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Date: May 13, 2024

To,

BSE Limited

Scrip Code: 543228

National Stock Exchange of India Limited

Symbol: ROUTE

Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and year ended March 31, 2024

We are enclosing herewith copy of the transcript of the Company's Q4 FY24 earnings conference call dated Monday, May 6, 2024.

The transcript is also available on the Company's website under the Investors section at below mentioned Link:

<https://routemobile.com/compliance/2025/Route-Mobile-Ltd-Q4-FY24-Earnings-Call-Transcript.pdf>

Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.

You are requested to take the above information on record.

Thanking You

Yours truly,

For **Route Mobile Limited**

Rathindra Das
Group Head-Legal, Company Secretary & Compliance Officer
Membership No: F12663

Encl: as above



Route Mobile Limited
Earning Conference call Q4 & FY 2024
06th May, 2024

Management

- 1. Mr. Rajdipkumar Gupta -- Managing Director and Group CEO**
- 2. Mr. Gautam Badalia -- Group Chief Strategy Officer and Chief Investor Relations Officer**
- 3. Mr. Suresh Jankar -- Chief Financial Officer**



Route Mobile Limited
Earning Conference call Q4 & FY 2024
06th May, 2024

Moderator: Good evening, ladies and gentlemen. I am Michelle, Moderator for this conference. Welcome to the conference call of Route Mobile Limited arranged by Concept Investor Relations to discuss it's Q4 and FY24 results.

We have with us today Mr. Rajdipkumar Gupta -- Managing Director and Group CEO, Mr. Gautam Badalia -- Group Chief Strategy Officer and Chief Investor Relations Officer and Mr. Suresh Jankar -- Chief Financial Officer.

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 you that some of the statements made in today's earning call may be forward-looking in nature and may involve certain risks and uncertainties. Kindly refer to slide number two of the presentation for the detailed disclaimer. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajdipkumar Gupta, MD and Group CEO. Thank you and over to you Sir.

Rajdipkumar Gupta: Thank you, Michelle. Good evening, everyone. I wish you all good health and prosperity. FY24 has been a remarkable year for Route Mobile. We have been able to post our highest quarterly revenue in Q2 and Q3 and register a good growth in H1.

We continue to acquire some large customers and deliver unique solution across industries. The CPaaS industry is facing headwinds since November 23, including



enterprise cost optimization initiative, particularly from global OTT and shift in communication channels.

While some of this structural change will take time to stabilize, we remain vigilant to leverage emerging opportunities. Route Mobile strategic road map position us to seize this movement and establish our leadership in the CPaaS ecosystem. The imminent closure of the Proximus deal will bolster our portfolio, extend our global footprint and ignite our innovation pipeline creating unparalleled potential for Route mobile in future.

The synergies derived from this partnership will complement our products geographic and customer base while accelerating our journey towards the billion-dollar revenue. We have fallen short of our revised guidance. However, we have secured strategic deals and laid the groundwork for a stronger FY25, expecting significant growth in revenue and profitability given by the synergies within these Proximus Group.

Some key development of FY24. Some new customer wins. We signed a direct contract with leading e-commerce cloud computing company providing CPaaS services across 10 countries, including India. We secured an exclusive B2C monetization deal with VI India, now active since April 1st, 24. We were appointed as an exclusive partner for A2P monetization with MNO in APAC. We have partnered with Robi Axiata, Bangladesh as a technical enabler's sales partner for RCS business messaging. We have installed our map server with Robi and we want to replicate the same solution with another operator globally.

In terms of new product achievements, we pioneered the metro ticketing ticket booking across WhatsApp and RCS for select Indian Cities, generating the highest user traffic in just three hours on WhatsApp business messaging.

On the award and recognition, Route Mobile was ranked as Tier 1 vendor in the A2P messaging market impact report by Roku, excelling in both enterprise and MNO categories, Awarded Juniper's Best Mobile Authentication Solution, Platinum Partner award, featured as a major provider in Gartner's Magic Quadrant for CPaaS and



highlighted in 4 Gartner's high cycle reports. I'm very proud of my team for having delivered a successful financial year and congratulate them on the great performance. Finally, leveraging a solid FY23-24 performance, the Board of Directors has a proposed a final dividend of INR ₹2 per share following an interim payout of INR ₹9 per share.

Now I will pass it over to Gautam to walk us through the financials in detail. Thank you for your time and let's continue working towards a successful FY25. Over to you Gautam.

Gautam Badalia:

Thank you, Rajdip. Good evening, everyone. To start with, we've already uploaded our quarterly earnings presentation on our website as well as Stock Exchange website. Hope you had a chance to go through the presentation. I'll quickly summarize our financial and operating performance during Q4 FY24 and for the full year FY24 before opening the floor for Q&A.

Further to what Rajdip said about the current industry dynamics, there were a few related factors highlighted in slide 14 of the earnings presentation which affected our growth and profitability in FY24. These factors are: the first factor essentially is MRM's Mr. Messaging's financial performance was adversely impacted in FY24. Owing to geopolitical issues in Europe and a particular client of Mr. Messaging undergoing the industry consolidation. So, some of these things affected and Mr. Messaging's revenue and that had a financial impact I mean on the payout as well as on the impairment that has been captured on the financials.

There was a sharp devaluation of Naira and that had impact on the revenue that he earned in the Nigerian market, and there was a provision for an onerous contract, which is already being renegotiated and hopefully I mean if things go fine in terms of the renegotiation of these provisions, we'll get addback into the books.



In volume terms, moving back to the business KPIs, in volume terms, we processed 34 billion transactions in Q4 FY24 and 126 billion in FY24. India continues to be our largest market by termination accounting for over 48% of our revenue by termination.

India termination revenues grew by 19% in FY24. The revenue contribution from US headquartered clients as a percentage of total operating income reduced from 46% in FY23 to 42% in FY24. Revenues from US headquartered customers grew by only 4% during the same period in absolute terms, you may refer to slide 19 for this. Further, Q4 is generally the weakest quarter for Masivian from a seasonality perspective.

In terms of the cash flow, we witnessed improvement in the normalized cash flow conversion in FY24 are normalized CFO to EBITDA conversion was 56% as against 45% in FY23. It is referred in Slide 16 of the earnings presentation. We believe there will be marked improvement in the free cash flow generation in FY25.

With this backdrop, let me walk you through our financial performance. In terms of Q4 FY24 performance, Q4 revenue from operations grew by 0.8% YOY and declined 0.7% sequentially to 10,170 million INR. Billable transactions was over 34 billion in Q4 FY24 as compared to 31 billion in Q3 FY24 and 27 billion in Q4 FY23.

Average realization per billable transaction declined to 30 paisa compared to 33 paisa in Q3 FY24 due to significant increase in the domestic volumes in India. Gross profit margin expanded to 21.8% as compared to 21.3% in Q4 FY23 and 21.2% in Q3 FY24. EBITDA for Q4 decreased by 9.4% YOY and 2.9% QOQ to 1,204 million INR due to reasons mentioned above, plus, there were a few expenses related to MWC and few other events conducted by the company during the last quarter.

EBITDA margin contracted from 13.2% in Q4FY23 and 12.1% in Q3FY24 to 11.8%. Profit after tax adjusted for exceptional items declined by 10.3% YOY and 5.3% sequentially to ₹934 million in Q4 FY24 with PAT margin declining from 10.3% in Q4 FY23 and 9.6% in Q3 FY23 to 9.2% in Q4 FY24.



In terms of the full year performance FY24, revenue from operations grew by 12.7% from Rs. 35,692 million in FY23 to Rs. 40,233 million in FY24. In terms of certain KPIs, billable transactions increased from 107 billion in FY23 to 126 billion in FY24. Average realization per billable transaction was 32 paisa as against 33 paisa in FY23. We had a net revenue retention of 106%.

Gross profit margin decreased to 21.4% in FY24 versus 22% in FY23. EBITDA non-GAAP grew by 8.4% to 4,949 million rupees in FY24. EBITDA margins stood at 12.3%.

In terms of operating leverage, EBITDA as a percentage of gross profit stood at 58%. Effective tax rate for the year was around 15%.

Profit After Tax adjusted for exceptional items grew by 11.7% YOY to 3,720 million rupees in FY24 and PAT margin was 9.2%. Average receivable days increased to 80 days and payable days increased to 66 days. We onboarded 43 employees during Q4FY24 and 53 employees left during the same period. With these highlights, we open the floor for Q&A.

Moderator: Thank you very much Sir. We will now begin the question-and-answer session. The first question is from the line of Nikhil Choudhary from Nuvama. Please go ahead.

Nikhil Choudhary: Hi, thanks for the opportunity. My first question is on the revenue growth expectations. we have been guiding our remaining growth each year. What stop us from not giving numerical guidance this year or any range band you can highlight for growth expectation in the FY25?

Rajdipkumar Gupta: So, let me just answer this. Maybe Gautam can add. So, Nikhil, I think there is lots of synergies post deal with the Proximus which needs to be planned and I think that is one reason we are not able to give any guidance at this point of time. Gautam, if you want to add to this.



Gautam Badalia: Yeah.. So absolutely, I think we are expecting the closure to happen anytime now and once the closure is done, I think a lot of these synergies will be quantified and some of these are material and will want shareholders' approval. So once some of these things are kind of approved by the shareholders, I think it will be worthwhile to then give the guidance for FY25 and beyond. So, I will request you to kind of bear with us for maybe some time before we kind of talk about, but as Rajdip highlighted, I think some of the large deals have already gone live like the Vodafone deal has gone live from April 1, so some of those benefits are naturally kind of defined flow through now. But the synergy I mean because these are material numbers and we'll have a significant bearing on the full year performance in FY25. And hence I think we'll request you to kind of just hold it till we get the share minority shareholders' approval for the same.

Nikhil Choudhary: Can you at least quantify what kind of benefit you are seeing now you know there is almost complete while you might not want to classify it between FY25-26, but after the merger, now you have more clarity, more integrated. Can you please quantify how much could be potential benefit or the synergy?

Gautam Badalia: I think it will be worthwhile for us to kind of validate or give any of guidance once the transaction is closed. So please bear with us for a few days. I think for the transaction closure and then I think we can publicly talk about a lot of these numbers.

Nikhil Choudhary: Sure Gautam. Also, clearly, we are seeing challenges in the ILD revenue side and ILD revenue fund declined in this quarter. Right? Any color and what kind of visibility you have going forward, especially on growth perspective?

Rajdipkumar Gupta: So, Nikhil, I think we went live with Vodafone Idea Firewall on 1st of April and we do see a growth in traffic at our end and I think our firewall is doing fantastic job. There were some leakages which we have identified. I think the Vodafone team is already taking action on it. So, I think as of now, we are just one month, you know, like in terms of our exclusive deal with the Vodafone idea and we have seen a growth on ILD volume. But I'm sure that volume will grow in coming quarters as well.



- Nikhil Choudhary:** Sure.
- Gautam Badalia:** Nikhil, just to add, I think we had from an Indian ILD standpoint, I think there was a growth. I mean while it was a single digit growth, we witnessed growth. So, there was no decline per say from an Indian ILD standpoint. I think the decline was largely more from the rest of the world standpoint, more to do with Mr. Messaging and Masivian. And just to seasonally, I mean it's a weak quarter for Masivian, so some of these things had a little bit of a bearing from a growth in volume standpoint.
- Nikhil Choudhary:** Got it. Gautam, my last one is on the Rs. 100 crores of line credit facility we have issued for Route UK. Any color what it is for?
- Gautam Badalia:** Yeah. So, this is essentially for a bank guarantee that we have to give it as part of our contractual arrangement. So, it is essentially backed by fixed deposits. And since Route Mobile UK is kind of doing it and the fixed deposits are being held in India so this was this approval was warranted.
- Nikhil Choudhary:** So, what we have mentioned improvement in cash flow is including the assumption of 100 crores going perfect deposits, right?
- Gautam Badalia:** No, it is 100 crores doesn't go out of the balance sheet. So essentially this is cash sitting on the balance sheet. So, this is only a guarantee which is a non-cash, I mean outside balance sheet.
- Nikhil Choudhary:** Yeah Gautam, understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.
- Dipesh Mehta:** Yeah. Couple of questions. First about the onerous contract, if you can provide some detail about this onerous contract, where we made some provision. Second question is



about the EBITDA margin. I think you indicated 60 bps one of in the 24. So, we want to assume that 60 bps so will not recur and your margins would be 60 bps higher in next fiscal. 3rd question is about new product, new product again quarter on quarter seems to be down so more like flattish performance even though industry and some of your peers own good extra lesson. So, if you can provide some color around it? Thanks.

Rajdipkumar Gupta:

Dipesh, I will start from question number 3. You know like so I don't know what my peer is doing but as far as our customer onboarding is concerned on RCS or on WhatsApp or on other channel of communication we are doing fairly well and we have a great pipeline and we are definitely looking out to scale this business in coming months. So as a company I think we are very bullish about this growth potential which we are right now seeing based on the current pipeline. Gautam, over to you.

Gautam Badalia:

Yeah. So just adding to that question no. 3, so essentially Masivian has a very good profile of some of these new products that they have been able to cross sell a lot of these new products. Unfortunately, this is a seasonally weak quarter, but for Masivian, I think we have overall I think grown our new products business meaningfully well. But I think Masivian was that because of the seasonality it's a little bit of a drag on the new product's growth. Coming to the onerous's contract, I think the onerous contract I mean because of confidentiality and because of the competition sensitivity is around it, you would not want to kind of call it out, but we can kind of give you a perspective that this is being negotiated and once the negotiations are through, we'll be able to kind of get some benefits back to the as I write back I mean to the books, so at this point in time, we'll want to reserve our comments on this, the onerous contract. But I mean there are active negotiations already happening on this ground. And on the second question, I think on the EBITDA margin, yeah so, I think Q4, typically we have a little bit of one off, I mean in terms of some of the events that we attend in terms of our AOP planning that happens and plus, the drag because of the variable payout as well. So, some of these things I think were a bit of a track, but yeah, some of these things should normalize. We are hopeful, I think MRM I think should bounce back strongly. So, they're kind of



working very closely now I think across their teams to see whatever synergies they could reach from the group. So yeah, so I think that's where we are.

Dipesh Mehta: Just to get further detail about the EBITDA margin, when I refer, I was not referring for quarter four, I was referring from FY25 because in your presentation you mentioned 60 bps impact in FY24. Because of various factors you highlighted. So, my question is more about next year when you look from margin perspective, do you think that is likely to be fully recovered?

Gautam Badalia: So Dipesh here in again I mean so as I said, I think there will be a lot of material related party transactions, so I'll request that we discuss this once some of these approvals from minority shareholders.

Dipesh Mehta: And just on the onerous contract, whether it is a, because it pertains to domestic market related business or it is outside of India business.

Gautam Badalia: No, it is outside of India.

Dipesh Mehta: OK. Thank you.

Moderator: Thank you. The next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Yeah. So, thanks for the opportunity. So, the first question is, you mentioned about the changing landscape in which enterprises were looking for cost optimization and also in terms of alternative channels for communication. So, if you can please elaborate and started from November onwards, so how do you see this situation there? Has it stabilized and how we, see that shaping maybe in the next year because this shift was mostly from the traditional channel to the OTT channel and now with the price hike in the OTT channel also can we see stability in the domestic and the ILD, volumes and also shift in terms of the channel is not reflected in our in our numbers, in terms of the, like



new growth areas like if you see yoy it is there but sequentially we are not seeing that kind of growth. So how to read that?

Rajdipkumar Gupta:

So, Amit, let me just start this. I think if you talk about the large OTT players, they have actually cut down their costs and they are not moved their channel to another channel like if they're sending OTP through SMS, they have not moved that to WhatsApp or other channels. So that so in fact as a company, we are already in talks with large OTT players, if they want to shift their channel for A2P, we as a company we are happy to help them in those areas as well and we are in talks with various other channels OTT players if they to use multiple channels provided by Route Mobile and as far as the volume is concerned, I think we do see stability now. We see that in last few months the numbers are getting better come from OTT players and they do understand the potential of SMS being better way to authenticate than other channels because of lots of data security and other aspect which they also believe in. So, for me, the next few quarters are coming years down the line, ILD business will flourish and the people only place will come to this because for WhatsApp price hike to 2.5 cent makes more sense for them to go for OTP channel. But there are many companies that they're looking out to use WhatsApp channel, we definitely as a company will provide those API's in various parts of the world.

Amit Chandra:

OK. And Sir, in terms of the VI deal, you know we're happy to hear that it has gone live. So, you mentioned in earlier calls that in terms of the overall you know revenue potential, so how we can see the ramp up here? So, like from first month only it has picked up or it will take time to ramp up to the fullest potential?

Rajdipkumar Gupta:

It has picked up from first month onwards, said very we definitely see a growth coming from large OTT players as well because of our firewall we are able to block lots of leakages which were happening domestically as well as on GT level coming from outside. We were able to mitigate those risks through our firewall and there are lots of new channels being used for grey routes like a flash call. We have identified those leakages and we shared the entire detail with the Vodafone and we tried to put



mechanism on a firewall to block those. So, we have definitely seen a growth in ILD business in last month.

Amit Chandra:

OK, and my last question would be when I mentioned that the weakness is coming mostly from Mr. Messaging and seasonally weak Masivian and so these two acquired entities have been facing problem over the last I think 2-3 quarters. So, most of the challenges you're seeing are in this portfolio and if you can elaborate more what kind of challenges and if the client exists, or if you can elaborate more or give some more color what's happening there?

Rajdipkumar Gupta:

So as Gautam mentioned, Amit that because of the geopolitical issues, you know like they were serving some customers in Russia and Ukraine kind of thing and those customers got impacted. So, I think there's a reason behind it and we are working very closely with Mr. Messaging; as far as Masivian is concerned, I think they're doing fairly well and Q4 for them, it's always a weak quarter, but as far as the growth is concerned Masivian is doing fantastically well. On a Mr. Messaging side, we as a group company working very closely with them in terms of supporting them to win more contracts in their region. So, I think both the companies are fairly well placed and whatever dip we have seen in the market because of the certain geopolitical issues in past.

Amit Chandra:

OK. Thank you.

Moderator:

Thank you. The next question is from the line of Swapnil Potdukhe from JM financials. Please go ahead.

Swapnil Potdukhe:

Hi Rajdip. Hi Gautam. Thanks for the opportunity. My first question is with respect to the ILD messaging trends right. Now you mentioned that some of the weakness that we are seeing is because of things happening outside of India, especially MRM and Masivian. Now the question here is, if that is so, were some of the entities in US which contribute meaningfully to your revenues, in the Americas 42% and Europe, 14%, do they also include someone like a Facebook, Google, Amazon and they were the main



customers in those particular regions as well and that is why the impact is there already or it is something very, very regional to those particular geographies?

Rajdipkumar Gupta: It's very regional to those geographies.

Swapnil Potdukhe: Ok. And if you could elaborate a bit more Rajdip, I mean, is it like the Ukraine situation is something which is happening affecting you?

Rajdipkumar Gupta: So, Mr. Messaging, we're working with some large customer base out of Russia, you know like they were, they had a large contract with them and because of their operating from Europe, they've been told to stop working with those customers. So, I think there's one impact. There's a I think, Gautam you want to add to this?

Gautam Badalia: Yeah. So, I think on the ILD front in India, I think from some of these US headquartered clients, we've been doing well, but it could much have been much better, I think for some of these clients, I mean, they've been a little cautious about their spends. So, some of that I think is being reflected across the board. It's not only relevant from a route mobile standpoint and across the Cpaas industry, but now I think with this WhatsApp pricing, I think they're talking about 2.8 cents. So, it's pretty much, I mean close to the parity levels of ILD pricing. So, we believe a lot of these things will come back. Some of the issues related to, as Rajiv highlighted, Mr. Messaging and Masivian are more regional and once they start to get the traffics back, I think we should do fairly well, but we're waiting for at least some of these ILD traffic to ramp up, especially now with the VI deal going live.

Swapnil Potdukhe: So, on that Gautam at one point of time you mentioned the VI deal has a potential of around \$100 million in revenue terms. Does that figure stay the same or is there any change because that was; I think two or three quarters back.



Gautam Badalia: We continued to serve VI even in the previous year. So, adjusted for I mean whatever revenue that gets cannibalized, I mean we should do incrementally about 500-600 crores from the VI deal.

Rajdipkumar Gupta: So, I think Swapnil, we need to also understand the synergy between Proximus, Telesign and Route Mobile, you know, like and I think keeping that in mind, I think we need to understand that there is definitely a potential where we have a direct access of some of the large US customers which we don't have as a Route Mobile as of now. So, we will definitely come up with a strategy to how to win more large OTT players sitting in the US and how to serve directly working with directly with Telesign to win more large accounts, so keeping all those in mind, I think we are very fairly very much sure that we will achieve that number of 500-600 crore which we have guided.

Swapnil Potdukhe: No, but is that a change from the earlier assumption that the VI deal will add around 800 crores of incremental revenue to your top line? And now it is just 500 to 600?

Gautam Badalia: No, no. So, Swapnil, we continue to terminate about 200 odd crores of revenue. I mean we doing that as we speak even last year right? So, to that extent I mean that would be revenues that will get cannibalized this year. So that 800 needs to be adjusted for whatever we've been doing last year, right.

Swapnil Potdukhe: OK, OK. And the other thing is with respect to your receivable days going up meaningfully this year. Now, is it entirely related to the firewall deals or is there more to read?

Gautam Badalia: No, we realized a chunky bit of payment, I mean towards the first week of April. So that had a little bit of a bearing in terms of the receivable days going up.

Swapnil Potdukhe: OK, but that jump has been meaningful.



Gautam Badalia: Yeah, it is meaningful. You're right. So, it was. It was a large OTT payment, a couple of large OTT payments that we received during the first week of April.

Swapnil Potdukhe: OK, OK. And this one off provision, have you already provided for it or and if you have provided where exactly will that reflect?

Gautam Badalia: No, it is part of the exceptional items and you can maybe also refer it as within the cash flow statement.

Swapnil Potdukhe: OK. So, any recovery from over there will not be get reflected in your operating profit. Is that an understanding correct then? it will come in other income or somewhere?

Gautam Badalia: Yeah, it will get. Maybe the get kind of written back in the same head, yes, you're right.

Swapnil Potdukhe: OK. And the last question is with respect to your domestic volumes, how have they moved in the recent past? I mean, is there any incremental thing you know addition in terms of clientele? Earlier you used to disclose that you were winning some BFSI clients and all. Has there been any incremental gains or this?

Gautam Badalia: So, per seen in India, I think we've done fairly well. I think domestic volumes have grown in double digits. For India. So, there I think we are very, very bullish.

Swapnil Potdukhe: And this is despite the fact that there is in a 20 odd percent hike in the NLD pricing last one or two quarter?

Rajdipkumar Gupta: Yes Swapnil. Yes, you're right. We in fact, we are able to close some large account last quarter and we already have some great pipeline for this quarter as well.

Swapnil Potdukhe: OK. Thanks. Thanks for that. All the best.



Moderator: Thank you. The next question is from the line of Shivan Rajesh Kabra, an individual investor. Please go ahead.

Shivan Rajesh Kabra: I wanted to ask you about receivables. . So, can we throw some light on that?

Gautam Badalia: I think you are asking about the receivables. I think we've just answered it prior to this. I think the query I think was on receivables. So, I think we received a large payment from a few OTTs and clients during the 1st 10 days of April and hence that receivable, the queue that you see there got impacted.

Shivan Rajesh Kabra: OK. Thank you. Thank you. That's it.

Moderator: The next question is from the line of Gokul Maheshwari from Awriga Capital. Please go ahead.

Gokul Maheshwari: So, my question is that you guys were working on certain firewall deals in LATAM market. Is there any update on that?

Gautam Badalia: So, I think it is an ongoing and these are these are a little confidential kind of information to be shared publicly. So, I think some of these things are being kind of chased by the teams and they're working closely on those opportunities as and when they fructify, we'll come back to you with an update.

Gokul Maheshwari: Sure. Secondly, just on the receivables front, if you could just quantify the amount which you would have given as an advance to the telecom operator, I mean given that it is there in the balance sheet, but the revenue flow is not yet happened for those investments. Can you exactly quantify that?

Gautam Badalia: Yeah. So, I think on the balance sheet, I think it is called out on the cash flow statement in the notes. So about 448 odd crores is what was given out and out of which I think we would have consumed about 70 odd crores during the during the year gone.



Gokul Maheshwari: Ok. And lastly, just on the international messaging, could you just give an indication of what is the volume growth for the industry and or volume growth or degrowth in the industry for FY24 and how would have Route fared versus the industry performance?

Rajdipkumar Gupta: So actually, there is no data published as such, but we have seen a domestic growth in various market wherever we work in the domestic market, whether it's Mid-east, Africa or India or in other Asian countries where we directly operate and work with enterprises. We have definitely seen a growth on the domestic front and as a company I think we are very bullish to focus more on the enterprise side and I think that's what I can share. But we don't have any number as such about the overall market growth in last year.

Gokul Maheshwari: OK, great. Thank you so much.

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

Dipesh Mehta: Yeah, just one performance number for MRM and Masivian if you can give some revenue and EBITDA kind of thing, even maybe QoQ or YoY comparison, how they fared? Second question on the receivable, if I look three months above 3 months, it is 18%. It seems to be slightly higher than usual trend. If you can, I understand you said some of the payment you received, but above 3 months, 18% seems to be on higher side. If you can give some sense.

Gautam Badalia: So, in terms of, I'll give you the quarterly numbers for Masivian and MR Messaging. So Masivian did about 514 million in INR terms so there was a 17% QoQ drop there. MR Messaging, they did a 1,795 million in Q4 FY24, so again they also witnessed about a 17% QoQ decline. For Masivian, as I highlighted earlier, it was more seasonal. Yeah, on the receivables are large part of our receivables also comes from a lot of these PSU



clients where there are quarterly settlements. So maybe I think there is a little bit of a skew because of that.

Dipesh Mehta: So, do you expect it to be that kind of thing above three months also almost 1/5 of your receivable?

Gautam Badalia: So Dipesh, maybe we can discuss it offline.

Dipesh Mehta: Sure, thanks.

Moderator: Thank you. The next question is from the line of Ronak Chheda from Awriga Capital. Please go ahead.

Ronak Chheda: Yeah. Hi, Gautam. Hi Rajdip. I have couple of questions. First is on the revenue retention, which is coming at 106%. Now I understand you've already spoken on the industry not doing well, but how should one look at this number is this sustainable net retention ratio which should be assuming for the business going forward given the environment we are in, that's the first question.

Gautam Badalia: So, Ronak first I think FY25 looks much better from a growth standpoint and a lot of this growth will be garnered from existing clients. So, I think the NRR should improve materially in FY25. Once I think we will be able to kind of give you more color that some of these synergy approvals are in place with respect to Proximus, I think that that point in time we can also touch upon I mean how we see this and our and our improving during the course of this year.

Ronak Chheda: OK. And the second question is on, we've seen the volume growth on the transactions of around 17-17.5% for the full year versus the revenue growth is around 12-12.5%, right? So, when you tap this, what I'm trying to gauge is how should we look at the volume because you mentioned that now there is some volume has gone and exited the system and some of this has changed the channel. The volumes which have changed,



the channel should not have should still be part of this number, right? So how should we look at the volume which is exited?

Gautam Badalia: A significant increase of these volumes is attributable to domestic volumes, which is at a much lower realization.

Ronak Chheda: OK, so for a full year basis, qualitatively ILD volumes would have degrown for us?

Gautam Badalia: No ILD quarterly volumes have increased.

Ronak Chheda: For the full year?

Gautam Badalia: Yeah. For the full year, ILD revenues have gone up because I think there was a price increase also during the course of the year.

Ronak Chheda: No, no, I'm asking on the volume this is.

Gautam Badalia: Yeah, because of the price increase, the volumes have come off.

Ronak Chheda: Yes.

Gautam Badalia: Yeah, there was a decline in the ILD price, you're right. ILD volume, sorry.

Ronak Chheda: So, the ILD volumes on a full year basis have must have degrown and lot of this is domestic and hence this and in Rajdip's opening remarks he mentioned that there are some of these are more structural changes right for the industry itself. How are you thinking now for the industry itself to recover from these structural changes? Do you see a case for industry to do a double-digit volume growth over next three years or that would be farfetched given how the clients are thinking?



Rajdipkumar Gupta: So, you have to see Ronak in two ways like there will be definitely a volume growth going to happen because of the multi-channel approach by the customer. So, we will see a growth in omnichannel, whether it's the WhatsApp RCS and the e-mail or maybe SMS. So overall transaction growth is definitely going to be there and how much is going to be on SMS and how much is going to be on RCS or Whatsapp probably that is we have to wait and see. But I can just let you know in terms of adoption and transaction growth is happening across the channel and that is exactly one good thing where we believe as an industry. In fact, all the cheapest companies are now very well placed to offer multiple channels to their existing customer as well as to the new customers. So overall transaction is going to increase in coming years down the line.

Ronak Chheda: Understood. And this Proximus deal is supposed to get closed in next couple of weeks that is how we should be reading into your commentary?

Gautam Badalia: Yeah, I think this month is what I think we are anticipating for the closure and it could happen very, very soon.

Ronak Chheda: OK. Thank you.

Moderator: Thank you. We'll take the next question from the line of Aniket Kulkarni from BMSPL Capital. Please go ahead.

Aniket Kulkarni: Yeah, good evening and uh, thank you for the opportunity. So, with respect to this, VI India deal, is there any concern regarding receivables given the financial situation of the company or I mean do they pay upfront as the contract unfolds?

Gautam Badalia: So strictly speaking, we would monetize that revenue from the enterprises, collect the revenue and then pay to VI. So, per se except for whatever is the advance given. I mean there is no delinquency risk so to say. But I mean on a monthly basis also we keep realizing substantial chunk of revenue from those enterprises for which we have to settle with VI. So, per se, I mean the risk associated is very, very miniscule.



Aniket Kulkarni: Uh, and can you quantify how much advance has been given so far?

Gautam Badalia: So that is again, I mean confidential. So, we would not want to divulge it in any public forum. And we are also bound by the confidentiality in the agreement.

Aniket Kulkarni: OK, OK, no worries.

Gautam Badalia: Part of the number that's already called out in the balance sheet. So, we've given advances to few operators to the extent of those Rs. 448 crores, which is there in the balance sheet.

Aniket Kulkarni: All right. And secondly on the debt front, the debt seemed to have gone up on a year-on-year basis. So, is there anything particular in this or it's just normal business?

Gautam Badalia: Yeah, I mean it is just normal. I mean, so average maturity of this debt would be like kind of a year.

Aniket Kulkarni: OK, so it should return back to because it went from 140 to around 380 odd crores, so...

Gautam Badalia: Yeah, that's correct. So, for a lot of these contracts that we have done, we would have part of these in a certain currency and then taken the debt and then some of these are on a monthly basis self-retiring.

Aniket Kulkarni: OK, OK, understood. Alright. Thank you so much.

Moderator: Thank you. The next question is from the line of Devraj Singh, an individual investor. Please go ahead.



Devraj Singh: Yeah, hi. I actually I had two questions, but one has already been answered. So, I just have a small question I think about, I would say about two or three calls ago you had shared something regarding the intention of Proximus not to take Route private right.

Rajdipkumar Gupta: Sorry, please can you just repeat your question, please?

Devraj Singh: Yeah, sorry. So, I just want to say that a few calls ago you had mentioned the intention of Proximus not to take route to private. So, does that still stand?

Rajdipkumar Gupta: That indeed still stand, and I think there is no plan of taking Route private.

Gautam Badalia: And the intention was captured in the open offer document as well.

Devraj Singh: Right, I know, but considering the amount of equity that has been tendered, I was just wondering if anything has changed? That. Thank you for that. And the second question I wanted to ask is that the one of the consistent themes has been that the synergies with Proximus will help us get to a better margin profile, right? So, considering the deal has been in the works for a long time now, I just want to know what sort of margin profile is all the new products that have been launching. I'm seeing that the new product revenue is approximately 50 or something like that. So, I just want to understand what sort of margin profile are the new products showing?

Gautam Badalia: Yeah. So, the new products, I mean most of the new products entail a much higher margin than the SMS margins, so,

Devraj Singh: Right, and that would be around?

Gautam Badalia: Yeah, it could vary from 30% to 75-80% and in case of emails, right so at a blended level it should be around that 30-35%.

Devraj Singh: 30% also. OK, that's what what's guided earlier as well.



Moderator: Thank you. The next question is from the line of Ritu Shah from Janak Merchant. Please go ahead.

Ritu Shah: So, I just wanted to ask, so what's the purpose of giving a security deposit to the MNO? As in, is there any risk they have from our side? We're just giving a service. So why a security deposit?

Gautam Badalia: No, it is a contractual negotiation that has happened and it's essentially a quarter. So, they are giving their network exclusively to us to manage it for them. So, for which they take the security deposit.

Ritu Shah: OK. So, if like renew it after four to five years, once we're done, we get back the deposit, right? And then if we renew the contract, we have to give the deposit again every time?

Gautam Badalia: Yeah. So, it depends on the negotiations then. But yeah, I mean this can be rolled over to the subsequent period if the contracts are renewed.

Ritu Shah: OK. OK. Thank you.

Moderator: The next question is from the line of Sangram Kanade, an individual investor. Please go ahead.

Sangram Kanade: Yeah, actually one of my questions that when will be the deal closed with the Proximus is already answered so, thank you with that. Secondly, I wanted to ask the 1 billion targets of the management, actually we missed the profits guidance in the FY24. So, is the target still on? And the second question for today is Will the top management in the Route mobile get changed post the Proximus deal?

Rajdipkumar Gupta: So, to answer your first question, Sangram, I think we are very much intact with our \$1 billion revenue target and we are working towards that. If you see the kind of work we



are doing on different channels, the kind of synergies we are working with our customers and along with this partnership with Proximus deal also going to add lots of value to Route mobile and I think in terms of management I think we may not able to share any information as of now. Probably you can just wait and watch post the deal happens.

Sangram Kanade: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now hand the conference over to Mr. Rajdipkumar Gupta for closing comments. Over to you Sir.

Rajdipkumar Gupta: Thank you everyone. Thanks for showing your interest and thank you for all your support as an investor. Looking forward to support again and once again thank you once again. Have a nice evening guys. Take care.

Moderator: Thank you very much, Sir. Thank you, members of the management on behalf of Route Mobile Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.