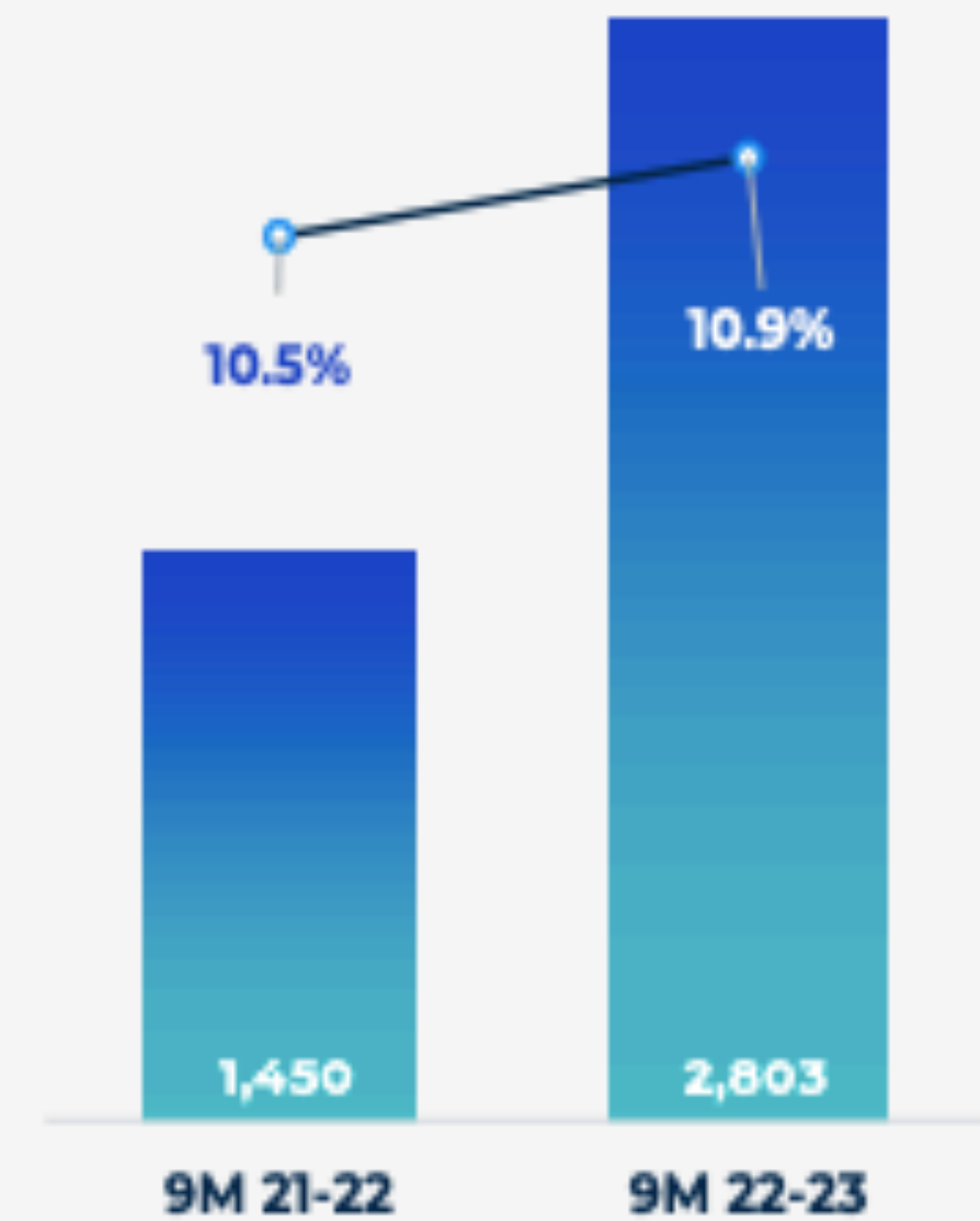
99% Y-o-Y growth

## EBITDA<sup>(1)</sup> (In ₹ mn) & EBITDA Margin (%)



72% Y-o-Y growth

## Adj. PAT<sup>(2)</sup> (In ₹ mn) & Adj. PAT Margin (%)



93% Y-o-Y growth



# Financial Highlights for 9M FY22-23

- Closed 9M FY22-23 with revenue from operations of **₹25,606mn** compared to **₹13,760mn** in 9M FY21-22
- Y-o-Y growth of **86.1%** in Revenue

- Recorded Gross Profit of **₹5,723mn** in 9M FY22-23 compared to **₹2,877mn** in 9M FY21-22
- Y-o-Y growth of **98.9%** in Gross Profit
- Gross Profit margin of **22.4%** and **20.9%** in 9M FY22-23 and 9M FY21-22 respectively

- EBITDA of **₹3,237mn** in 9M FY22-23 compared to **₹1,879mn** in 9M FY21-22
- Y-o-Y growth of **72.2%** in EBITDA
- EBITDA margin of **12.6%** and **13.7%** in 9M FY22-23 and 9M FY21-22 respectively

- Recorded Profit After Tax of **₹2,291mn** in 9M FY22-23 compared to **₹1,227mn** in 9M FY21-22
- Y-o-Y growth of **86.7%** in Profit After Tax

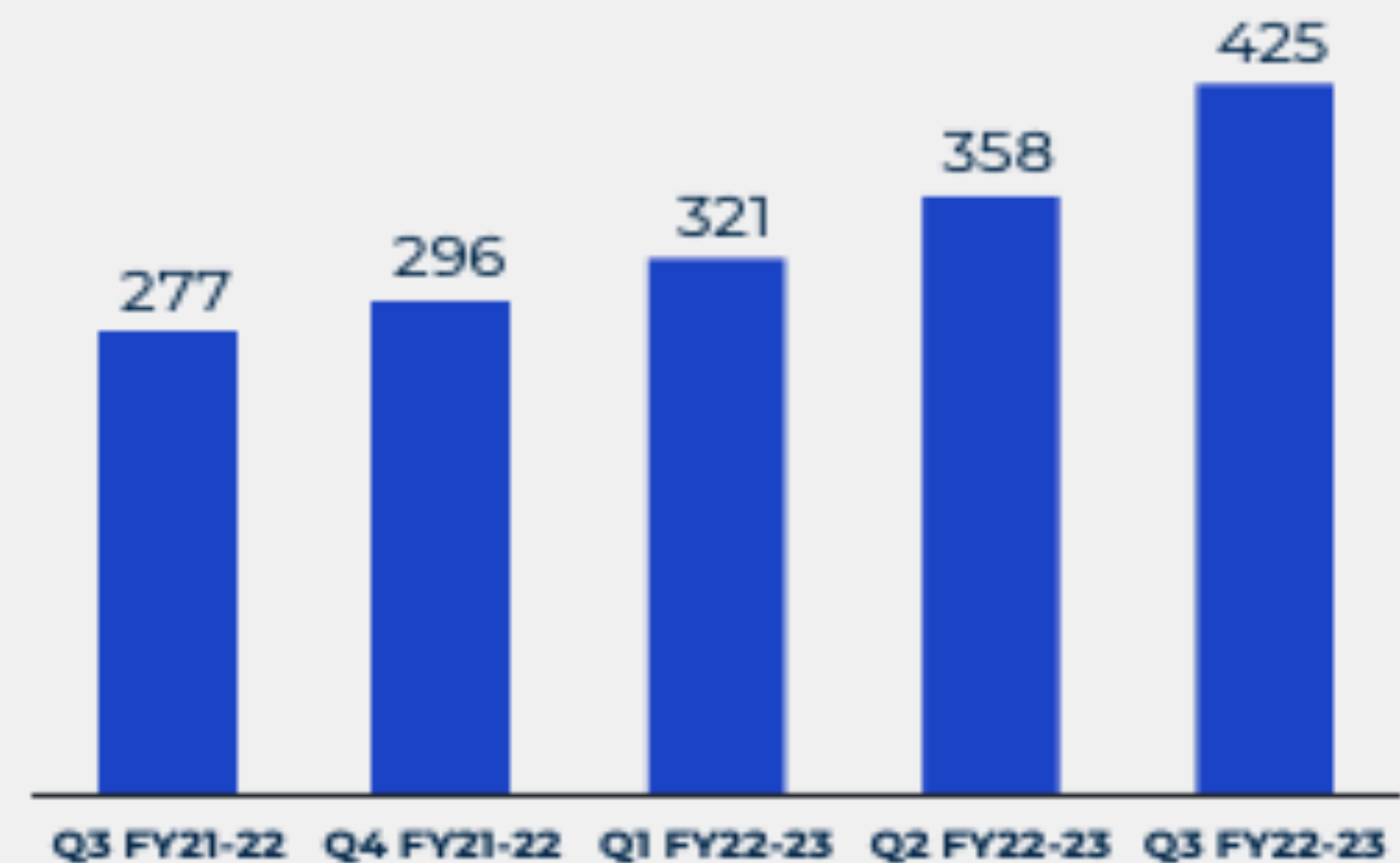
- Adjusted Profit After Tax of **₹2,803mn** in 9M FY22-23 compared to **₹1,450mn** in 9M FY21-22
- Adjusted for ESOP benefit expenses, non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions, Intangible assets under development of ₹118mn (in 9M FY22-23) and MR. Messaging's (MRM) bad debt written off pertaining to the pre-acquisition period amounting to INR 58.4mn
- Adjusted Profit After Tax margin of **10.9%** and **10.5%** in 9M FY22-23 and 9M FY21-22 respectively



# New Product Revenue Momentum across Geographies



## Quarterly New Product Sales (₹ mn)



### Q3 FY22-23 growth

✓ 53% Y-o-Y

✓ 19% Q-o-Q

Revenue from new products  
in LTM Dec 2022  
**₹ 1,400mn**



# Yearly Results

YEARLY RESULTS OF ROUTE MOBILE LTD (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
Net Sales/Income from operations	2,002.03	1,406.17	956.25	844.67	504.95
Total Income From Operations	2,002.03	1,406.17	956.25	844.67	504.95
<b>EXPENDITURE</b>					
Purchase of Traded Goods	1,582.51	--	--	--	--
Employees Cost	126.12	61.49	58.20	55.45	50.46
Depreciation	38.32	25.75	22.68	17.23	12.45
Other Expenses	74.76	1,170.61	798.24	702.88	383.02
P/L Before Other Inc., Int., Excpt. Items & Tax	180.32	148.31	77.14	69.11	59.02
Other Income	20.06	15.98	11.85	7.71	4.54
P/L Before Int., Excpt. Items & Tax	200.38	164.29	88.99	76.82	63.55
Interest	5.16	2.76	4.87	11.59	6.10
P/L Before Exceptional Items & Tax	195.22	161.54	84.12	65.23	57.46
P/L Before Tax	195.22	161.54	84.12	65.23	57.46
Tax	25.14	28.79	15.02	9.72	9.93
P/L After Tax from Ordinary Activities	170.08	132.75	69.10	55.51	47.52
Net Profit/(Loss) For the Period	170.08	132.75	69.10	55.51	47.52
Minority Interest	-3.91	0.57	0.06	1.41	1.17
Net P/L After M.I & Associates	166.17	133.32	69.17	56.92	48.69
Equity Share Capital	62.87	57.71	50.00	50.00	50.00
Reserves Excluding Revaluation Reserves	1,609.69	594.41	220.37	172.85	120.94
<b>EPS BEFORE EXTRA ORDINARY</b>					
Basic EPS	27.82	24.76	13.83	11.38	9.74
Diluted EPS	27.82	24.23	13.83	11.38	9.74
<b>EPS AFTER EXTRA ORDINARY</b>					
Basic EPS.	27.82	24.76	13.83	11.38	9.74
Diluted EPS.	27.82	24.23	13.83	11.38	9.74

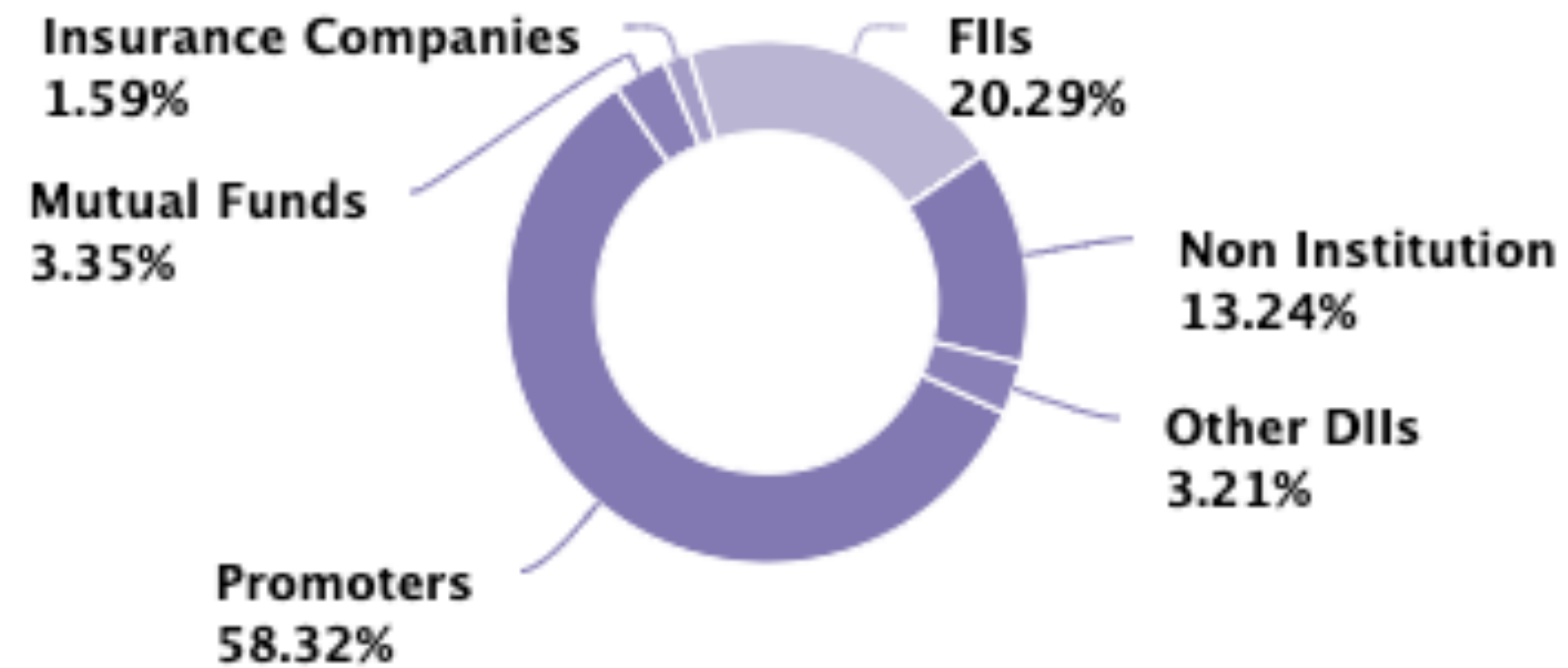


# Key Financial Ratios

KEY FINANCIAL RATIOS OF ROUTE MOBILE LTD (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
PER SHARE RATIOS					
Basic EPS (Rs.)	27.82	24.76	13.83	11.38	9.74
Diluted EPS (Rs.)	27.82	24.23	13.83	11.38	9.74
Cash EPS (Rs.)	33.15	27.46	18.36	14.55	12.00
Book Value [ExclRevalReserve]/Share (Rs.)	266.36	112.53	53.64	44.19	34.06
Book Value [InclRevalReserve]/Share (Rs.)	266.36	112.53	53.64	44.19	34.06
Revenue from Operations/Share (Rs.)	318.44	243.65	191.25	168.93	100.99
PBDIT/Share (Rs.)	37.97	32.93	22.33	18.81	15.20
PBIT/Share (Rs.)	31.87	28.47	17.80	15.36	12.71
PBT/Share (Rs.)	31.05	27.99	16.82	13.05	11.49
Net Profit/Share (Rs.)	27.05	23.00	13.82	11.10	9.50
NP After MI And SOA / Share (Rs.)	26.43	23.10	13.83	11.38	9.74
PROFITABILITY RATIOS					
PBDIT Margin (%)	11.92	13.51	11.67	11.13	15.05
PBIT Margin (%)	10.00	11.68	9.30	9.09	12.58
PBT Margin (%)	9.75	11.48	8.79	7.72	11.37
Net Profit Margin (%)	8.49	9.44	7.22	6.57	9.41
NP After MI And SOA Margin (%)	8.30	9.48	7.23	6.73	9.64
Return on Networth/Equity (%)	9.93	20.44	25.58	25.54	28.48
Return on Capital Employed (%)	11.41	24.62	31.75	33.72	35.82
Return on Assets (%)	6.24	13.04	11.03	11.68	11.50
Total Debt/Equity (X)	0.00	0.01	0.19	0.35	0.49
Asset Turnover Ratio (%)	0.28	0.62	152.62	173.38	119.27
LIQUIDITY RATIOS					
Current Ratio (X)	1.85	2.17	1.17	1.09	0.89
Quick Ratio (X)	1.85	2.17	1.17	1.09	0.89
Inventory Turnover Ratio (X)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (NP) (%)	18.30	0.00	21.68	13.17	15.40
Dividend Payout Ratio (CP) (%)	14.87	0.00	16.33	10.11	12.26
Earnings Retention Ratio (%)	81.70	0.00	78.32	86.83	84.60
Cash Earnings Retention Ratio (%)	85.13	0.00	83.67	89.89	87.74
COVERAGE RATIOS					
Interest Coverage Ratios (%)	46.26	68.96	18.28	6.63	10.42
Interest Coverage Ratios (Post Tax) (%)	46.26	68.96	18.28	6.63	10.42
VALUATION RATIOS					
Enterprise Value (Cr.)	8,665.73	7,674.17	0.00	0.00	0.00
EV/Net Operating Revenue (X)	4.33	5.46	0.00	0.00	0.00
EV/EBITDA (X)	36.30	40.38	0.00	0.00	0.00
MarketCap/Net Operating Revenue (X)	4.84	5.79	0.00	0.00	0.00
Retention Ratios (%)	81.69	0.00	78.31	86.82	84.59
Price/BV (X)	5.79	12.48	0.00	0.00	0.00
Price/Net Operating Revenue	4.84	5.79	0.00	0.00	0.00
Earnings Yield	0.02	0.02	0.00	0.00	0.00



## Shareholding Pattern an on Mar'23





# Summary

- ❖ With deliverance of stellar performance in Q3 of FY'23, the Company's Net Sales surged by 75.15% i.e. Rs.985.72 crs in Dec'22 as compared to Rs.562.77 crs in Dec'21. However, the Net Profits proliferated by 77.25% i.e. Rs.82.44 crs in Dec'22 versus Rs.46.51 crs in Dec'21. In addition to this, the Statement of Changes in Equity witnessed a decrease in Equity Capital i.e. Rs.62.31 crs in Dec'22 juxtapose to Rs.62.87 crs in Dec'21.
- ❖ As per fine financials and sound fundamentals, the Company is available at a good price of Rs.1301.05 with its 52 week low at Rs.1052.00 and its 52 week high at Rs.1888.90.
- ❖ In view of the Promoters holding majority stake around 58.32% as well as its consistent performance, indicates that the Management is growth oriented.
- ❖ In Public Shareholding as on Mar'23, the FIIs and the Other DIIs altogether stood with 23.50% stake. Whilst, the Mutual Fund Houses held 3.35% holdings in the Company.
- ❖ As a reaffirming fact, Route Mobile Ltd. is held by PGIM MF, UTI MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 9.93% & 11.41% respectively as on Mar'22.
- ❖ For the year ending Mar'22, Route Mobile Ltd. has declared an equity dividend of 50.00% i.e. Rs.5.00 per equity share.



# Disclosure

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I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website [www.Amiteshwar.in](http://www.Amiteshwar.in) which is primarily focused on research of Multi-Cap stocks of India.

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