

Route Mobile

Refer to important disclosures at the end of this report

India's premier play in fast-growing CPaaS space

CMP	Target Price
Rs 1,526 as of (May 21, 2021)	Rs 1,820 12 months
Rating	Upside
BUY	19.3 %

- ROUTE is a leading player in Communications Platform as a Service (CPaaS) with strong relationship with telecom operators, particularly in the Indian subcontinent, MEA and LatAm regions. Strong industry tailwinds (~30% CAGR over 2020-25E), presence in fast growing markets and new product expansions should drive revenue/EBIT/EPS CAGRs of 25%/33%/34% over FY21-24E.
- ROUTE's EBITM is expected to expand ~210bps over FY21-24E on the back of operating leverage with growing scale and increasing revenue share from new more profitable engagement channels and products.
- Global scale, direct reach with over 265 MNOs and access to over 800 mobile networks enable ROUTE to offer flexibility of multiple routes, swift delivery and lower cost of delivery per message, driving strong value proposition to clients and better mining.
- We initiate coverage on the stock with a Buy rating and a TP of Rs1,820 at 44x Jun'23E EPS (backed by our long-term DCF analysis), considering favorable industry tailwinds, asset light business, strong earnings profile (~34% CAGR over FY21-24E), return ratio (>25% ROE) and cash generation (~100% FCF/profit).

Industry tailwinds to support strong growth momentum: Strong presence in fast growing markets, growing product offerings and strong industry tailwinds (~3.5x growth over 2020-25E) should support revenue growth. With the rise of social media and growing channels of communications (like email, RCS, WhatsApp Business), communication between enterprises and consumers has become clouded, which is driving the use of CPaaS to integrate these siloed communications, to collect consumer insight and to give better customer experience. Usage-based pricing model helps ROUTE to participate and benefit from higher consumption over time even after factoring in price discounts passed on upon reaching certain volume thresholds. Strong presence in the fast-growing Indian subcontinent, MEA and LatAm markets and growing digitization in these markets provide tremendous growth opportunities.

Super network, scale and global presence give competitive edge: ROUTE has direct relationship with over 265 MNOs and access to over 800 mobile networks. Super Network, scale and global presence enable ROUTE to offer flexibility of multiple routes, swift delivery and an ability to optimize cost of delivery per message to its enterprise clients. These factors also give ROUTE a competitive edge as large enterprises prefer to deal with vendors having a global presence, trusted partnership with MNOs to monetize traffic and their infrastructure effectively, and better rates from telecom operators with higher volume commitments.

Expect earnings to grow at 34% CAGR over FY21-24E: Industry tailwinds, presence in fast growing markets and rising share of new products should drive a ~25% revenue CAGR over FY21-24E (lower than the industry to factor in dependency on relatively slower growing SMS messaging). Rising share of new channels like RCS, WhatsApp, email, voice, etc. (higher gross margins than SMS) and better business mix would drive gross margin expansion. Growing scale of business will drive better gross profit to EBITDA conversion. Strong revenue growth and ~210bps expansion in EBITM will drive a 34% EPS CAGR over FY21-24E.

Key Risks: 1) client concentration; 2) failure to adapt to the changing technological requirements; 3) foreign exchange.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology \(Page 29\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	9,563	14,062	17,711	22,133	27,672
EBITDA	1,000	1,741	2,326	2,988	3,902
EBITDA Margin (%)	10.5	12.4	13.1	13.5	14.1
APAT	732	1,333	1,875	2,409	3,221
EPS (Rs)	14.6	23.1	32.5	41.7	55.8
EPS (% chg)	28.5	57.9	40.6	28.5	33.7
ROE (%)	29.7	28.9	25.4	25.9	27.1
P/E (x)	104.3	66.0	47.0	36.6	27.3
EV/EBITDA (x)	75.7	47.9	35.4	26.8	19.7
P/BV (x)	28.3	13.5	10.7	8.5	6.6

Source: Company, Emkay Research

Change in Estimates

EPS Chg FY22E/FY23E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	NA

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	32.5	41.7
Consensus	32.2	42.9
Mean Consensus TP (12M)	Rs 1,652	

Stock Details

Bloomberg Code	ROUTE IN
Face Value (Rs)	10
Shares outstanding (mn)	58
52 Week H/L	1,980 / 625
M Cap (Rs bn/USD bn)	88 / 1.21
Daily Avg Volume (nos.)	458,835
Daily Avg Turnover (US\$ mn)	10.1

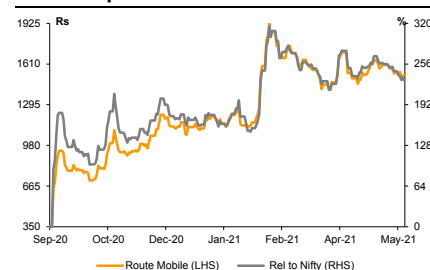
Shareholding Pattern Mar '21

Promoters	65.4%
FIIIs	15.9%
DIIIs	5.8%
Public and Others	12.9%

Price Performance

(%)	1M	3M	6M	12M
Absolute	2	(18)	54	-
Rel. to Nifty	(4)	(19)	30	-

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Dipesh Mehta

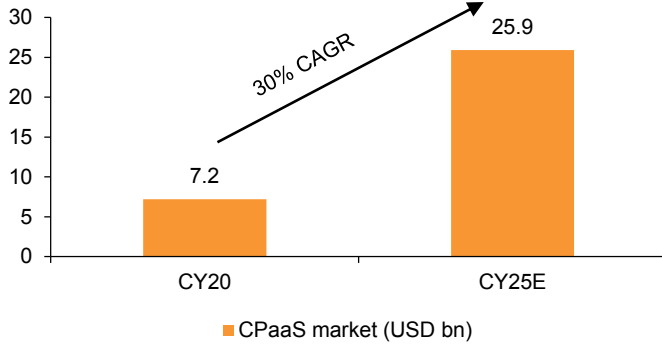
dipeshkumar.mehta@emkayglobal.com
 +91 22 6612 1253

Monit Vyas

monit.vyas@emkayglobal.com
 +91 22 6624 2434

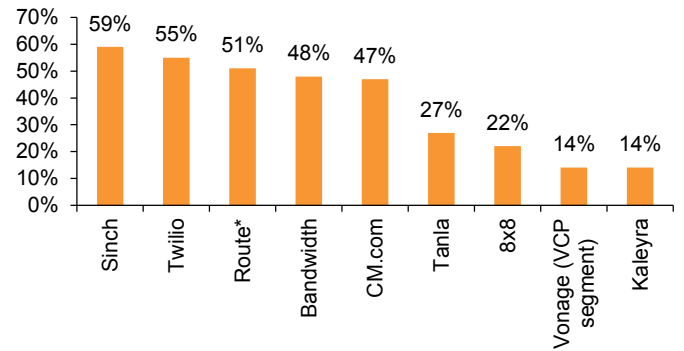
Story in Charts

Exhibit 1: CPaaS market is expected to grow at 30% CAGR to USD25.9bn by CY25



Source: Juniper Research, Emkay Research

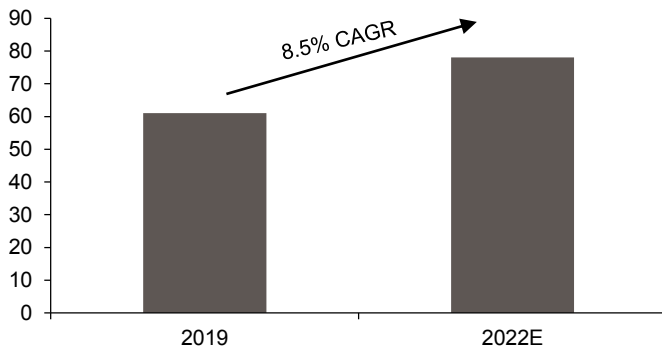
Exhibit 2: CPaaS players reported strong growth in CY20 amid pandemic



*Route data for 9M (Apr-Dec'20)

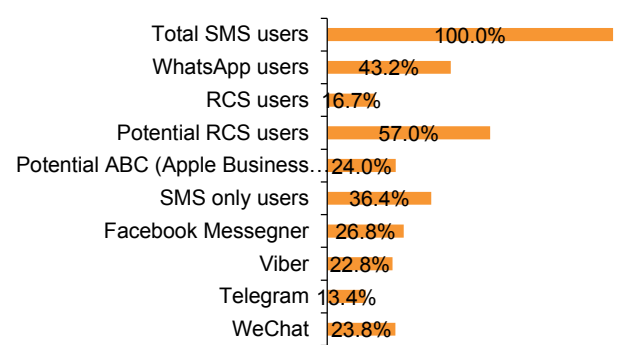
Source: Company, Emkay Research

Exhibit 3: A2P messaging is expected to grow 8.5% to USD78bn by 2022



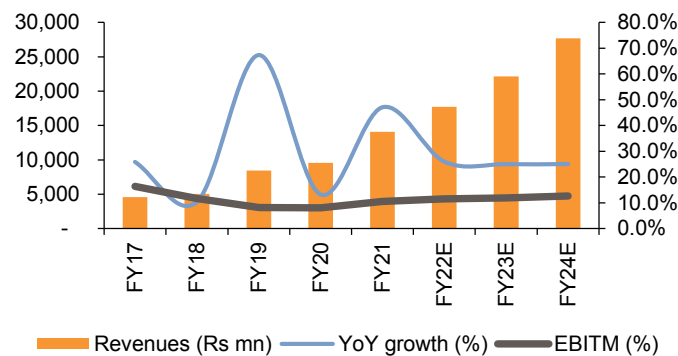
Source: Juniper Research, Emkay Research

Exhibit 4: Messaging user penetration - Global channel reach as % of total unique mobile users



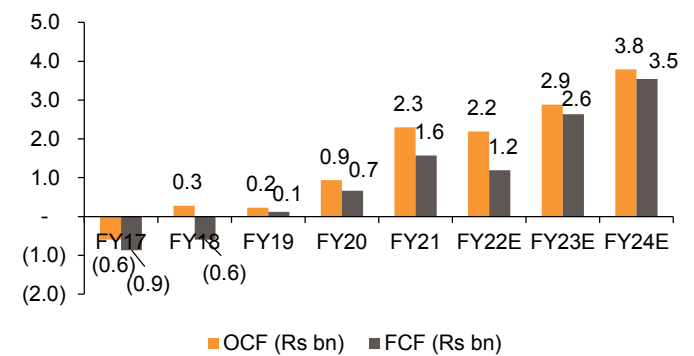
Source: mobilesquared, Emkay Research

Exhibit 5: Revenue growth momentum to sustain; EBITM to expand ~210bps over FY21-24E period



Source: Company, Emkay Research

Exhibit 6: Low capital intensity to drive strong cash generation



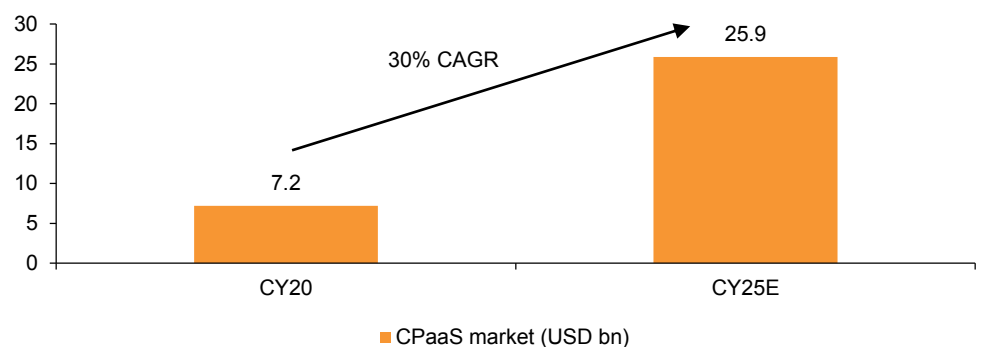
Source: Company, Emkay Research

Investment rationale:

CPaaS industry to grow at a rapid pace: ROUTE is a leading global CPaaS player. According to Juniper Research, the CPaaS industry is expected to grow at a ~30% CAGR over CY20-25 to USD25.9bn in CY25E. Addressable market is evolving as enterprises and CPaaS players continuously innovate, broaden their offerings, acquire new capabilities through M&A, and create new use cases. Further, the Covid-19 crisis has led to the digitization of activities like commerce and business transactions, resulting in a surge in demand for Communications Platform as a Service. According to a Digital Engagement Survey undertaken by Twilio, Covid-19 was the digital accelerant of the decade and it has accelerated the digital communication strategy of companies across industries on an average by six years. It further highlighted that one in three companies has started using live chat and IVR channels for the first time and has increased use of digital tools such as live chat, email, video, voice, SMS and chat bots. Also, as per the survey, only 8% of organizations are unlikely to expand their digital communication channels as the world reopens. Covid-19 has led to a broad-based adoption of digital communication and the increased budget allocation toward digital communication is likely to spur growth of the CPaaS industry. Being a leader, ROUTE should be able to capitalize on strong industry tailwinds, in our view.

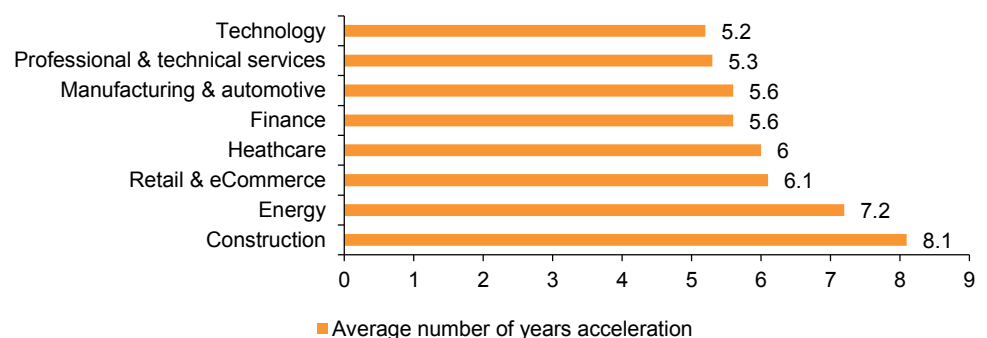
Twilio, a leading CPaaS player, has expanded its addressable markets considerably over the last few years by expanding its product offerings through organic and inorganic means. Its recent presentation indicated the addressable market size of USD79bn in 2020 and it is expected to grow to USD110bn in 2023 as compared to USD46bn in 2017 at the time of S-1 filing.

Exhibit 7: CPaaS market is expect to grow at ~30% CAGR over CY20-25



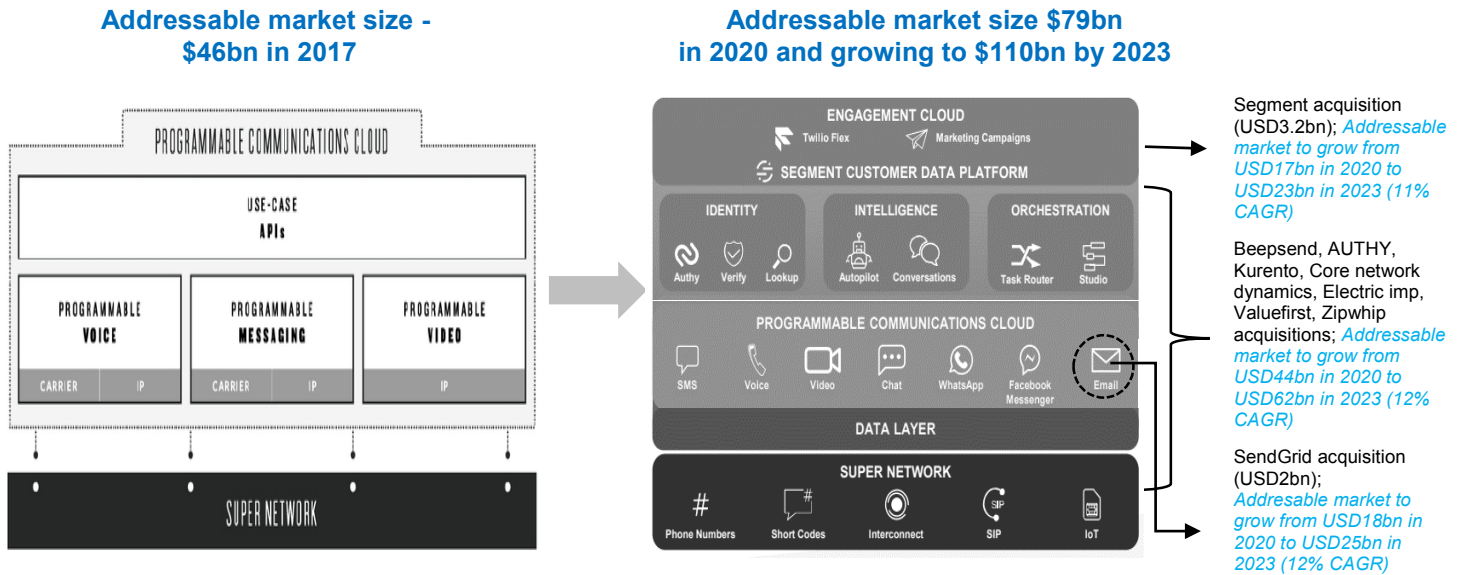
Source: Juniper Research, Emkay Research

Exhibit 8: Average number of years of acceleration in digital communication strategy due to Covid-19



Source: Twilio Covid-19 Digital Engagement Survey Report, Emkay Research

Exhibit 9: Twilio has used inorganic means to increase its total addressable market, which has increased substantially in the last few years

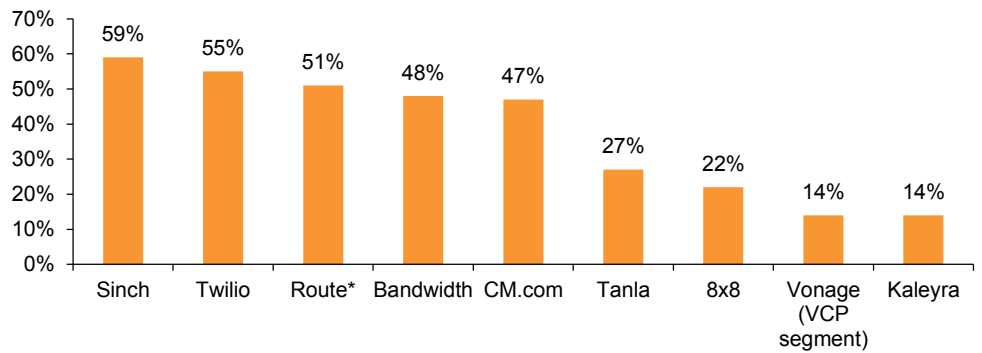


Market Cap – USD2.5bn (CY16-end)
CY16 revenue – USD0.3mn

Market Cap – USD54.6bn (Mar'21-end)
TTM Revenue – USD2bn

Source: Twilio, Bloomberg, Emkay Research

Exhibit 10: CPaaS players reported strong growth in CY20 amid pandemic



* Route data for 9M (Apr-Dec'20)

Source: Company, Emkay Research

Exhibit 11: ROUTE is recognized as an established CPaaS leader

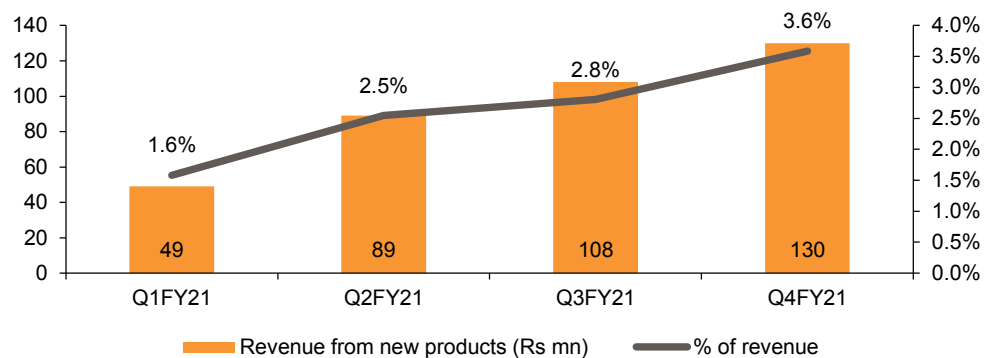
Product and Position	Disruptors & Emulators	Leading Challengers	Established Leaders
	Extensive Breadth, Depth		CM.com Kaleyra Plivo
Mid-market or Segment focused		Comviva OpenMarket Soprano Design	Syniverse
Niche	GMS Worldwide mCage Mitto	Interop Technologies Twilio	
	Aspiring	Developing	Expansive

Capability and Capacity

Source: Company, Juniper Research

Rise of cloud adoptions and increasing diverse communication channels drive demand for CPaaS: Communication between enterprises and consumers has become clouded with the rise of social media and ever growing ways to communicate and share updates. This large variety of options creates complexity and has impacted the way enterprises and consumers interact. Enterprises and Consumers communicate over multiple mediums like email, SMS, WhatsApp Business, Twitter, etc. and data generated across mediums. CPaaS provider helps enterprises to successfully integrate these siloed communications, and understand and predict consumer behavior from consumer insights scattered across mediums. It helps enterprises serve their consumers more effectively as marketing can be personalized, leading to improved business and better customer experience. The share of revenue of non-SMS based offerings is currently in low single digits for ROUTE. We expect the company to invest organically and inorganically to build scale in non-SMS revenues in channels like OTT, voice, video, contact centers (recently acquired Phonon). Additionally, products such as MIDaaS (Mobile Identity as a Service) and GBM (Google Business Messaging) are in the pipeline and likely to be launched in FY22. Progress made over building non-SMS revenue will be key monitorable as it will help ROUTE in sustaining its leadership across markets where it operates over the medium term.

Exhibit 12: Revenue from new products

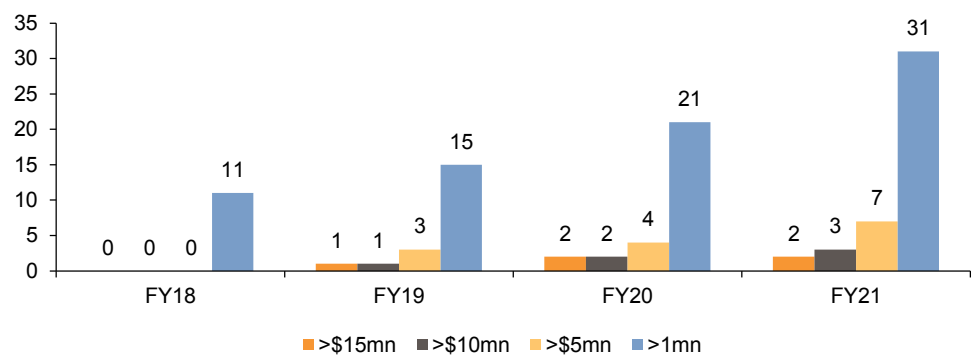


Source: Company, Emkay Research

Super network, scale and global presence give competitive edge: ROUTE has direct relationship with over 265 MNOs and access to over 800 mobile networks. It has direct relationship with 103 MNOs in Europe, 62 MNOs in Africa, 49 MNOs in Latin America, 41 MNOs in the APAC, and 11 MNOs in the Middle East. Super network is a software layer that allows ROUTE customers' software to communicate with connected devices globally. It interconnects with telecom networks globally and continually analyzes data to optimize the quality and cost of communications that flow through the platform. The company's platform has a global reach with seven cloud data centers spread across India, Singapore and UK. Super network analyzes massive volumes of data from end users, their applications and telecom networks to optimize its customers' communications for quality and cost. ROUTE has also deployed firewall solutions across multiple MNOs across the Indian subcontinent and Africa. MNOs where ROUTE has deployed firewall work with ROUTE as a preferred gateway for traffic arriving on their networks. It leads to large volumes on networks and drives competitive advantage to ROUTE with economies of scale. Super network, scale and global presence enable ROUTE to offer flexibility of multiple routes, swift delivery and an ability to optimize cost of delivery per message to its enterprise clients. These factors also give a competitive edge as large enterprises prefer to deal with vendors having global presence, trusted partnership with MNOs to monetize traffic and their infrastructure effectively, and better rates from telecom operators with higher volume commitments. The company processed over 32.3bn transactions in FY21 and has achieved significant economies of scale in its core markets, which helps it to provide the services at a very attractive rates, creating entry barriers for smaller players. Given that the economies of scale has already been achieved in select markets in these geographies, ROUTE has a competitive edge over new entrants, including global large players, but has a limited presence in the given markets. Its super network becomes more robust, intelligent and efficient with every new message/call, enabling the company to provide a better performance at lower prices to customers and the level of sophistication becomes increasing difficult for others to replicate over time.

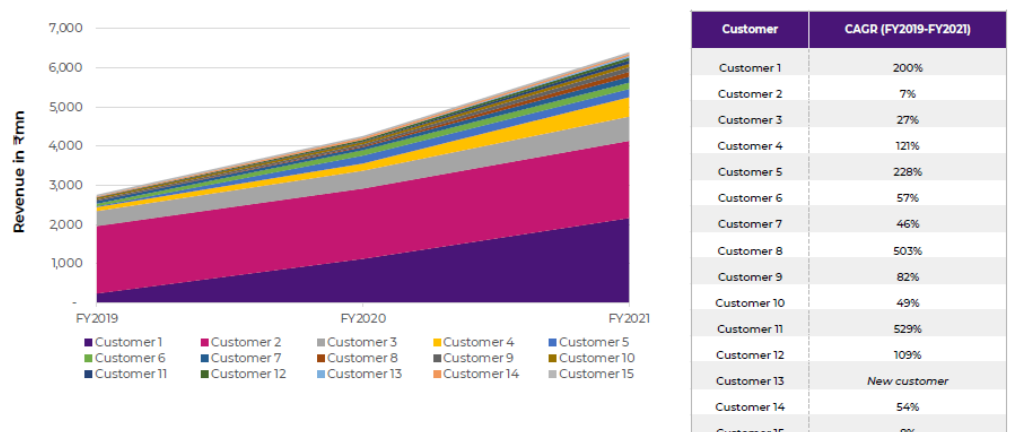
Growing number of enterprise clients and expanding relationship to sustain strong growth momentum: ROUTE has a diverse enterprise client base across a broad range of industries, including social media companies, banks, financial institutions, e-commerce entities, travel aggregators and other client-facing companies. Since its inception, ROUTE has increased its enterprise client base from 16,000 at the end of FY15 to 30,150 clients at the end of Jun'20. The company has a dedicated hunting team to onboard large enterprise clients and a dedicated account management team to focus on deepening relationship with key customers to grow revenue from these customers. It has increased wallet share from existing customers by serving them in multiple markets and by upselling/cross-selling new product offerings. Steady increase in the number of clients across revenue buckets clearly demonstrates desired results from mining efforts. The company is strengthening its CPaaS offerings with the addition of new channels of digital communication to offer on-stop solutions to its enterprise clients, which will increase stickiness and strengthen relationship with existing clients and will also augment its ability to serve start-ups by offering end-to-end customer engagement solutions. The company's CPaaS offerings can be used for an ever-expanding universe of use cases (see Appendix 1 for details): banking (two-factor-authentications, confirmations, transaction alerts, updates, promotion), e-commerce (transaction alerts, updates, two-factor-authentications, missed call support, virtual phone numbers), and travel/airlines (booking confirmations, flight updates and loyalty/promotion messages). It is also considering M&A to expand its offerings, geographical presence and acquire new clients. Flexible engagement model, continuous focus on product expansion, ability to provide bespoke solutions, and on-premise/over the cloud/managed service support capabilities also helped in strengthening relationship with clients.

Exhibit 13: ROUTE has demonstrated successful client mining in the past



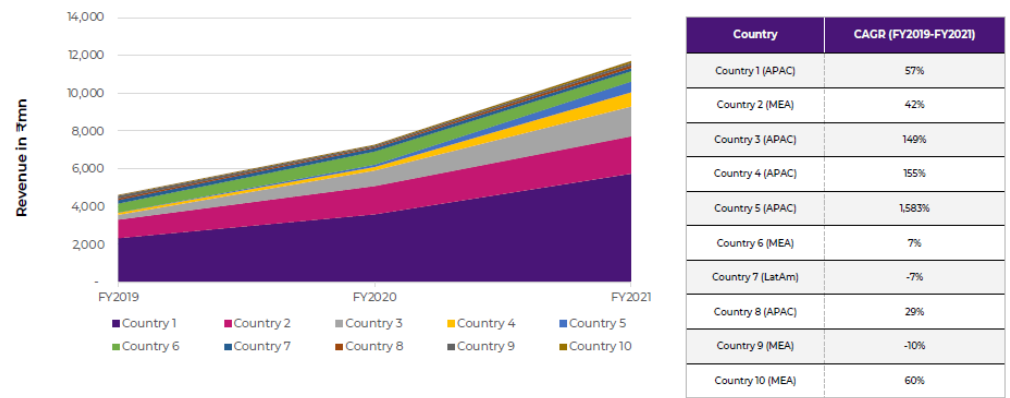
Source: Company, Emkay Research

Exhibit 14: Land and expand strategy drives growth across cohort – growth trends witnessed in Top 15 enterprise customers



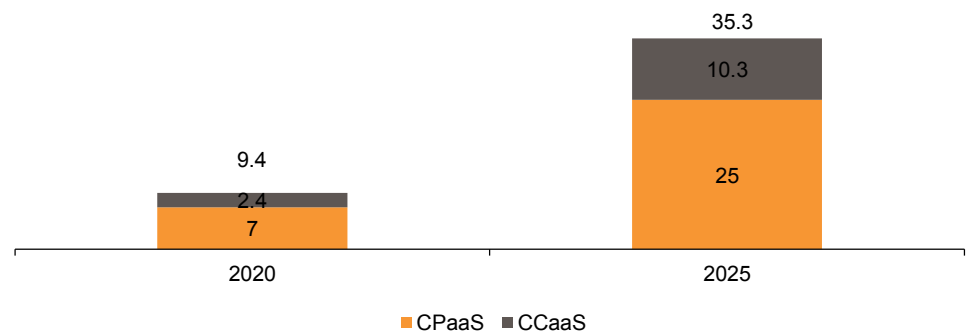
Source: Company, Emkay Research

ROUTE to benefits from its strong presence in fast growing markets: ROUTE has a strong presence in fast growing economies of the Indian subcontinent, MEA and Latin America. We expect these economies to grow strongly over the next decade, and growing digitization in these markets provides tremendous growth opportunities to ROUTE. The company benefits from its strong MNO connect and deployment of firewall solutions for some MNOs in emerging markets. It gives ROUTE some edge over its peers in these markets and although it is not impossible, it is certainly difficult to replicate.

Exhibit 15: Top 10 countries contributed 91% of A2P revenue in 9MFY21

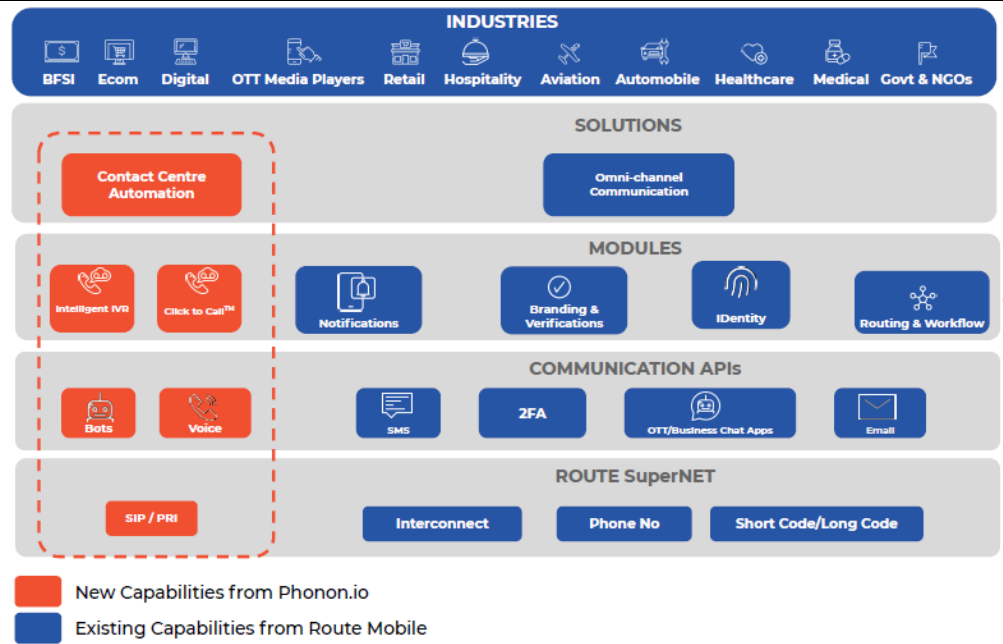
Source: Company, Emkay Research

M&A to play important role in expanding offerings and market presence: ROUTE has closed six business/asset acquisitions to expand service offerings, capabilities, geographic presence, and broaden its revenue mix. For example, acquisition of Malta-based 365squared helped ROUTE to expand its service offerings in MNOs and added service offerings like SMS analytics, firewall, filtering and monetization solutions. It helped the company in expanding its capabilities, growing its relationship with MNOs and stickiness, and diversifying its offerings. The CPaaS industry is highly fragmented and consolidation is under way. Recent acquisition of Phonon, a leading Communications Automation platform (CCaaS), and added capabilities would expand ROUTE's total addressable market to USD35bn by 2025. M&A in the CPaaS industry has significantly increased in the last few years with focus on acquiring capabilities, expanding product and solution offerings, clients and geographic expansion to build scale and expand addressable market opportunities. We expect ROUTE to remain active in M&A to expand its service offerings, capabilities, and geographic presence, which would help in expanding addressable market and fuel strong growth momentum. The company has indicated that it is scouting for targets in chat bot, marketing automation and virtual contact centers space.

Exhibit 16: Phonon acquisition to expand total addressable market to USD35bn by 2025

Source: Company, Emkay Research

Exhibit 17: Phonon expanded ROUTE's platform capabilities



Source: Company, Emkay Research

Exhibit 18: List of acquisitions by ROUTE

Entity	Country of incorporation	Acquisition period	Rationale	Outcome	Cost
Cellent Technologies (India) Private Limited	India	Sep-16	1) Entry into new geographical market 2) Beachhead in Middle East market, with ready base of blue-chip customers	Leadership position in UAE market, and strong presence in other Middle East countries	Rs 118mn
Start Corp India Private Limited	India	Sep-16	1) Entry into new geographical market 2) Beachhead in Middle East market, with ready base of blue-chip customers	Leadership position in UAE market, and strong presence in other Middle East countries	Rs 20mn
Call2Connect India Private Limited	India	Apr-17	1) Service line expansion, 2) Added new service offerings - voice, non-voice and consulting BPO services	Acquired bluechip enterprise customers in India (domestic) market	Rs57mn
365squared Limited	Malta	Sep-17	1) Product portfolio expansion, 2) A2P Firewall solutions offered to MNOs position ROUTE as preferred gateway	Delivers SaaS revenue from MNOs; synergies for A2P business	EUR10mn upfront + earn-outs EUR9mn
Telecom operator related business from TeleDNA (slump sale basis)	India	Jun-20	1) backward integrate 365squared solution stack, 2) holistic solution offering for MNOs; higher margin retention in the MNO solutions business, 3) capabilities in development of telecom related solutions including multimedia messaging service center (MMSC) and short message service center (SMSC) platforms	Margin synergies and stronger value proposition	Rs120mn
Phonon Communications private Limited	India	Apr-21	The acquisition of PCPL will further strengthen the omni-channel digital communication platform offered to enterprise customers by ROUTE. The acquisition will create strong synergies, both on the product and customer portfolio front for both businesses, in terms of cross-sell and up-sell of a wider range of solution offerings	Expanded addressable market (\$35bn in 2025, including \$10bn addition from CCaaS) with presence in CCaaS through Phonon.	Rs290mn

Source: Company, Emkay Research

Exhibit 19: Recent global M&A and fund raise

Date	Buyer	Target company/fund raise details	Price and Multiple
1QCY19	Twilio	Sendgrid	USD3bn; NA
2QCY20	Sinch	Wavy Group	USD120mn; 12.5x EV/EBITDA multiple on TTM basis
2QCY20	Sinch	SAP Digital Interconnect	USD250mn; ~0.7x EV/Sales on FY20 sales
3QCY20	Sinch	ACL	USD75mn; ~1.1x EV/Sales and ~11.1 EV/Adj. EBITDA on TTM basis
3QCY20	Twilio	USD1.44bn fund raise	
4QCY20	Cisco	IMImobile	USD750mn; EV/Sales ~1.2x on FY20 basis
4QCY20	Infobip	OpenMarket	USD300mn; NA
4QCY20	Link mobility	NOK6bn fund raise	
4QCY20	Softbank	10% of Sinch	USD690mn/ 7x P/S on CY20 sales
4QCY20	Sinch	3.35bn fund raise	
4QCY20	Bandwith	USD100.8mn fund raise	
4QCY20	Bandwith	Voxbone	Eur446mn, 6x EV/Sales on CY20 sales
4QCY20	Twilio	Segment	USD3.2bn; 20x P/S on CY20 sales
1QCY21	Twilio	Syniverse	USD750mn; NA
1QCY21	Twilio	USD1.83bn fund raise	
1QCY21	Kaleyra	Mgage	USD215mn, NA
2QCY21	Infobip	Anam	NA
2QCY21	Twilio	Zipwhip	USD850mn, NA

Source: Company, Bloomberg, Emkay Research

Scalable delivery platform supported by robust infrastructure

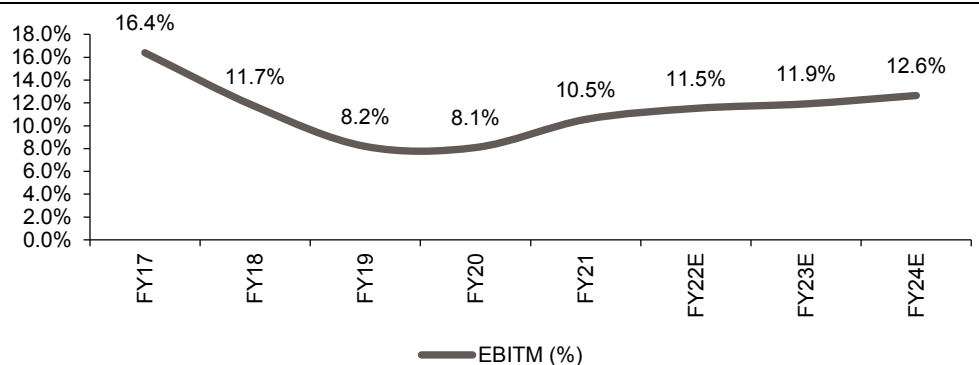
ROUTE's cloud-based delivery platform enables it to build and manage applications without having to create and maintain the underlying infrastructure for each client. ROUTE is able to provide enterprises with solutions to operate applications without purchasing, configuring or managing the underlying hardware and software. Its CPaaS platform is designed to send large number of messages per second (currently operating at a throughput of over 10,000 messages per second) via a sophisticated portal that supports multiple messaging media (SMS, WhatsApp, Viber, RCS, etc.). ROUTE's platform has a scalable high-volume infrastructure and security, compliance and integration capabilities that meet requirements of its clients and comply with regulations. With traffic volume likely to increase with the addition of new clients or new services, ROUTE's scalable platform would require minimum capital expenditure as it can be scaled elastically without having to redevelop their applications or change their communications infrastructure, thereby providing ROUTE a volume-based leverage.

Continue to focus on developer community program: ROUTE has finalized the Developer Program at the beginning of 2020 with a well-defined roadmap to commercialize developer-led go-to-market approach. However, given the Covid-19 situation, there is a delay in the implementation of the program. ROUTE is in process of launching a formal developer community program to enable developers to leverage capabilities of its CPaaS platform and seamlessly deploy communication features within their applications. Through the developer community program, ROUTE is in the process of adopting a bi-modal go-to-market strategy. The developer community program primarily will focus on agility, enabling developers and their enterprises to experiment with its APIs and leverage platform to improve their digital communication solutions. Business partners, system integrators and third party developers will have access to an online portal with APIs allowing them to integrate with ROUTE's platform and develop digital communication solutions for end-users.

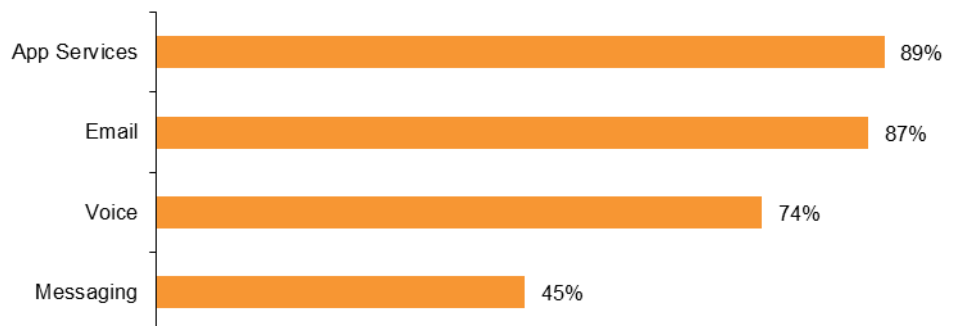
Leadership augmentation to help sustain revenue growth: ROUTE recently appointed John Owen as CEO for Europe and Americas to accelerate growth and market development. Tonio Ellul (co-founder and Director of 365squared) took up the additional responsibility of CEO of 365squared after an untimely demise of Rory Kyte in Nov'20. ROUTE has been strengthening its leadership team for the last few quarters to sustain and improve revenue growth momentum. Recent key additions at leadership positions include Mr Milind Pathak, Chief Business Officer, who will help accelerate, cross-sell and upsell of products. ROUTE has also hired Head of Governance and Program Office for 365squared and Vice President of operations – 365squared.

Margins to expand with growing scale and higher contribution from new products:

ROUTE's majority of revenue currently comes from the A2P SMS channel, firewall solutions and legacy BPO services, while the share of revenue from new products remains in low single digits. Gross margins vary across products and markets. Gross margins on SMS in emerging economies remain in the range of 20-22%, while it is 40-50% in developed markets like US. IP-messaging and voice products are operating at 30-40% gross margins. Growing share of new channels such as RCS and WhatsApp, which operate at higher gross margins and improve business mix (lower revenue from Africa where gross margins are lower due to pre-paid and SI-led business), would drive gross margin expansion. Increased penetration in the developed markets such as US/Europe where the gross margins are generally higher at 40-50% would further give a fillip to margins. Also, the company is considering acquisition of product companies in the virtual contact center and video space where the gross margins are higher at ~90%. Twilio's investor day presentation provided indicative gross margins across products as shown in Exhibit 21. Growing scale of business will aid better gross profit to EBITDA conversion, leading to steady expansion in EBITDAM over time. We build in ~210bps expansion in EBITM over FY21-24E on the basis of these factors and expect ROUTE's EBITM to expand to 12.6% in FY24E.

Exhibit 20: EBITM is expected to expand 210bps over FY21-24E

Source: Company, Emkay Research

Exhibit 21: Indicative average Gross margins across products

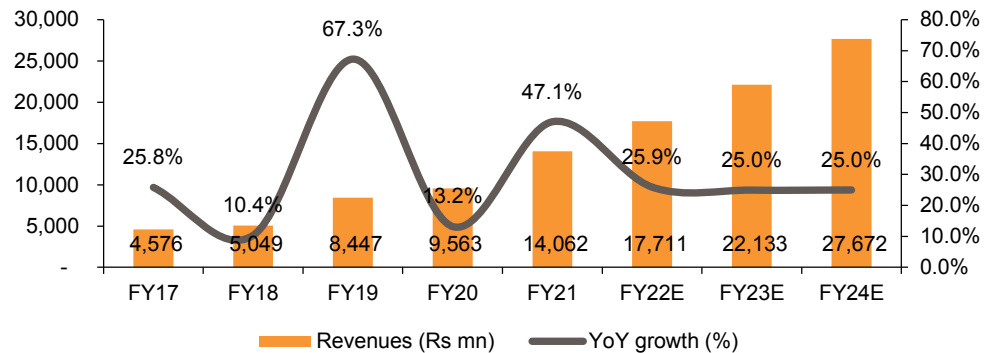
Source: Twilio

Financials

Robust revenue growth to continue

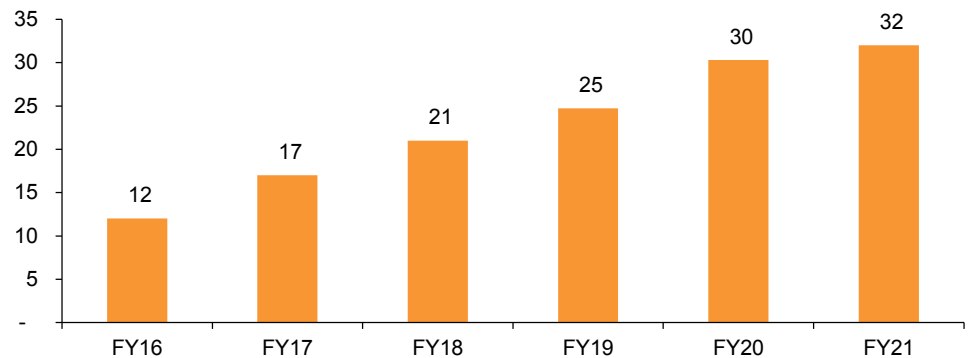
ROUTE reported a revenue CAGR of ~31% over FY16-21, mainly led by an increase in the billable transactions. The number of billable transactions grew from 12bn in FY16 to over 32bn in FY21 (~22% CAGR). Covid-19 has accelerated the pace of digital communication adoption by enterprises. In the wake of such strong industry tailwinds, we expect ROUTE to register a ~25% revenue CAGR over FY21-24E.

Exhibit 22: Strong revenue growth momentum to continue



Source: Company, Emkay Research

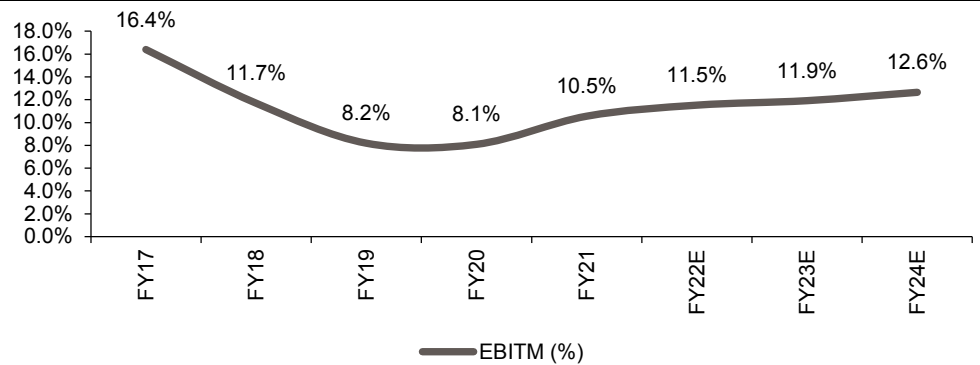
Exhibit 23: Number of billable transactions (in bn)



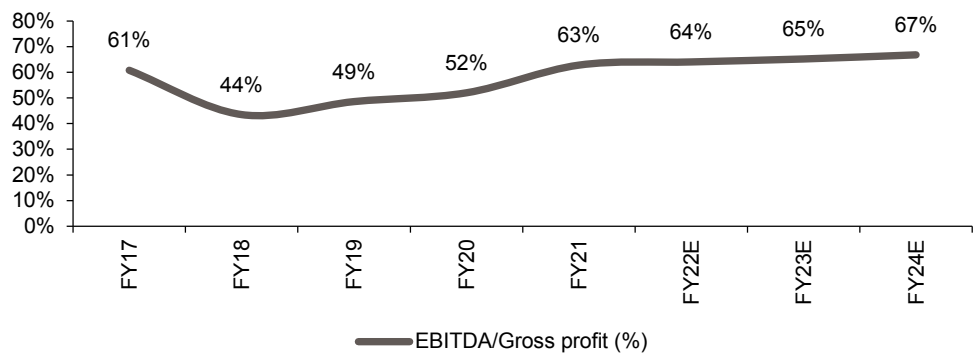
Source: Company, Emkay Research

Operating leverage and growing share of high margin business to lead to EBITM expansion

ROUTE reported moderation in margins over FY17-20 due to 1) its focus on acquiring enterprise clients and reducing aggregator revenue share, 2) focus on emerging markets where gross margins remain within the 20-22% range, 3) liquidation of Indian telcos with whom ROUTE had preferential pricing agreement, and 4) growing revenue from Africa wherein margins remain lower due to SI-led sales. However, expansion of the business into other high-margin communication mediums such as WhatsApp, Viber, Voice and Email should aid margin expansion. Revenue acceleration will drive operating leverage as displayed by gross profit to EBITDA conversion, which should aid margin expansion. We expect scale benefits to play out along with the improving business mix. We build in ~210bps margin expansion over FY21-24E.

Exhibit 24: EBITM is expected to expand 210bps over FY21-24E period

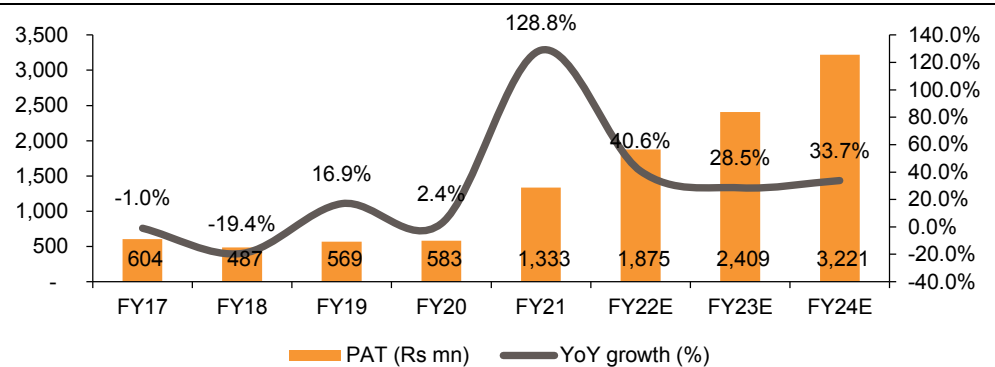
Source: Company, Emkay Research

Exhibit 25: Sustained revenue acceleration to drive operating leverage over FY21-FY24E

Source: Company, Emkay Research

Expect 34% profit CAGR over FY21-24E

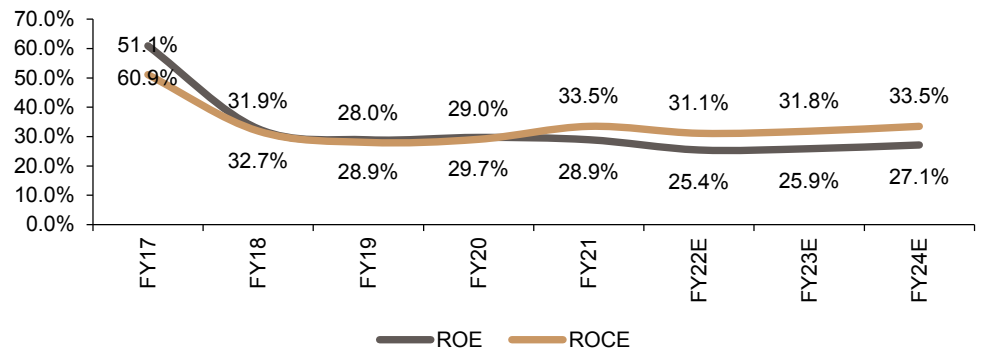
We expect strong bottom line growth on the back of strong topline growth (CAGR of ~25% over FY21-24E) and EBITM margin improvement of 210bps over FY21-24E. We build in a ~34% profit CAGR over FY21-24E.

Exhibit 26: We expect strong bottom line growth over FY21-24E period

Source: Company, Emkay Research

Return ratios to remain elevated

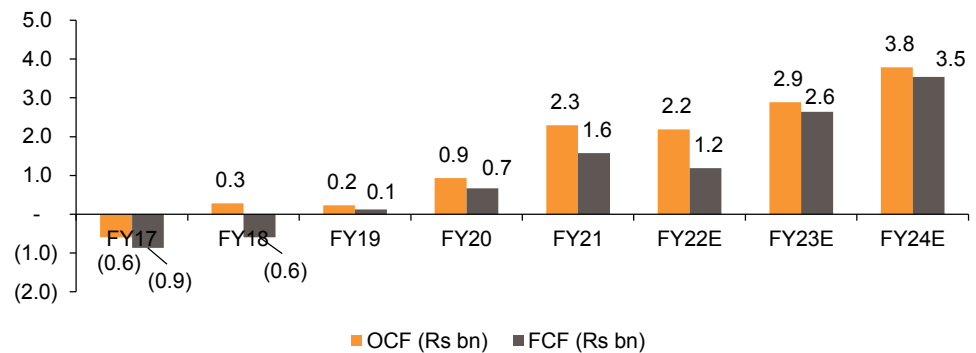
We build in a ~34% earnings CAGR over FY21-24E on the back of solid revenue acceleration and improving profitability. ROUTE has reported high ROE and ROCE of 28.9% and 33.5%, respectively, for FY21 on account of lower capex requirements. Low capital intensity business is expected drive superior return ratios.

Exhibit 27: Return ratios are expected to remain elevated

Source: Company, Emkay Research

Lower capex and working capital requirements to keep cash flows high

ROUTE has been able to manage its working capital requirement better in the past and has increased its OCF conversion over FY18-21. We expect this trend to continue based on revenue acceleration, strong operating profits and controlled working capital requirement. Further we expect FCF to rise over FY21-FY24E due to low capital intensity nature of the business.

Exhibit 28: Cash flows to remain healthy

Source: Company, Emkay Research

Key Risks

Client concentration: The company derives ~15% of revenue from the Top client and ~59% revenue from Top-10 clients. ROUTE's Top-50 clients contributed 86% of the revenues in FY21. Loss of business with such clients could adversely affect revenue growth and margins for the company.

Consolidation in the Industry, narrowing market advantages and intensify competition: ROUTE has seen intensifying competition in its core markets with industry consolidation. For example, Twilio has acquired ValueFirst (42bn messages processed last year; over 2,500 clients), Sinch has acquired ACL Mobile for Rs5.4bn (47bn messages processed in FY20; over 500 large enterprise clients), Tanla has acquired Karix for Rs3.4bn (over 30% enterprise messaging share in India; over 1,500 enterprise clients). ROUTE works with global aggregators for traffic terminating in its core markets, and thus consolidation by global aggregators in these markets may impact revenue negatively. Consolidation may also lead to increased competition and pricing pressure.

Failure to adapt to the changing technological requirements: ROUTE operates in a highly evolving and competitive market, which is subject to frequent changes due to technological improvements and advancements, availability of new or alternative services and changing client preferences. SMS-based A2P messaging forms a significant part of messaging volume currently where ROUTE has requisite capabilities. It derives low single-digit revenue from other channels and also has limited scale and capabilities. Any accelerated shift toward new channels and limited success in new channels may have an adverse impact on the growth trajectory.

Foreign exchange risk: Significant portion of ROUTE's revenue is realized in foreign currency (~86% of the revenues in FY20 was derived from sales outside India) and any unfavorable movement in the foreign currency rates would have an adverse impact on revenue.

Risks related to acquisitions: Inorganic growth is a mainstay of ROUTE's revenue growth journey and accordingly the company has made a number of acquisitions in the past. These acquisitions include numerous risks, including the integration of these acquired businesses with its existing operations. Further the company aims to make strategic acquisitions to grow its business and diversify its service offerings. The company's inability to identify, complete and successfully integrate such acquisitions could adversely affect the business.

Industry Overview

Evolution of messaging market

The mobile messaging market came into existence in early 1990's with the development of SMS technology. This development revolutionized the way people communicate, as time-to-delivery and ease of use were dramatically improved compared to other communication methods. Growing digitization (smart devices, better connectivity, and affordability) has also driven changes in communication preferences and consumer behavior across industries and processes. Mobile messaging consequently became an increasingly important mean of communication as technological improvements drove enhanced content richness and improved user experience. Communication has shifted from offline to online and several aspects of the two-way dialogue between enterprises and consumers have transitioned to direct mobile communication. Therefore, as digitalization continues to evolve, messaging is increasingly becoming an indispensable part of consumer and business communication. The use of OTT messaging platforms has seen exponential growth in last few years with consumers being active across a plethora of channels, such as WhatsApp, Viber, WeChat and other social media. The OTT market is fragmented and characterized by different penetration rates across geographies and serving different purposes for consumers. Although the use of OTT channels have initially been centered on Person-to-Person (P2P) messages, in recent years many messaging platforms have opened to allow enterprises to interact directly with their consumers through these channels (e.g., WhatsApp Business, Apple Business Chat, Viber Business, WeChat Business). Brands need to adopt messaging to better communicate with their customers and are therefore focusing on continuously enhancing the customer journey and migrating to the mobile first approach.

A2P Messaging market to grow at 4.4% CAGR over 2017-22

Juniper Research estimates the size of the global A2P messaging market (including only directly connected A2P revenue) to grow at a CAGR of 4.4% from USD37.9bn in 2017 to USD46.9bn in 2022. Emerging markets like Latin America, Africa and Middle East are expected to grow faster. SMS technology appeals highly as a communication channel due to its ubiquity on smartphones. With an open rate of 98%, SMS messages are an ideal platform for businesses looking to supplement their marketing arsenal. SMS can also be used as part of the 2FA process, with OTP (One Time Passcode) notifications being sent to users over SMS to verify financial transactions. Emerging messaging technologies such as RCS will begin to accumulate traffic share as operator and handset supports increase. However, smartphone update cycles will limit adoption of the technology, thus limiting future RCS traffic. Nevertheless, the technology's potential cannot be understated, considering the revenue that operators can achieve through implementation of the technology compared to the minimal investment needed to support it.

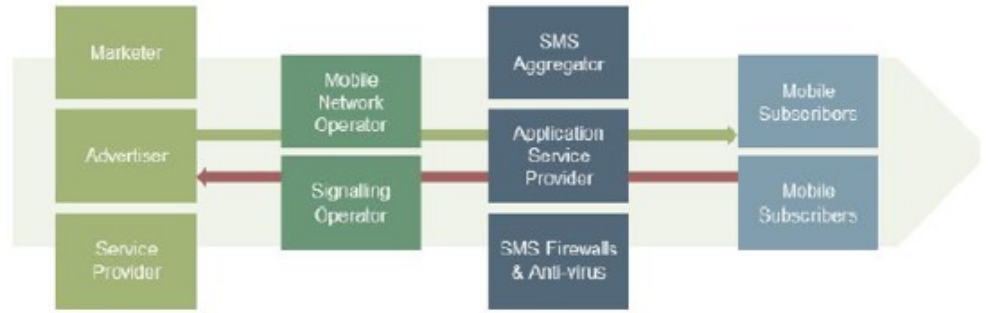
Exhibit 29: Global A2P market to grow at 4.4% CAGR over 2017-22

Region (in USD bn)	2017	2018	2019	2020	2021E	2022E	CAGR
North America	14.5	15.7	17.0	17.7	18.0	18.1	4.5%
Latin America	2.8	3.3	3.7	4.2	4.5	4.9	11.9%
Western Europe	3.2	3.5	3.7	3.9	4.1	4.3	6.0%
Central and Eastern Europe	2.7	2.9	3.1	3.2	3.2	3.1	3.2%
Far East and China	8.2	8.4	8.4	8.3	8.2	8.1	-0.4%
Indian Subcontinent	1.9	2.1	2.2	2.3	2.3	2.4	4.2%
Rest of Asia Pacific	2.3	2.5	2.7	2.8	2.9	3.0	5.9%
Africa and Middle East	2.2	2.6	2.8	2.9	3.0	3.0	5.9%
Global	37.9	40.9	43.7	45.4	46.2	46.9	4.4%

Source: Company, Juniper Research, Emkay Research

The schematic below provides an illustration of the A2P messaging value chain.

Exhibit 30: A2P messaging value chain



Source: Company, Emkay Research

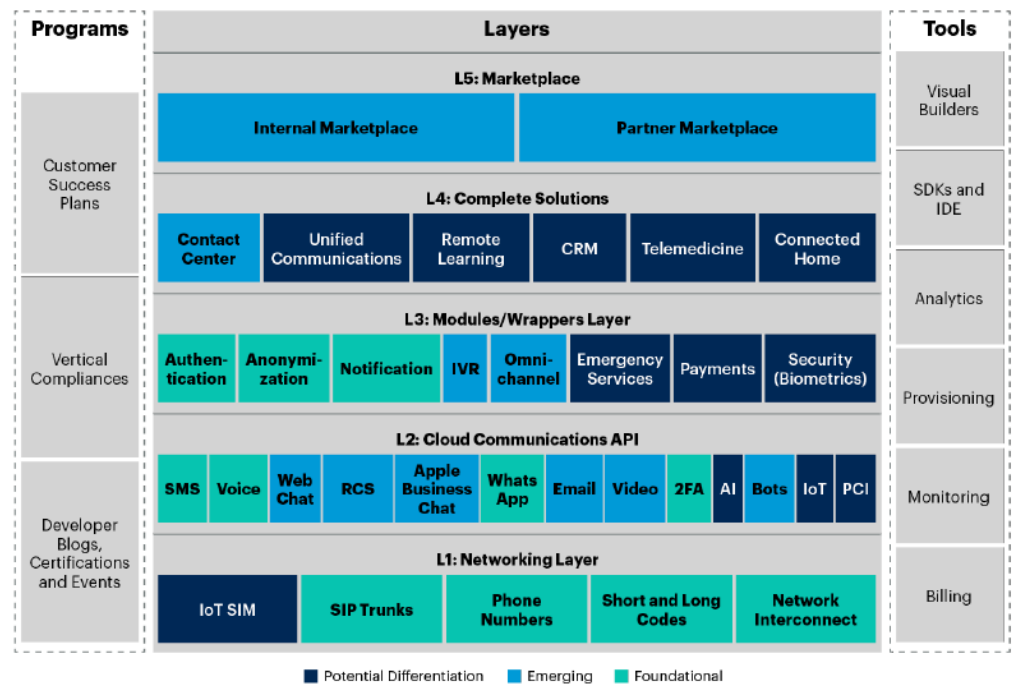
What is CPaaS?

As per Gartner, CPaaS offers application leaders a cloud-based, multilayered middleware on which they can develop, run and distribute communications software. The platform offers APIs and integrated development environments that simplify the integration of communications capabilities (for example, voice, messaging and video) into applications, services or business processes.

Gartner has depicted a broad framework of services offered by CPaaS players under its five layer CPaaS architecture. Usually, a CPaaS provider only offers a subset of these services. The five layers in the broad middle of Exhibit 31 represent the communications modules. The color codes are an indicator of market demand and maturity.

Exhibit 31: Gartner’s five layer CPaaS architecture

Five-Layer CPaaS Architecture



Source: Gartner, Emkay Research

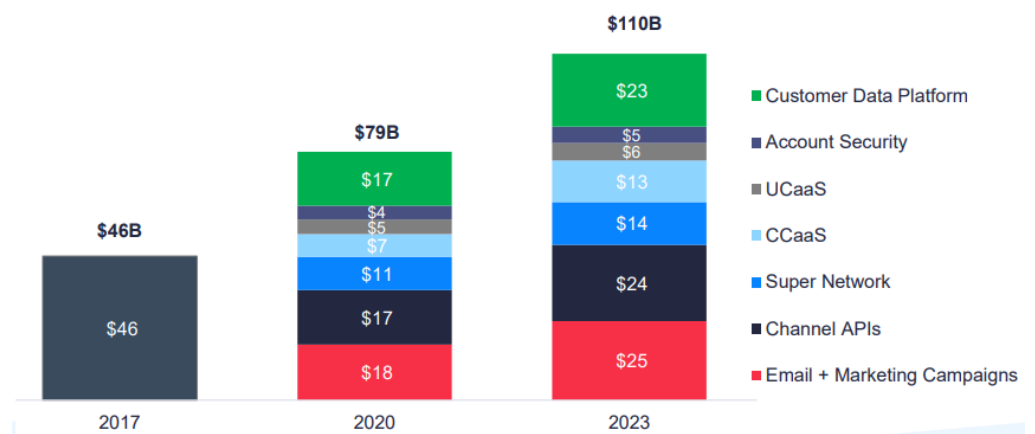
Juniper Research defines the CPaaS platform as a service or solution that enables brands and advertisers to communicate to clients with the help of multiple outbound online and mobile channels via a singular centralized platform. There are a number of services that can be considered part of the CPaaS platform, including messaging technologies such as SMS and RCS and OTT messaging applications. There are various methods of monetization with these services; however, it is expected that the key to success for CPaaS platforms should not be measured by traffic, but by the number of communication platforms it can offer.

Exhibit 32: Brief description of major players in CPaaS industry

Name	Brief Description
Gupshup Technologies	Its conversational messaging platform provides two distinct but interconnected capabilities - the ability to define conversational experiences for commerce, marketing and support using chatbots and the ability to deploy these experiences on any messaging channel using a single messaging API. Channels include WhatsApp, SMS, Gupshup IP and RCS.
Infobip	It provides solutions to increase client onboarding, client engagement, security, customer service, customer retention and operational efficiency with the help of customer engagement, platform and connectivity related products deployed through 13 different communication channels. It majorly works in the finance, retail and on-demand industries.
Mavenir Systems	It is focusing on the vision of a single, software-based automated network that runs on any cloud. It provides end-to-end solutions to automate the network, digitize the industry & enterprise, evolve to 5G, expand enterprise offerings, generate new revenues, protect revenues, reduce mobile networks costs or integrate systems with its unique product offerings.
Syniverse Technologies	It provides customized business solutions and products to drive sales and improve customer experience by engaging with customers globally on any messaging platform, increase revenue with leading clearing and settlement, networking and messaging solutions, securely connecting IoT devices to 5G, LTE and blockchain to create growth, improving outsourcing and consulting experience and providing mobile security.
Synch Tech	It is a leading provider of enterprise solutions, IT talent management and IT services helps businesses with some of their most critical day-to-day tasks, providing assistance with workforce consulting, procurement, outsourcing, and project management, software development & implementation.
Tanla Platforms	One of the world's largest cloud communication solutions provider with over 800 billion transactions annually. It creates fully managed A2P messaging partnerships with mobile operators and provides enterprises with reliable and robust cloud communication solutions. It has developed and delivered cutting-edge technology and products which meet the discerning needs of a diverse clientele, from enterprises to carriers across geographies.
Twilio	It helps clients strengthen customer relationships by uniting communications across entire business, from marketing and sales to customer service and operations. Its applications help build flexible cloud contact centre, create marketing campaigns, connect employees to customers and protect company from sign up fraud. It also provides connectivity related services focusing on IoT, SIP trunking and short codes.
MessageBird	Catering to a wide range of industries, its applications help create an omnichannel customer support and engagement platform, enhance drag and drop experience creation and data automation, scheduling video meetings with its one click platform and adding omnichannel communication to any web page.
Vonage Business	Providing solutions across a large range of industries, by allowing them to build omnichannel conversations through APIs, providing flexible communication and collaboration solutions for employees across every channel and integrating CRM across every channel to provide sales and service agent conversation building tools.
CM.com	It empowers marketing, sales and customer service with their Communications and Payments Platform. It helps to respond to the customers' need for real-time and personal contact with businesses, and automate and personalize all customer interactions through their favorite mobile channels. It helps businesses to start the conversation, expand market reach, automate customer service, personalize messages and monetize conversations.

Source: Company, Emkay Research

Expansion in products offerings (including inorganic) and robust underlying growth across products led to larger addressable market for Twilio. The addressable market is expected to grow to USD110bn in 2023 from USD79bn in 2020.

Exhibit 33: Twilio's addressable market is expected to be USD110bn by 2023

Source: Twilio

CPaaS market to grow at ~30% CAGR to USD25.9bn by 2025

According to Juniper Research, the CPaaS market is expected to grow from USD7.2bn in 2020 to USD25.9bn by 2025, implying a ~30% CAGR. CPaaS platforms provide a centralized management service for outbound communications, including SMS, OTT business messaging, RCS and voice services. The CPaaS platform's ability to support multiple communication technologies and provide a centralized management service for multiple outbound mobile communication technologies increase their value proposition for brands and enterprises. CPaaS vendors are expected to integrate payment services to increase platform's market appeal for brands and enterprises. Ability to make payments over services such as RCS and OTT messaging is likely to be a key growth driver of global CPaaS revenue over the next five years.

SMS still dominates mobile messaging, but the share will drop to 70% by 2025

SMS dominates most of the mobile messaging services today (over 95% share). Upon the emergence of Application-to-person (A2P) messaging, SMS was the only viable messaging channel for businesses to reach their customers, and SMS continues to account for most of the messaging traffic and revenue to date. This is due to SMS's universal reach, with more than 4bn frequent users worldwide and ubiquity on smartphones. As per Mobile Marketing Association study, SMS is considered as a highly reliable channel with a 98% open/read rate and 90% of messages read within 3 minutes.

According to Juniper Research, SMS share will drop to 70% of revenue by 2025, as alternative rich media messaging solutions (OTT, RCS) gain traction. Emerging messaging technologies, such as RCS (Rich Communication Services) will begin to accumulate traffic share as operator and handset support increases. RCS Business Messaging will be the second highest source of CPaaS revenue over the next five years, accounting for 15% of global revenue by 2025. The accommodation of business communication by OTT channels has significant benefits for enterprises as it facilitates access to these channels' large and growing user bases, while consumers benefit from receiving content through their preferred channel of communication.

Valuation

ROUTE is a leading CPaaS player globally with strong presence in fast growing markets like the Indian subcontinent and MEA. It is also expanding its presence in developed markets like US and Europe particularly to cater needs of global enterprises in their expansion into core markets. It is also expanding its product offerings and augmenting capabilities through acquisitions (six acquisitions so far), which should expand its addressable markets and sustain strong growth momentum.

ROUTE is expected to deliver revenue/EBIT/Profit CAGRs of 25%/33%/34% over FY21-24E. We initiate coverage on the stock with a Buy rating and a TP of Rs1,820 at 44x Jun'23E EPS (~10% discount to median valuation its global peers), considering 1) favorable industry tailwinds (~30% CAGR), 2) strong earnings profile (~34% CAGR over FY21-24E), 3) return ratio (>25% ROEs), 4) cash generation (~100% FCF/profit) and 5) higher dependency on SMS messaging revenue. Our target price is also backed by a long-term DCF analysis with cash flow growth assumption of ~20% over FY22-37E, WACC 12% and terminal growth of 5% (projected period contributed ~45% of fair value, while terminal value contributed ~55% of fair value).

We build in lower-than-industry revenue growth for ROUTE, considering its high dependency on SMS-based A2P messaging offering, which is expected to grow at a slower pace than the overall CPaaS industry. Progress on non-SMS based revenue and developer ecosystem will be key monitorable, and inorganic initiatives to build scale in identified gap areas of chat bot, marketing automation and virtual contact centers space may lead to upside risks to our estimates.

Exhibit 34: CPaaS players operating performance comparison

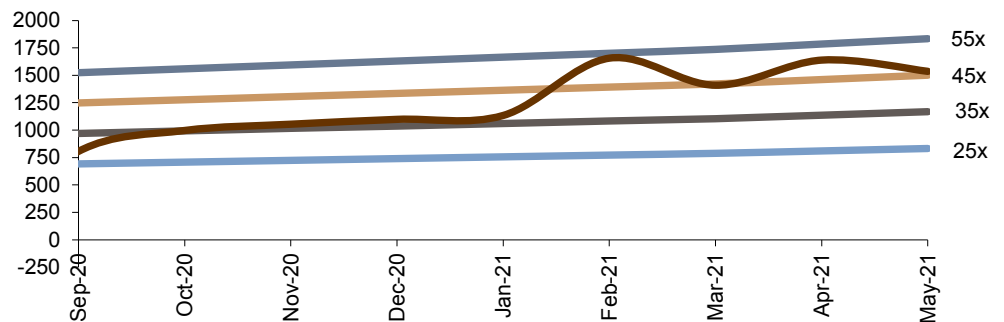
Company	Year-end	Currency	CMP	M Cap (USD bn)	Sales (in mn)			EBITDAM (%)			Net income (in mn)		
					1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
TWILIO INC - A	12/2020	USD	315	54.3	2,535	3,310	4,385	8.8%	9.9%	14.7%	-31	32	181
BANDWIDTH INC-CLASS A	12/2020	USD	117	2.9	473	560	656	8.3%	8.1%	9.6%	11	17	30
SINCH AB	12/2020	SEK	1347	10.5	14,941	20,496	23,310	9.1%	12.6%	15.5%	952	1,625	2,014
CM.COM	12/2020	EUR	26	0.9	213	283	355	-0.5%	2.4%	5.0%	-10	-5	6
KALEYRA INC	12/2020	USD	12	0.4	208	281	273	4.5%	9.9%	7.5%	-6	18	NA
RINGCENTRAL INC-CLASS A	12/2020	USD	250	22.7	1,504	1,856	2,273	12.6%	14.2%	18.7%	118	153	212
FIVE9 INC	12/2020	USD	170	11.4	544	642	764	16.1%	18.2%	24.0%	66	91	128
8X8 INC	03/2021	USD	24	2.6	604	704	866	4.6%	7.5%	11.9%	6	24	68
VONAGE HOLDINGS CORP	12/2020	USD	14	3.5	1,327	1,470	1,732	14.4%	14.0%	17.4%	57	65	87
VERINT SYSTEMS INC	01/2021	USD	45	2.9	869	916	1,008	26.8%	28.4%	32.8%	163	186	223
LINK MOBILITY GROUP HOLDING	12/2020	NOK	37	1.2	4,208	4,998	5,939	9.6%	11.3%	14.1%	105	231	352
ROUTE	03/2021	INR	1526	1.2	18,370	23,647	25,598	13.5%	13.7%	15.5%	1,920	2,561	2,875
TANLA PLATFORMS LTD	03/2021	INR	865	1.6	28,526	33,797	NA	19.1%	19.4%	NA	4,032	4,975	NA

Source: Bloomberg, Emkay Research

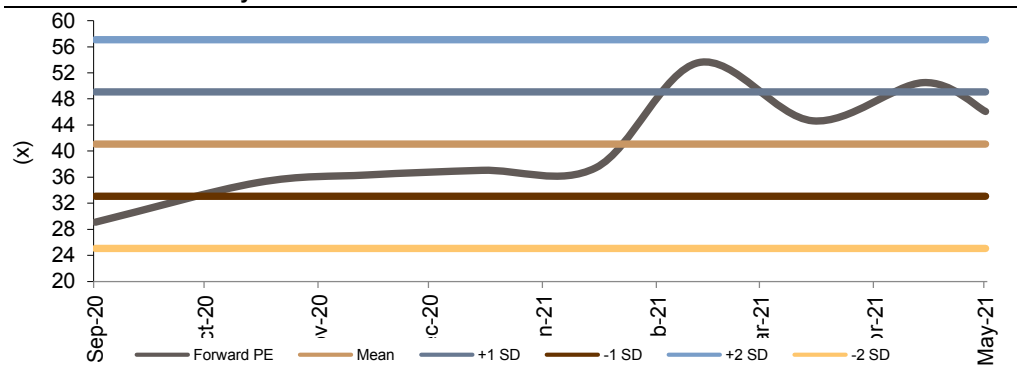
Exhibit 35: Relative Valuation comparison of CPaaS players (Bloomberg consensus)

Company	Year-end	P/E			P/S			EV/EBITDA			EV/Sales		
		1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
TWILIO INC - A	12/2020	-1,742.1	1,686.8	299.6	21.4	16.4	12.4	224.8	152.0	102.8	19.8	15.1	11.4
BANDWIDTH INC-CLASS A	12/2020	266.9	170.5	98.7	6.2	5.2	4.5	77.7	67.8	56.8	6.5	5.5	4.7
SINCH AB	12/2020	92.0	53.9	43.5	5.9	4.3	3.8	63.1	33.0	27.0	5.7	4.2	3.7
CM.COM	12/2020	-74.0	-160.2	122.5	3.5	2.7	2.1	NA	104.0	49.8	3.3	2.5	2.0
KALEYRA INC	12/2020	-65.1	22.0	NA	1.9	1.4	1.4	42.5	14.3	19.0	1.9	1.4	1.5
RINGCENTRAL INC-CLASS A	12/2020	192.7	148.6	107.3	15.1	12.2	10.0	125.2	89.9	68.0	15.8	12.8	10.4
FIVE9 INC	12/2020	173.2	125.9	89.1	21.0	17.8	14.9	131.7	98.8	75.0	21.3	18.1	15.2
8X8 INC	03/2021	407.4	106.4	38.1	4.3	3.7	3.0	99.4	52.3	33.0	4.7	4.1	3.3
VONAGE HOLDINGS CORP	12/2020	61.3	53.5	40.0	2.6	2.4	2.0	20.6	19.1	15.4	3.0	2.7	2.3
VERINT SYSTEMS INC	01/2021	18.0	15.8	13.2	3.4	3.2	2.9	13.9	12.5	10.8	3.8	3.7	3.3
LINK MOBILITY GROUP HOLDING	12/2020	95.6	43.5	28.6	2.4	2.0	1.7	28.1	20.2	16.2	2.7	2.3	1.9
ROUTE	03/2021	45.9	34.4	30.6	4.8	3.7	3.4	33.7	25.7	22.7	4.5	3.5	3.3
TANLA PLATFORMS LTD	03/2021	29.2	23.7	NA	4.1	3.5	NA	20.5	17.1	NA	3.9	3.3	NA
Median		61.3	53.5	43.5	4.3	3.7	3.2	52.8	33.0	30.0	4.5	3.7	3.3

Source: Bloomberg, Emkay Research

Exhibit 36: ROUTE's 1-year forward PE chart

Source: Company, Emkay Research

Exhibit 37: ROUTE's 1-year forward P/E band

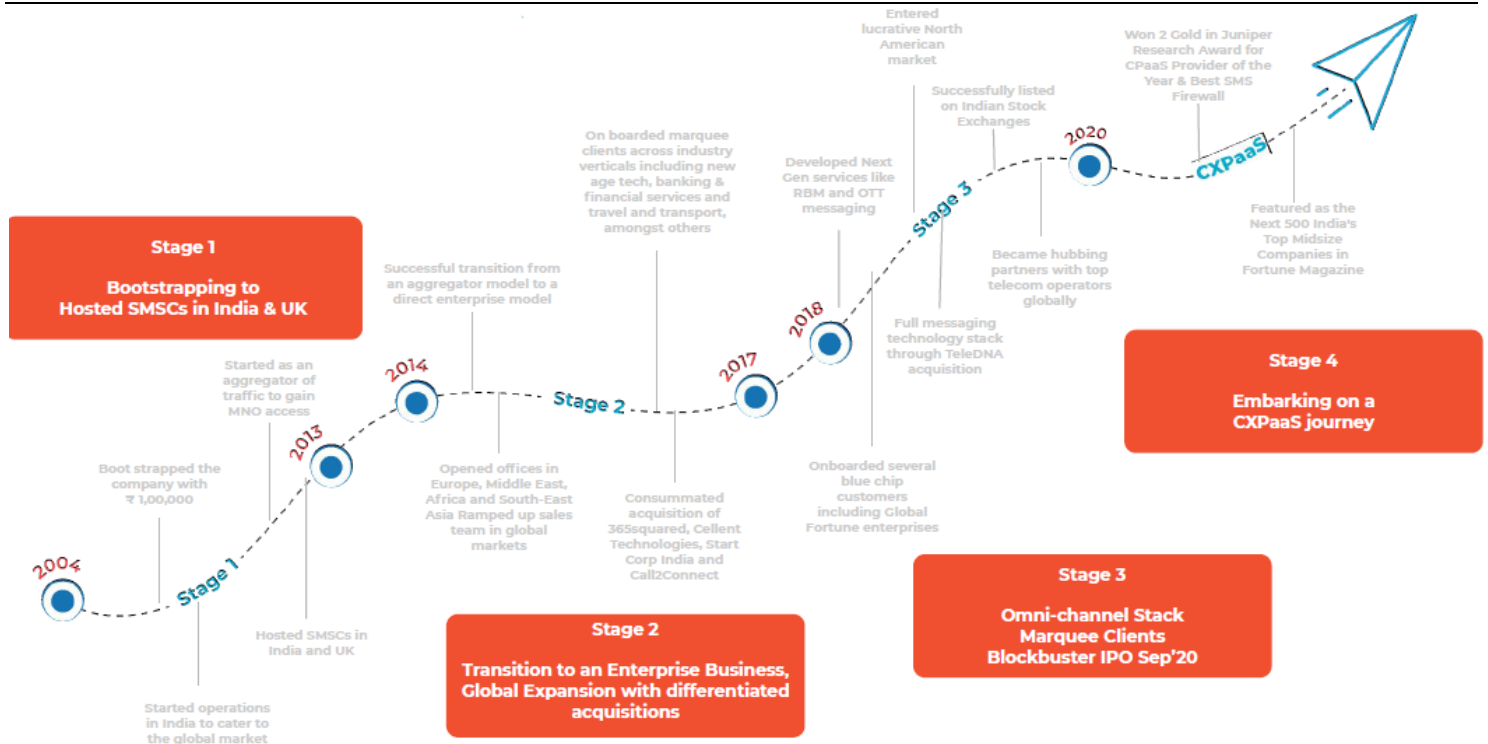
Source: Company, Emkay Research

Company Profile

ROUTE provides CPaaS to enterprises, OTT players and MNOs. Its range of enterprise communication services include A2P/P2A/2Way Messaging, RCS, OTT business messaging, voice, email, and omni-channel communication. It also offers SMS analytics, firewall, filtering and monetization, SMS hubbing and IVN solutions to MNOs across the globe. The company has direct relationship with over 240 MNOs and provide enterprise clients with access to over 800 mobile networks.

Since inception, it has served over 30,150 clients across sectors including social media, banking and financial services, aviation, retail, internet/e-commerce, logistics, healthcare, hospitality, media and entertainment, pharmaceuticals and telecom.

Exhibit 38: ROUTE's evolution over the years



Source: Company, Emkay Research

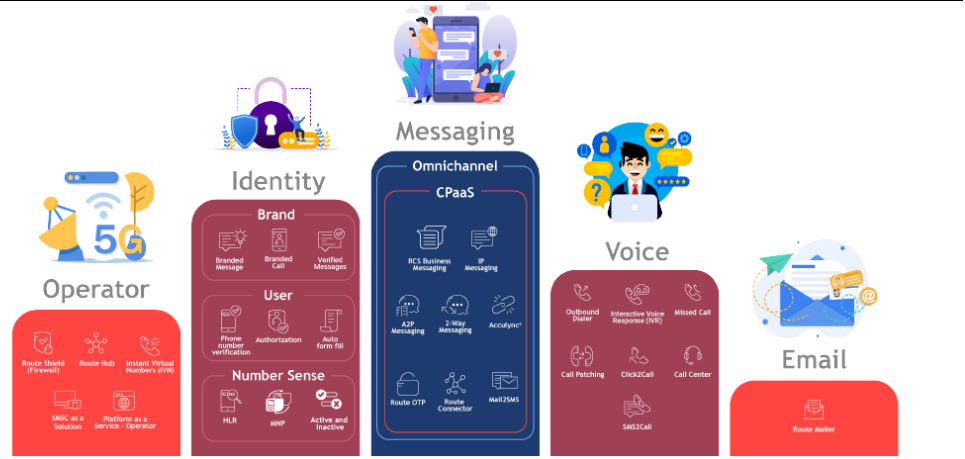
Its operations are internally aligned into the following segments: (i) enterprise (ii) mobile operator (iii) BPO.

Enterprise: ROUTE's enterprise vertical primarily provides a cloud-based communication platform to enterprises to enable digital communication through multiple channels including RCS, A2P/P2A messaging, 2Way Messaging, OTT business messaging, enterprise email and URL shortening, and Mail2SMS. Its platform also provides enterprise voice application services, including interactive voice response, Click2Call, missed call facility and outbound dialer, which enable enterprises to connect incoming and outgoing voice calls to their applications and systems. Its CPaaS platform gives its current and potential customers the ability to leverage Its Super Network and APIs to build out their digital communication service needs. ROUTE provides a suite of APIs for various communication channels across multiple geographies that are scalable and flexible to fit the customers' requirements. It has also launched Route Mobile API Developer Network – a program that enables developers to leverage capabilities of its platform and seamlessly deploy digital communication features within their applications / software.

Mobile Operator: Its main service offerings in this segment include SMS analytics, firewall, filtering, monetization and CPaaS and hubbing solutions. Its analytics-based SMS firewall solution helps MNOs identify grey route traffic terminating on their networks, block grey route traffic, identify the source of such grey route traffic, and monetize such traffic. ROUTE has developed multiple engagement models to offer flexibility to MNOs while using its solution. ROUTE typically engages with MNOs on a revenue share model when deploying this solution. Certain MNOs also engage with ROUTE for its hubbing solution and CPaaS offerings to leverage its global connectivity and A2P platform.

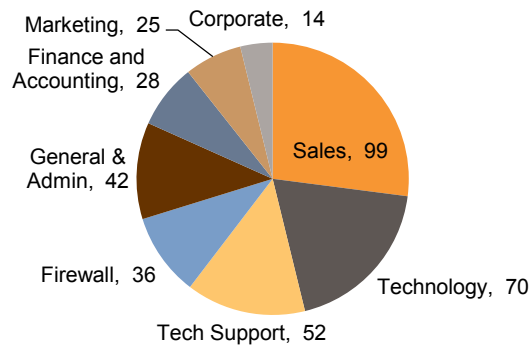
Business Process Outsourcing (BPO): ROUTE provides a range of BPO services including client support, technical support, booking and collection services. Its strategic objective is to integrate its BPO capabilities with its enterprise voice platform and deliver end-to-end offerings to enterprise customers.

Exhibit 39: ROUTE's offerings



Source: Company, Emkay Research

Exhibit 40: Employee break-up across functions (366 employees at the end of Q4FY21)



Source: Company, Emkay Research

Management Overview

Mr Sandip Gupta – Chairman and Non-Executive Director

Mr. Sandip Gupta is the Non-Executive Director of the company. He holds a bachelor's degree in commerce from Mumbai University. He is also a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India. He is a SAP certified solution consultant – mySAP Financials – Management and Financial Accounting. He is also the Promoter of the Company and has been associated with ROUTE since inception. Prior to ROUTE, he had worked with PwC Private Limited, and Covansys (India) Private Limited. He has over 19 years of experience in audit and accounts, business analysis, SAP configuration and software system consulting.

Mr Rajdip Gupta – Managing Director & Group CEO

Mr Rajdip Gupta is Managing Director and Group Chief Executive Officer. He holds a bachelor's degree in science (physics) from University of Mumbai and master's diploma in software engineering from Aptech Computer Education. He is also a certified HTML programmer, Perl programmer and active server pages programmer from Brainbench. He is the Promoter of the company and has been associated with it since inception. Prior to incorporating ROUTE, he worked with Approved Information Systems (I) Private Limited and Gurukul Online Learning Solutions (P) Limited. He has more than 17 years of experience in the field of software designing and development. He is responsible for company's growth and business development.

Mr Rahul Pandey – Chief Credit Officer

Mr Rahul Pandey holds a bachelor's degree in science from Mumbai University. He has 15 years of experience in telecommunications industry. Prior to joining ROUTE, he has worked with DuFlon Polymers Private Limited. He is responsible for coordinating the debts of existing creditors and deciding whether to allow credit to a debtor and overall managing all money borrowed or owed to the business.

Mr Gautam Badalia – Chief Strategy Officer

Mr Gautam Badalia holds a bachelor's degree in economics from Kolkata University and a master's degree in business administration (finance) from ICFAI University. He has 12 years of experience in investment banking, mergers and acquisitions and structured finance. Previously, he has worked with YES Securities (India) Limited. He is responsible for development and execution of strategic initiatives to support long term growth of our Company and enhance shareholders value.

Mr Suresh Jankar – Chief Financial Officer

Mr Suresh Jankar holds a bachelor's degree in commerce from University of Pune and is qualified chartered accountant from the Institute of Chartered Accounts of India. He has 9 years of experience in finance sector. Prior to joining the company, he has worked with the Capricorn Lifestyle Private Limited. He leads the finance and accounts team and is responsible for activities pertaining to the accounts of the company in India.

Mujahid Rupani – Group CTO

Mr. Mujahid Rupani heads ROUTE's and its group companies' technical teams based in Mumbai and Malta. He is known as 'Mojo' in tech circles. Mr. Rupani has a knowledge base spanning Linux, virtualization, SAN technologies and routing combined with a brain that thinks in logical patterns makes him the go to advice person for telecom industry. Over his 20 years of exploration in the Telecom field he has designed and implemented solutions for companies like Ceat Ltd, Bayer Pharma Ltd, Poonawalla Group, amongst others.

Mr Milind Pathak – Chief Business Officer

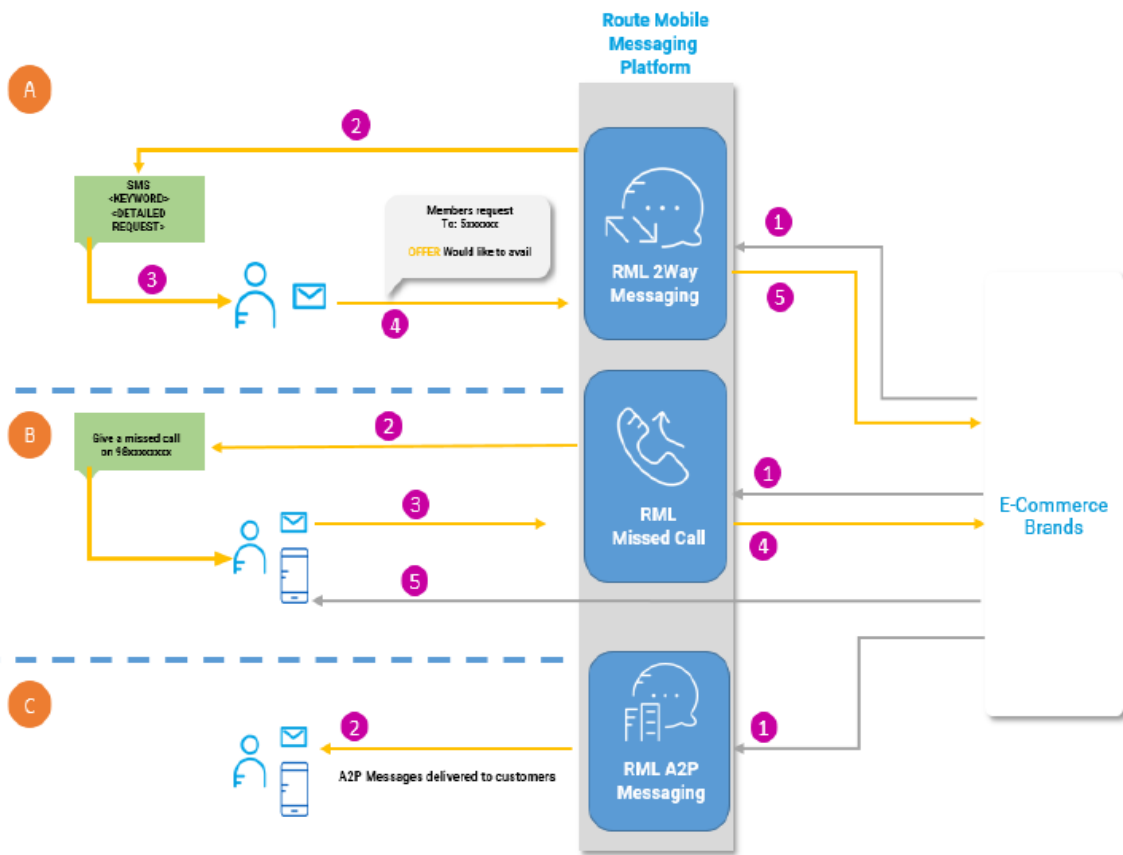
Mr Milind Pathak has 20+ years of experience in domestic and international markets with OnlineSales.ai, where he was the Chief Revenue Officer, Milind has also worked with blue-chip organizations like Paytm / Madhouse Mobile (GroupM), Comviva, Buongiorno etc. He has a Bachelor's Degree in Engineering from Maharashtra Institute of Technology and a Master's Degree in Business Administration from Jamnalal Bajaj Institute of Management Studies.

John Owen – CEO, Europe and Americas

John Owen brings over 30 years of international senior executive leadership experience in leading global organizations. In his most recent role as the Group CEO at Mastek Ltd ("Mastek"), he has transformed Mastek into a growth leader in digital transformation delivering outstanding results. Prior to Mastek, John held senior executive roles in organizations like Serco, HP, Sycamore Networks and Nortel.

Appendix 1 - Industry specific use cases

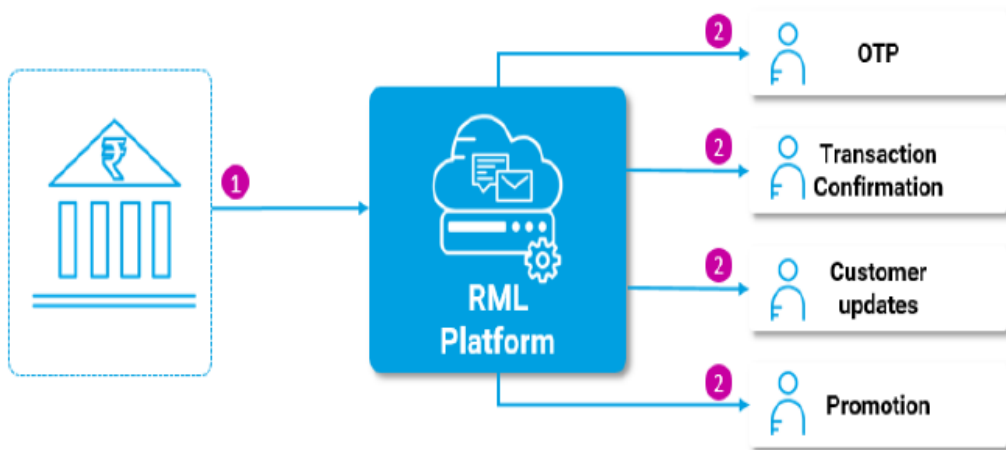
Exhibit 41: Omni channel solution for e-commerce



- A. 2 Way Messaging solution** – used by e-commerce brands to inform members about programs and gather inputs from them.
1. E-commerce brands send message content and contact details to the platform.
 2. Our 2Way Messaging API sends response VMN along with the message via SMS.
 3. Members receive details of programs with response options and keywords.
 4. Members respond with keyword and message, to VMN number.
 5. Our platform captures responses from members and provides report to e-commerce brand.
- B. Missed Call solution** – used by e-commerce brands as part of customer support.
1. E-commerce brands send customer support message content and contact details to our platform.
 2. Our platform generates SMS with number on which customer can leave a missed call (this number is provided by us to e-commerce brands).
 3. Customer places missed call on the number provided.
 4. Our platform captures caller information and passes the data to e-commerce brand.
 5. E-commerce brand customer support centre contacts the customer/
- C. A2P messaging solution** – used by e-commerce brands for one way communication with customers.
1. E-commerce brands send notification / OTP / confirmation / update / promotion message content and contact details to our platform.
 2. Our platform sends the message to the customer.

Source: Company, Emkay Research

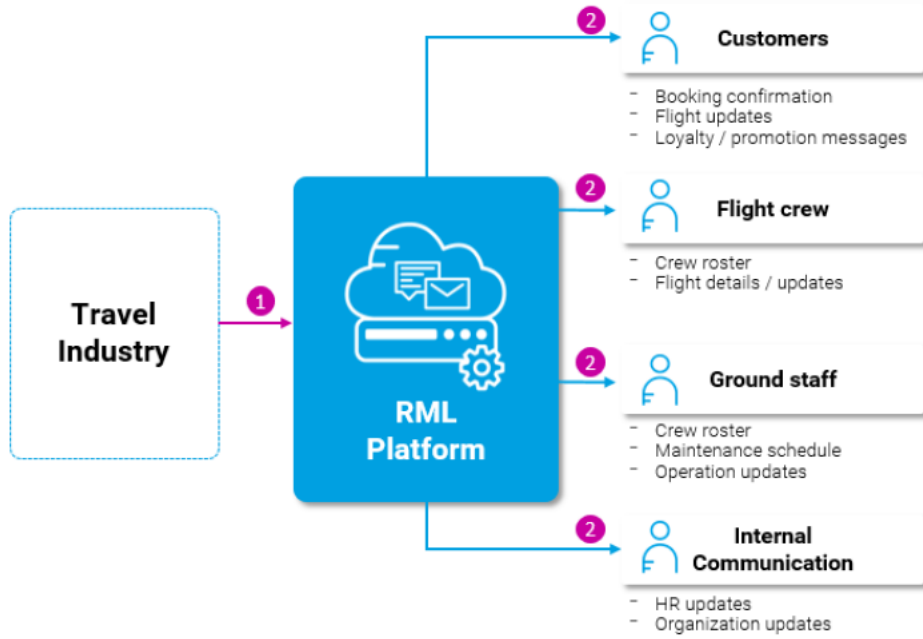
Exhibit 42: Digital communication solutions for Banking/Healthcare/Retail sectors



1. Banks send transaction notification / OTP / transaction confirmation / customer update / promotion message content and contact details to our platform
 2. Our platform sends the message to the customer
- Our platform offers data privacy compliant digital communication solutions to banks and other financial institutions.

Source: Company, Emkay Research

Exhibit 43: Digital Communication solutions for travel industry

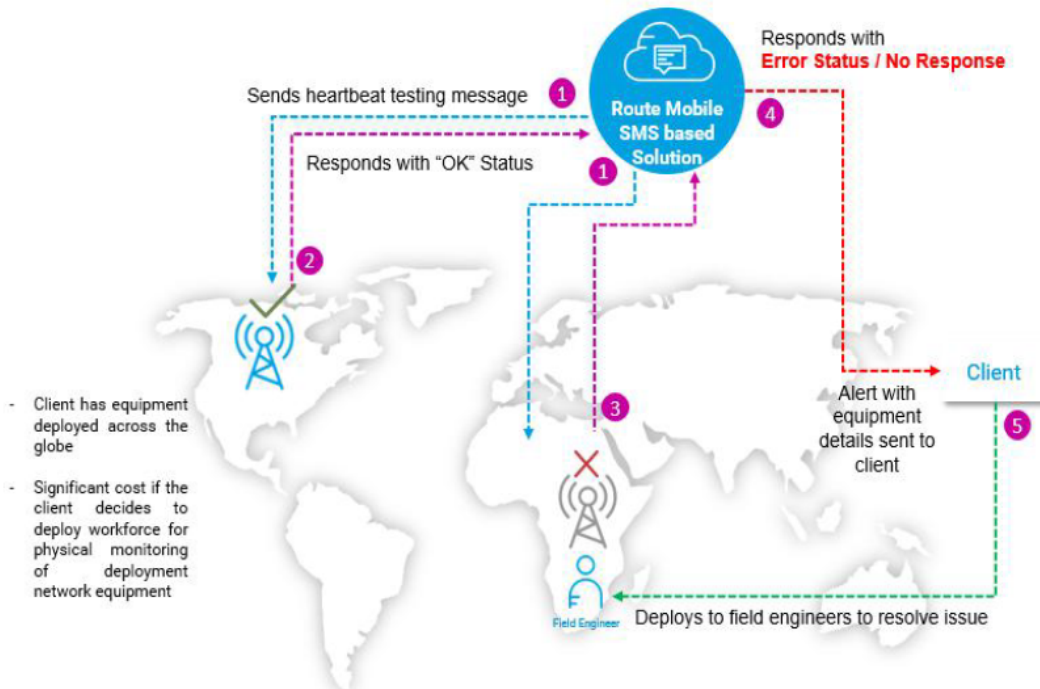


Players in the travel industry – primarily airlines, leverage our platform to drive digital communication with multiple stakeholders – including customers, flight crew, ground staff and for internal operations.

1. Airline companies send message content and contact details to our platform.
2. Our platform sends the message to the stakeholders.

Source: Company, Emkay Research

Exhibit 44: IoT enabling communication solutions



- Client has equipment deployed across the globe
- Significant cost if the client decides to deploy workforce for physical monitoring of network equipment

1. Our CPaaS platform pings the equipment, across the globe, at a defined frequency, with "heart beat testing" SMS.
2. Equipment responds with "OK" status, if it is functioning without errors.
3. Equipment does not respond / responds with error status, if it is functioning with errors.
4. Our CPaaS platform alerts the enterprise in case of faulty equipment.
5. Enterprise deploys workforce to fix the failed equipment.

Source: Company, Emkay Research

Glossary

Exhibit 45: Glossary

Abbreviation	Term
2FA	Two factor authorization
A2P	Application to Person
APAC	Asia Pacific
API	Application Programming Interface
BPO	Business Process Outsourcing
CAGR	Compounded Annual Growth Rate
CCaaS	Contact Center as a Service
CPaaS	Cloud communication Platform As A Service
CRM	Customer Relationship Management
FCF	Free Cash Flow
GBM	Google Business Messaging
IoT	Internet of things
IP messaging	Internet Protocol messaging
IVN	Instant Virtual Number
LTE	Long term evolution
M&A	Mergers and Acquisitions
MEA	Middle East & Africa
MIDaaS	Mobile Identity as a Service
MMSC	Multimedia Messaging Service Center
MNO	Mobile Network Operator
OCF	Operating Cash Flows
OTT	Over the Top
P2A	Person to Application
P2P	Person to Person
RCS	Rich Communication Services
ROCE	Return on Capital Employed
ROE	Return on Equity
SaaS	Software as a Service
SI	System Integrator
SIP trunking	Session Initiation Protocol trunking
SMS	Short Message Service
SMSC	Short Message Service Center
URL	Uniform Resource Locator

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	9,563	14,062	17,711	22,133	27,672
Expenditure	8,563	12,321	15,385	19,145	23,770
EBITDA	1,000	1,741	2,326	2,988	3,902
Depreciation	227	258	286	352	404
EBIT	773	1,483	2,039	2,636	3,498
Other Income	118	160	286	344	482
Interest expenses	49	28	20	16	13
PBT	843	1,615	2,305	2,964	3,967
Tax	112	288	438	563	754
Extraordinary Items	(149)	0	0	0	0
Minority Int./Income from Assoc.	(1)	(6)	(8)	(8)	(8)
Reported Net Income	583	1,333	1,875	2,409	3,221
Adjusted PAT	732	1,333	1,875	2,409	3,221

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	500	577	577	577	577
Reserves & surplus	2,194	5,944	7,646	9,824	12,756
Net worth	2,694	6,521	8,223	10,401	13,333
Minority Interest	(22)	(27)	(35)	(43)	(51)
Loan Funds	532	194	163	107	107
Net deferred tax liability	(33)	(44)	(44)	(44)	(44)
Total Liabilities	3,171	6,645	8,308	10,422	13,347
Net block	1,756	1,927	2,639	2,535	2,379
Investment	119	128	130	130	130
Current Assets	4,342	8,107	9,941	13,256	17,709
Cash & bank balance	1,026	4,677	5,661	8,013	11,268
Other Current Assets	1,172	1,012	1,126	1,301	1,513
Current liabilities & Provision	3,046	3,529	4,412	5,508	6,881
Net current assets	1,295	4,578	5,529	7,748	10,828
Misc. exp	0	0	0	0	0
Total Assets	3,171	6,645	8,308	10,422	13,347

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	724	1,456	2,019	2,620	3,485
Other Non-Cash items	(15)	(33)	0	0	0
Chg in working cap	209	627	34	133	174
Operating Cashflow	935	2,294	2,187	2,886	3,791
Capital expenditure	(269)	(722)	(996)	(248)	(248)
Free Cash Flow	666	1,572	1,191	2,638	3,543
Investments	251	(1,590)	(2,225)	(2,300)	(3,200)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	2	(2,261)	(3,221)	(2,548)	(3,448)
Equity Capital Raised	0	2,578	0	0	0
Loans Taken / (Repaid)	(416)	(439)	(31)	(56)	0
Dividend paid (incl tax)	(165)	0	(173)	(231)	(289)
Other Financing Cash Flow	0	0	0	0	0
Financing Cashflow	(623)	2,110	(204)	(286)	(289)
Net chg in cash	313	2,143	(1,239)	52	54
Opening cash position	294	615	2,700	1,461	1,513
Closing cash position	1,026	4,677	5,661	8,013	11,268

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	10.5	12.4	13.1	13.5	14.1
EBIT Margin	8.1	10.5	11.5	11.9	12.6
Effective Tax Rate	13.2	17.8	19.0	19.0	19.0
Net Margin	7.6	9.4	10.5	10.8	11.6
ROCE	29.0	33.5	31.1	31.8	33.5
ROE	29.7	28.9	25.4	25.9	27.1
RoIC	39.6	77.0	94.1	110.4	166.2

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	14.6	23.1	32.5	41.7	55.8
CEPS	19.2	27.6	37.4	47.8	62.8
BVPS	53.9	113.0	142.5	180.2	231.0
DPS	3.0	2.0	3.0	4.0	5.0

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	104.3	66.0	47.0	36.6	27.3
P/CEPS	79.6	55.3	40.7	31.9	24.3
P/BV	28.3	13.5	10.7	8.5	6.6
EV / Sales	7.9	5.9	4.7	3.6	2.8
EV / EBITDA	75.7	47.9	35.4	26.8	19.7
Dividend Yield (%)	0.2	0.1	0.2	0.3	0.3

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	(0.2)	(0.7)	(0.7)	(0.8)	(0.8)
Net Debt/EBIDTA	(0.6)	(2.6)	(2.4)	(2.7)	(2.9)
Working Cap Cycle (days)	10.3	(2.6)	(2.7)	(4.4)	(5.8)

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	13.2	47.1	25.9	25.0	25.0
EBITDA	15.8	74.2	33.6	28.5	30.6
EBIT	11.8	91.9	37.5	29.2	32.7
PAT	2.4	128.8	40.6	28.5	33.7

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	2,658	3,096	3,493	3,848	3,624
EBITDA	251	376	418	447	499
EBITDA Margin (%)	9.5	12.2	12.0	11.6	13.8
PAT	135	271	329	380	354
EPS (Rs)	2.7	5.4	5.8	6.7	5.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-20	Sep-20	Sep-20	Dec-20	Mar-21
Promoters	66.3	66.3	66.3	65.8	65.4
FIs	10.3	4.3	4.3	15.7	15.9
DIs	13.4	11.9	11.9	8.2	5.8
Public and Others	9.9	17.4	17.4	10.3	12.9

Source: Capitaline

Emkay Alpha Portfolio – Information Technology



Analyst: Dipesh Mehta

Contact Details

dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

Sector

IT Services, ITes and Software

Analyst bio

Dipesh is a seasoned Equities professional who has covered Technology sector for over 15 years. Dipesh has completed his B.E. in Information Technology from Sardar Patel University and MMS in Finance from Mumbai University.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Information Technology	12.78	12.52	-2%	-26	100.00
BirlaSoft	0.00	0.07	NA	7	0.54
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.08	NA	8	0.62
HCL Tech	1.18	1.30	10%	12	10.19
Infosys	5.77	5.81	1%	4	45.42
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.18	0.00	-100%	-18	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.11	0.00	-100%	-11	0.00
Mphasis	0.17	0.13	-26%	-4	0.99
MPS*	0.00	0.00	NA	0	0.00
NIIT*	0.00	0.00	NA	0	0.00
Nucleus Software*	0.00	0.00	NA	0	0.00
Oracle Financial Services*	0.10	0.00	-100%	-10	0.00
Persistent Systems	0.00	0.51	NA	51	3.97
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	3.72	3.32	-11%	-41	25.97
Tech Mahindra	0.71	0.72	2%	2	5.66
Wipro	0.85	0.59	-31%	-26	4.61
Cash	0.00	0.26	NA	26	2.03

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	21-May-20	20-Nov-20	18-Feb-21	20-Apr-21	20-May-21
EAP - Information Technology	100.0	91.3	144.7	170.8	177.3	177.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	90.1	137.7	161.4	167.0	165.6

*Performance measurement base date 1st April 2019

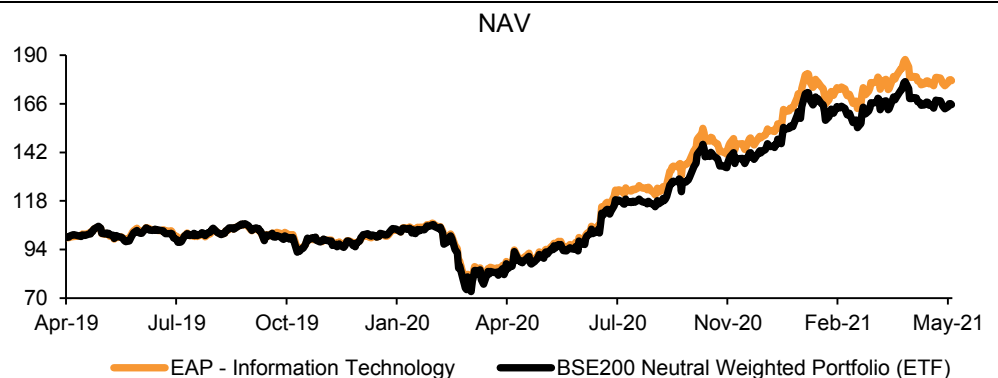
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	0.1%	3.9%	22.6%	94.4%
BSE200 Neutral Weighted Portfolio (ETF)	-0.8%	2.6%	20.3%	83.9%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 24 May 2021 10:35:35 (SGT)

Dissemination Date: 24 May 2021 10:36:35 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of May 24, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of May 24, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 24, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the May 24, 2021

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com