
Walker Chandiook & Co LLP

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Independent Auditor's Report

To the Members of Route Mobile Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Route Mobile Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to the matter stated in Note 41 to the accompanying financial statements which indicates delay in payment of foreign currency payables to subsidiaries, aggregating to ₹1,101.06 lakhs outstanding as on 31 March 2020 beyond the timelines stipulated vide FED Master Direction No.17/2016-17, read with RBI circular RBI/2019-20/242 No.33 dated 22 May 2020 under the Foreign Exchange Management Act, 1999. The management of the Company is in the process of filing necessary application(s) for condonation of delays with appropriate authorities for regularising these defaults. Pending condonation of such delays by the appropriate authority, the management is of the view that the amount of fines/penalties, if any, that may be levied, are currently unascertainable but not expected to be material and accordingly, no consequential adjustments have been made to the accompanying financial statements with respect to such delays/defaults. Our opinion is not modified in respect of this matter.

Route Mobile Limited Independent Auditor's Report on the Audit of the Standalone Financial Statements

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the standalone financial statements

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Route Mobile Limited Independent Auditor's Report on the Audit of the Standalone Financial Statements

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

12. As required by Section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 August 2020 as per Annexure II expressed an unmodified opinion;

Route Mobile Limited Independent Auditor's Report on the Audit of the Standalone Financial Statements

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position as at 31 March 2020 in the standalone financial statements;
 - ii. the Company, as detailed in note 23 to the standalone financial statements, has made provision as at 31 March 2020, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Bharat Shetty
Partner
Membership No:106815

UDIN:20106815AAAACZ9821

Place: Mumbai
Date: 25 August 2020

Route Mobile Limited
Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure I to the Independent Auditor's Report of even date to the members of Route Mobile Limited on the standalone financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- (b) The fixed assets (property, plant and equipment) have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets (property, plant and equipment) is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) The Company does not have any tangible inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion, the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
 - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
 - (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and services tax, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, goods and services tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1,446.08	-	2019-20 (Assessment year)	Commissioner of Income Tax (Appeals)

Route Mobile Limited Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure I (Contd)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to any financial institution or government and no dues payable to debenture holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- (xv) The Company has entered into non-cash transactions with persons connected with directors, by adjusting loan receivable balance against payable balance, which in our opinion is covered under the provisions of Section 192 of the Act, and in respect of which the Company has complied with the provisions of Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Bharat Shetty
Partner
Membership No:106815

UDIN:20106815AAAACZ9821

Place: Mumbai
Date: 25 August 2020

**Route Mobile Limited
Independent Auditor's Report on the Audit of the Standalone Financial Statements**

Annexure II to the Independent Auditor's Report of even date to the members of Route Mobile Limited, on the standalone financial statements for the year ended 31 March 2020

Independent Auditor's report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

1. In conjunction with our audit of the standalone financial statements of Route Mobile Limited (the "Company") as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure II (Contd)

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Bharat Shetty
Partner
Membership No:106815

UDIN:20106815AAAACZ9821

Place: Mumbai
Date: 25 August 2020

Route Mobile Limited
Balance Sheet as at 31 March 2020
(₹ in lakhs, except for share data, and if otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	2	703.62	1,065.78
Right-of-use assets	3 (a)	266.14	-
Intangible assets	3(b)	337.75	53.06
Intangible assets under development		-	212.99
Investments in subsidiaries	4	2,649.96	2,403.18
Financial assets			
Other financial assets	5	119.35	140.46
Deferred tax assets (net)	6	297.20	344.20
Non-current tax assets (net)	7	1,480.78	664.92
Other non-current assets	8	736.62	1,583.15
		6,591.42	6,467.74
Current assets			
Financial assets			
Investments	9	1,189.80	1,066.55
Trade receivables	10	11,179.82	9,643.33
Cash and cash equivalents	11	2,292.75	380.82
Other bank balances	12	3,602.31	526.28
Loans	13	2,233.97	3,205.34
Other financial assets	14	886.76	293.67
Other current assets	15	4,425.57	560.20
		25,810.98	15,676.19
Total assets		32,402.40	22,143.93
Equity and liabilities			
Equity			
Equity share capital	16	5,000.00	5,000.00
Other equity	17	2,431.69	3,380.14
		7,431.69	8,380.14
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	18.78	82.94
Lease liabilities	44	27.86	-
Provisions	19	202.98	148.47
Other non-current liabilities	20	-	38.02
		249.62	269.43

Route Mobile Limited**Balance Sheet as at 31 March 2020**

(₹ in lakhs, except for share data, and if otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
Current liabilities			
Financial liabilities			
Borrowings	21	3,735.56	1,888.61
Lease liabilities	44	280.83	-
Trade payables	22		
-Total outstanding dues of micro enterprises and small enterprises		-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		18,934.25	9,267.71
Other current financial liabilities	23	1,364.08	2,064.02
Provisions	24	77.99	55.81
Other current liabilities	25	328.38	218.21
		24,721.09	13,494.36
Total equity and liabilities		32,402.40	22,143.93

Significant accounting policies and other explanatory information 1 to 51

This is the Balance Sheet referred to in our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

**For and on behalf of the Board of Directors of
Route Mobile Limited****Bharat Shetty**

Partner

Membership No.: 106815

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Chandrakant Gupta
Chairman
(DIN No. 01636981)

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Sandipkumar Gupta
Director
(DIN No. 01272932)

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Rajdikumar Gupta
Managing Director
(DIN No. 01272947)

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Rathindra Das
Company Secretary
(Membership No.: A24421)

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Suresh Jankar
Chief Financial Officer

Place : Mumbai

Date : 25 August 2020

Place : Mumbai

Date : 25 August 2020

Route Mobile Limited
Statement of Profit and Loss for the year ended 31 March 2020
(₹ in lakhs, except for share data, and if otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue			
Revenue from operations	26	40,654.73	37,397.00
Other income	27	1,853.87	434.90
Total revenue		42,508.60	37,831.90
Expenses			
Purchases of messaging services	28	35,472.10	32,526.87
Employee benefits expense	29	2,257.57	2,098.52
Finance costs	30	279.71	157.13
Depreciation and amortisation expense	31	634.28	465.99
Other expenses	32	1,517.67	1,301.86
Total expenses		40,161.33	36,550.37
Profit before exceptional item and tax		2,347.27	1,281.53
Exceptional item	33	1,338.91	-
Profit before tax		1,008.36	1,281.53
Tax expense	34		
Current tax		187.60	526.02
Deferred tax charge/(credit)		66.07	(141.56)
		253.67	384.46
Profit for the year		754.69	897.07
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Measurements of defined employee benefit plans		(18.94)	19.21
Income tax relating to above items		4.77	(5.59)
Total other comprehensive income (net of tax)		(14.17)	13.62
Total comprehensive income for the year		740.52	910.69
Earnings per equity share	45		
Basic and diluted (in ₹)		1.51	1.79
Face value per share (in ₹)		10.00	10.00
Significant accounting policies and other explanatory information	1 to 51		

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Bharat Shetty
Partner
Membership No.: 106815

For and on behalf of the Board of Directors of
Route Mobile Limited

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Chandrakant Gupta
Chairman
(DIN No. 01636981)

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Sandipkumar Gupta
Director
(DIN No. 01272932)

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Rajdikumar Gupta
Managing Director
(DIN No. 01272947)

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Rathindra Das
Company Secretary
(Membership No.: A24421)

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Suresh Jankar
Chief Financial Officer

Place : Mumbai
Date : 25 August 2020

Place : Mumbai
Date : 25 August 2020

Route Mobile Limited

Cash flow statement for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,008.36	1,281.53
Adjustments for :		
Financial asset measured at amortised cost	(14.91)	0.40
Depreciation and amortisation expense	634.28	465.99
Interest on lease liability/finance lease obligation	48.94	18.59
Advances and trade receivable written off	36.72	17.59
Interest income on fixed deposits	(167.08)	(55.98)
Interest income on loan to subsidiary companies	(165.84)	(140.78)
Net gain arising on financial asset measured at FVTPL	(123.25)	(66.55)
Dividend received from Subsidiaries	(1,093.15)	-
Provision for doubtful debts and advances	40.84	17.57
Interest on borrowings from bank	218.34	91.33
Other borrowing cost	6.58	15.18
Unrealised foreign exchange loss	539.22	109.72
Loss on derivative transaction	4.54	-
Mark to market of derivative financial instruments	116.11	-
Liabilities no longer payable, written back	(207.23)	(26.67)
Provision for lease equalisation	-	12.95
Operating profit before working capital changes	882.47	1,740.87
Adjustments for working capital:		
(Increase) in trade receivables	(1,495.43)	(4,497.47)
(Increase) in loans and advances and other assets	(3,453.83)	(788.26)
Increase in trade payables, provisions and other liabilities	8,587.81	6,916.29
Cash generated from operating activities	4,521.02	3,371.43
Direct taxes paid (net)	(1,003.46)	(899.92)
Net cash generated from operating activities	3,517.56	2,471.51
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including intangible assets under development)	(231.40)	(616.21)
Fixed deposits (placed)/matured	(3,080.63)	1,132.30
Investment in subsidiaries	-	(0.74)
(Loan to)/returned by subsidiaries (net)	751.41	(666.80)
Dividend received from Subsidiaries	1,093.15	-
Interest received on loan to subsidiaries	141.76	154.51
Purchase of current investments	-	(1,000.00)
Interest received	109.66	85.76
Net cash (used in) investing activities	(1,216.05)	(911.18)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	(6.86)	(3.74)
Proceeds from non-current borrowings	-	39.00
Interest paid	(211.00)	(122.03)
Payment of interest portion of lease liabilities/finance lease obligations	(48.94)	-
Payment of principal portion of lease liabilities/finance lease obligations	(315.57)	(97.43)
Dividend paid	(1,500.00)	(750.00)
Dividend distribution tax paid	(154.16)	(154.16)
Proceeds from/(Repayment of) current borrowings (net)	1,846.95	(383.24)
Net cash used in financing activities	(389.58)	(1,471.60)
Net increase in cash and cash equivalents (A+B+C)	1,911.93	88.73
Opening balance of cash and cash equivalents	380.82	292.09
Closing balance of cash and cash equivalents	2,292.75	380.82
Cash and cash equivalents as per financial statements (refer note 11)	2,292.75	380.82

Route Mobile Limited

Cash flow statement for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Cash and cash equivalents comprises of the following:

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	2,292.75	380.82
Balances as per statement of cash flows	2,292.75	380.82

Note:

The Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7, Statement of Cash Flows.

Significant accounting policies and other explanatory information

1 to 51

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Bharat Shetty

Partner

Membership No.: 106815

For and on behalf of the Board of Directors of
Route Mobile Limited

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Chandrakant Gupta

Chairman

(DIN No. 01636981)

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ANT GUPTA

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SANDIPKUMAR
CHANDRAKANT
GUPTA
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Sandipkumar Gupta

Director

(DIN No. 01272932)

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Rajdipkumar Gupta

Managing Director

(DIN No. 01272947)

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Rathindra Das

Company Secretary

(Membership No.: A24421)

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JANKAR

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Suresh Jankar

Chief Financial Officer

Place : Mumbai

Date : 25 August 2020

Place : Mumbai

Date : 25 August 2020

Route Mobile Limited

Statement of changes in equity for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

a	Equity share capital	Number	Amount
	Balance as at 1 April 2018	50,000,000	5,000.00
	Issue of shares	-	-
	Balance as at 31 March 2019	50,000,000	5,000.00
	Issue of shares	-	-
	Balance as at 31 March 2020	50,000,000	5,000.00

b Other equity

	Reserves and Surplus	Total
	Retained Earnings	other equity
Balance as at 1 April 2018	3,373.61	3,373.61
Profit for the year	897.07	897.07
Other comprehensive income for the year	13.62	13.62
Total Comprehensive income for the year ended 31 March 2019	910.69	910.69
Dividend paid	(750.00)	(750.00)
Dividend distribution tax	(154.16)	(154.16)
Balance as at 31 March 2019	3,380.14	3,380.14
Change in accounting policy (refer note 44)	(34.81)	(34.81)
Restated Balance as at 1 April 2019	3,345.33	3,345.33
Profit for the year	754.69	754.69
Other comprehensive income for the year	(14.17)	(14.17)
Total Comprehensive income for the year ended 31 March 2020	740.52	740.52
Dividend paid	(1,500.00)	(1,500.00)
Dividend distribution tax	(154.16)	(154.16)
Balance as at 31 March 2020	2,431.69	2,431.69

Significant accounting policies and other explanatory information

1 to 51

This is the Statement of Changes in Equity referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Route Mobile Limited

Bharat Shetty

Partner

Membership No.: 106815

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Chandrakant Gupta
Chairman
(DIN No. 01636981)

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Sandipkumar Gupta
Director
(DIN No. 01272932)

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Rajdikumar Gupta
Managing Director
(DIN No. 01272947)

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Rathindra Das
Company Secretary
(Membership No.: 24421)

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Suresh Jankar
Chief Financial Officer

Place : Mumbai

Date : 25 August 2020

Place : Mumbai

Date : 25 August 2020

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

Company Overview

Route Mobile Limited (RML), (the “Company”) was incorporated on 14 May 2004. The Company is a cloud communication provider to enterprises, over-the-top players and mobile network operators.

The Company has its registered office in Mumbai. The financial statements for the year ended 31 March 2020 were approved by Board of Directors and authorised for issue on 25 August 2020.

1 Significant accounting policies and assumptions

(i) Statement of compliance

The standalone financial statements have been prepared to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and rules framed thereunder.

The standalone financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities, defined benefit plan liabilities measured at fair value.

Current and non-current classification: All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of service and time taken between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

(ii) Critical estimates and judgements

The preparation of these financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management’s best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

- **Impairment of investments**

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

- **Useful lives of property, plant and equipment and Intangible assets**

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

- **Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

- **Defined benefit obligation**

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

- **Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

- **Impairment of financial assets**

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

- **Research and development costs**

Management monitors progress of internal research and development projects by using a project judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

- **Share-based payments**

Estimating fair value for share-based payments requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

- **Contingencies**

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

- **Leases – Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(iii) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised upon transfer of control of promised services to the customers at the consideration which the Company has received or expects to receive in exchange of those services. Amount disclosed as revenue are reported net of discounts and applicable taxes which are collected on behalf of the government.

(i) Revenue from messaging services – The Company recognises revenue based on the usage of messaging services. The revenue is recognised when the Company's services are used based on the specific terms of the contract with customers.

Technical and support services – Income from technical and support services rendered to its group companies is recorded on an accrual basis at a fully loaded cost plus mark-up on such costs.

Revenue in excess of invoicing are classified as unbilled revenue while invoicing /collection in excess of revenue for services to be performed in future are classified as deferred revenue / advances from customers.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company and when there is a reasonable certainty with which the same can be estimated.

(ii) Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment.

(iii) Dividend are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(iv) Interest income for all debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(iv) Measurement and recognition of leases

The Company considers whether contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and lease liabilities on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date of lease, the Company measures the lease liability at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or Statement of profit and loss, as the case may be.

The Company has elected to account for short-term leases and leases of low-value assets using the exemption given under Ind AS 116, Leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit.

Company as a lessor

Leases for which the Company is a lessor classified as finance or operating lease.

Lease income from operating leases where the Company is a lessor is recognised as income on straight line basis over the lease term.

(v) Borrowing costs

Borrowing costs attributable to the acquisition and construction of qualifying assets are capitalised as part of the cost of such assets up to the date such assets are ready for their intended use. Other borrowing costs are charged to profit or loss. Borrowing cost is calculated using effective interest rate on the amortised cost of the instrument.

(vi) Foreign currency

The functional currency of the Company is Indian rupee.

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

sheet date and exchange gains or losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated at year end.

(vii) Income taxes

Income tax expense comprises Current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company operates. Advance taxes and provision for current income tax are presented in the Balance sheet after offsetting the advance tax paid and income tax provision arising in the same jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax assets are recognised to the extent future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

(viii) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(I) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets change.

Initial measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

• Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

De-recognition of financial assets

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand and at bank and current investments with an original maturity of three months or less. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(II) Financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently, all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. The gain / loss is recognised in other equity in case of transactions with shareholders.

(III) Derivative Financial Instruments

The Company uses currency swaps as derivative instrument to mitigate the risk of changes in currency rates. Such derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

(ix) Investment in subsidiaries

Investments in subsidiaries are accounted at cost less impairment in accordance with Ind AS 27 - Separate financial statements. Refer note 39 for the list of investments.

(x) Property, plant and equipment (including Capital Work-in-Progress)

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes inward freight, adjustment for GST credit, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

Assets acquired but not ready for use or assets under construction are classified under Capital work in progress.

(xi) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the standalone statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Company, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the standalone statement of profit and loss as incurred.

(xii) Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided to the extent of depreciable amount on written down value method (WDV) over the useful lives of assets as determined by the management which is in line with Part-C of Schedule II of the Act with residual value of 5%, except servers and network (part of Computers).

Servers and networks are depreciated over a period of five years, based on internal assessment and technical evaluation carried out by the management, and which represents the period over which they expect to use these assets.

Computer software is amortised over a period of three years on straight line basis.

Leasehold improvements are amortised over the period of lease or their estimated useful life, whichever is lower, on a straight-line basis.

Depreciation on assets acquired under finance lease is spread over the lease period or useful life, whichever is lower on straight line basis.

Depreciation is calculated pro-rata from/to the date of addition/deletion.

(xiii) Impairment of assets

Non-financial assets

The carrying amount of the non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Impairment loss is recognised in the statement of profit and loss.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there was no impairment.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised on initial recognition of the receivables.

(xiv) Employee benefits

All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognised as expenses in the Statement of Profit and Loss.

The Company's contribution to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis. The Company has categorised its Provident Fund and the Employees State Insurance Scheme as a defined contribution plan since it has no further obligations beyond these contributions.

The Company's liability towards gratuity, being defined benefit plan is accounted for on the basis of an independent actuarial valuation using the projected unit credit method, done at the year end. Gratuity liability is not funded and the payments are made to the employees directly when they leave the organisation post completion of 5 years of service or at the time of retirement (with minimum 5 years of service), whichever is earlier.

Service cost and the net interest cost is included in employee benefit expense in the Statement of profit and loss. Actuarial gains and losses arising on the measurement of defined benefit obligation is credited/charged to other comprehensive income.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(xv) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate of the amount required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

Route Mobile Limited

Summary of the significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(xvi) Earnings per share

Basic earnings per share are computed by dividing net profit after tax (excluding other comprehensive income) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing net profit after tax (excluding other comprehensive income) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

(xvii) Business combinations

Business combinations are accounted for using the acquisition method as per Ind AS 103, Business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities assumed at the date of acquisition, which is the date on which control is transferred to the Company. Identified assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs that the Company incurs in connection with a business combination such as stamp duty, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

(xviii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting, nature of the products / process, organisation structure as well as differential risks and returns, using the information provided to the board of directors and chief operating officer, together, the chief operating decision maker ('CODM').

(xix) Share based payments

Share-based compensation benefits are provided to employees via the "ROUTE MOBILE LIMITED", Employee Stock Option Plan 2017 (the 'ESOP scheme'). The fair value of options granted under the Employee Stock Option Plan 2017 is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to serve or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(xx) Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

(xxi) Standards issued but not effective

There are no standards that are issued but not yet effective on 31 March 2020.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

2 Property, plant and equipment

Particulars	Building	Furniture and fixtures	Leasehold improvements	Vehicles	Office equipment	Computers (on finance lease)	Computers	Total
Gross block								
Balance as at 1 April 2018	331.00	328.98	238.00	318.94	46.80	377.24	1,363.47	3,004.43
Additions	-	0.07	-	49.45	5.40	-	126.16	181.08
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	331.00	329.05	238.00	368.39	52.20	377.24	1,489.63	3,185.51
Transfer out to Right of use assets	-	-	-	-	-	(377.24)	-	(377.24)
Additions	-	-	-	-	9.87	-	52.67	62.54
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	331.00	329.05	238.00	368.39	62.07	-	1,542.30	2,870.81
Accumulated depreciation and amortisation								
Balance as at 1 April 2018	132.13	156.65	90.27	199.46	32.93	108.98	968.26	1,688.68
Depreciation and amortisation	9.70	40.51	49.24	42.41	6.15	100.60	182.44	431.05
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	141.83	197.16	139.51	241.87	39.08	209.58	1,150.70	2,119.73
Transfer out to Right of use assets	-	-	-	-	-	(209.58)	-	(209.58)
Depreciation and amortisation	9.15	29.83	49.24	33.89	6.03	-	128.90	257.04
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	150.98	226.99	188.75	275.76	45.11	-	1,279.60	2,167.19
Net block								
Balance as at 31 March 2019	189.17	131.89	98.49	126.52	13.12	167.66	338.93	1,065.78
Balance as at 31 March 2020	180.02	102.06	49.25	92.63	16.96	-	262.70	703.62

Refer Note 35 for information on Property, plant and equipment pledged as security.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

3 (a) Right-of-use assets

Particulars	Right of use assets- Computer	Right of use assets- Building	Total
Gross block			
Transfer In Right of use Assets			
Gross block	377.24	-	377.24
Accumulated depreciation	(209.58)	-	(209.58)
Adjustment basis implementation of Ind AS 116, Leases (refer note 44)	-	377.39	377.39
Additions	-	-	-
Balance as at 31 March 2020	167.66	377.39	545.05
Accumulated depreciation			
Balance as at 1 April 2019	-	-	-
Depreciation charge	100.60	178.31	278.91
Disposals	-	-	-
Balance as at 31 March 2020	100.60	178.31	278.91
Net block			
Balance as at 31 March 2020	67.06	199.08	266.14

3(b) Intangible assets

Particulars	Computer software	Technical know- how	Total
Gross block			
Balance as at 1 April 2018	260.02	-	260.02
Additions	24.99	-	24.99
Disposals	-	-	-
Balance as at 31 March 2019	285.01	-	285.01
Additions	1.74	381.28	383.02
Disposals	-	-	-
Balance as at 31 March 2020	286.75	381.28	668.03
Accumulated amortisation			
Balance as at 1 April 2018	197.01	-	197.01
Amortisation charge	34.94	-	34.94
Disposals	-	-	-
Balance as at 31 March 2019	231.95	-	231.95
Amortisation charge	24.73	73.60	98.33
Disposals	-	-	-
Balance as at 31 March 2020	256.68	73.60	330.28
Net block			
Balance as at 31 March 2019	53.06	-	53.06
Balance as at 31 March 2020	30.07	307.68	337.75

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
4 Non-current investments		
Investments in equity shares - Unquoted, fully Paid-up		
<u>Investments in subsidiaries:</u>		
Route Mobile (UK) Limited 31 March 2020: 20,000 (31 March 2019: 20,000) shares of GBP 1 each	15.24	15.24
Sphere Edge Consulting (India) Private Limited 31 March 2020: 10,000 (31 March 2019: 10,000) shares of ₹ 10 each	11.00	11.00
Routesms Solutions FZE 31 March 2020: 41,725 (31 March 2019: 41,725) shares of AED 1 each	7.86	7.86
Routesms Solutions Nigeria Limited 31 March 2020: 10,000,000 (31 March 2019: 10,000,000) shares of NRN 1 each	35.23	35.23
Cellent Technologies (India) Private Limited 31 March 2020: 49,700 (31 March 2019: 49,700) shares of ₹ 10 each	1,127.40	1,127.40
Start Corp India Private Limited 31 March 2020: 10,000 (31 March 2019: 10,000) shares of ₹ 10 each	200.00	200.00
Route Mobile Pte. Ltd. 31 March 2020: 25,000 (31 March 2019: 25,000) shares of SGD 1 each	12.38	12.38
Call 2 Connect India Private Limited 31 March 2020: 145,000 (31 March 2019: 126,666) shares of ₹ 10 each	1,240.11	993.33
Route Connect Private Limited 31 March 2020: 7,400 (31 March 2019: 7,400) shares of ₹ 10 each	0.74	0.74
	2,649.96	2,403.18
Aggregate amount of unquoted investments	2,649.96	2,403.18
Aggregate amount of impairment in value of investments	-	-
5 Other non-current financial assets		
Unsecured, considered good, unless otherwise stated		
Security deposits	114.35	136.06
Loans and advances to employees	0.40	4.40
Deposits with maturity of more than 12 months	4.60	-
	119.35	140.46
6 Deferred tax assets (net)		
Deferred tax liability arising on account of :		
Net gain on financial assets designated as FVTPL	47.77	-
	47.77	-
Deferred tax assets arising on account of :		
Depreciation and amortisation	68.70	61.75
Difference in book values and tax base values of ROU assets and Lease liabilities	10.71	-
Provision for compensated absences	10.36	7.70
Provision for gratuity	60.36	51.78
Carried forward business losses	55.76	-
Provision for expenses	88.55	168.62
Provision for doubtful debts and advances	50.53	54.35
Total deferred tax assets (net)	344.97	344.20
Deferred tax assets	297.20	344.20

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
7 Non-current tax assets (net)		
Advance income tax ((Net of provision ₹ 3,362.89 lakhs, 31 March, 2019: ₹ 3,175.29 lakhs))	1,480.78	664.92
	1,480.78	664.92
8 Other non-current assets		
Balance with government authorities	722.55	1,385.36
Deposit with government authorities	-	187.52
Prepaid expenses	14.07	10.27
	736.62	1,583.15
9 Investments		
Investments carried at fair value through profit or loss (FVTPL)		
Investments in mutual funds - Unquoted		
Axis Banking and PSU Debt Fund - Growth 30,535.80 units (31 March 2019: 30,535.80) of ₹ 1,911.37 each	583.65	533.67
L&T Triple Ace Bond Fund - Growth 1,147,660.27 units (31 March 2019: 1,147,660.27) of ₹ 52.82 each	606.15	532.88
	1,189.80	1,066.55
Aggregate amount of unquoted investments	1,189.80	1,066.55
Aggregate amount of impairment in value of investments	-	-
Refer note 35 for information on investments pledged as security by the Company.		
10 Trade receivables		
Unsecured, considered good*	7,750.43	6,434.94
Receivables from related parties (Unsecured, considered good)(refer note 40)	3,429.39	3,208.39
Trade Receivables which have significant credit risk	-	-
Trade receivables - credit impaired	200.74	159.90
Less: Provision for bad and doubtful debts	(200.74)	(159.90)
	11,179.82	9,643.33
Includes ₹ 3,429.39 lakhs (31 March 2019: ₹ 3,208.39 lakhs) due from companies in which director of the Company is a director.		
* Includes ₹ Nil (31 March 2019: 459.05 lakhs) which are subject to factoring arrangements.		
Refer note 35 for information on trade receivables pledged as security by the Company.		
11 Cash and cash equivalents		
Cash on hand	1.35	0.14
Balances with banks:		
- in current accounts	888.93	250.43
- in EEFC accounts	13.04	130.21
- in deposit accounts with maturity upto 3 months	1,389.40	-
- wallets balances	0.03	0.04
	2,292.75	380.82

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020**

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
12 Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months	202.09	7.88
Balances with bank held as margin money	2,201.28	40.00
Balances with bank held towards bank guarantee	1,198.94	478.40
	3,602.31	526.28
13 Current loans		
Unsecured, considered good, unless otherwise stated		
Loan to related parties (refer note 40) #	2,233.97	3,205.34
	2,233.97	3,205.34
Break-up :		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	2,233.97	3,205.34
Loans which have significant credit risk	-	-
Loans - credit impaired	-	-
	2,233.97	3,205.34
Less: Allowance for doubtful loans	-	-
	2,233.97	3,205.34
Includes ₹ 2,233.97 lakhs (31 March 2019: ₹ 3,205.34 lakhs) due from companies in which director of the Company is a director.		
#Disclosure as per Section 186 of the Companies Act, 2013		
Balance as at the year end	2,233.97	3,205.34
Maximum amount outstanding at any time during the year	3,392.58	3,205.34
For working capital purpose	2,233.97	3,205.34
14 Other current financial assets		
Unsecured, considered good, unless otherwise stated		
Security Deposits	190.72	146.11
Loans and advances to employees	4.98	28.28
Other receivables (refer note 40)*	388.86	41.71
Interest accrued but not due on fixed deposits	70.93	13.51
Accrued Interest on loans to related parties (refer note 40)**	88.14	64.06
Unbilled revenue	143.13	-
	886.76	293.67

*Includes ₹ 388.86 lakhs (31 March 2019: ₹ 41.71 lakhs) due from companies in which director of the Company is a director.

** Includes ₹ 88.14 lakhs (31 March 2019: ₹ 64.06 lakhs) due from companies in which director of the Company is a director.

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020**

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
15 Other current assets		
Advances other than capital advances		
Prepaid expenses	62.25	106.26
Advance to suppliers	1,576.97	43.41
Unamortised share issue expenses*	930.23	429.16
Receivable from related parties** (refer note 40)	-	8.09
Balance with government authorities	1,856.12	-
Less: Provision for doubtful advances	-	(26.72)
	4,425.57	560.20

**Due from private company in which director of the Company is a director

	-	8.09
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* Represents expenses incurred by the Company in connection with proposed public offer of equity shares. In accordance with the Act and also as per the offer agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Company will partly recover the expenses incurred in connection with the issue on completion of Initial Public Offer (IPO). The Company's share of expenses shall be adjusted against securities premium to the extent possible under Section 52 of the Act on successful completion of IPO. The entire amount has been carried forward and disclosed under 'Other current assets' and the amount which is receivable from the selling shareholders is not disclosed separately as the amount is not determinable at this stage pending completion of the IPO.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
16 Equity share capital		
Authorised capital		
100,000,000 (31 March 2019: 100,000,000) equity shares of ₹ 10 each	10,000.00	10,000.00
Issued, subscribed and fully paid up		
50,000,000 (31 March 2019: 50,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
	5,000.00	5,000.00

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	50,000,000	5,000.00	50,000,000	5,000.00
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000,000	5,000.00	50,000,000	5,000.00

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts and the distribution will be in proportion to the number of equity shares held in the Company.

(c) Shareholders holding more than 5% of the shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Sandipkumar Gupta	14,400,000	28.80%	14,400,000	28.80%
Rajdikumar Gupta	14,400,000	28.80%	14,400,000	28.80%
CC Gupta Family Trust	5,000,000	10.00%	5,000,000	10.00%
Sunita Gupta	4,320,000	8.64%	4,320,000	8.64%
Sarika Gupta	4,320,000	8.64%	4,320,000	8.64%

(d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Equity shares allotted as fully paid bonus shares	30,000,000	3,000.00	18,000,000	1,800.00

(e) Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option plan (ESOP), refer note 47

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

17 Other equity

	As at 31 March 2020	As at 31 March 2019
Reserves and Surplus	2,431.69	3,380.14
Total other equity	2,431.69	3,380.14

	Reserves and Surplus Retained Earnings	Total other equity
Balance as at 1 April 2018	3,373.61	3,373.61
Profit for the year	897.07	897.07
Other comprehensive income for the year	13.62	13.62
Total Comprehensive income for the year ended 31 March 2019	910.69	910.69
Dividend paid	(750.00)	(750.00)
Dividend distribution tax	(154.16)	(154.16)
Balance as at 31 March 2019	3,380.14	3,380.14
Change in accounting policy (refer note 44)	(34.81)	(34.81)
Restated Balance as at 1 April 2019	3,345.33	3,345.33
Profit for the year	754.69	754.69
Other comprehensive income for the year	(14.17)	(14.17)
Total Comprehensive income for the year ended 31 March 2020	740.52	740.52
Dividend paid	(1,500.00)	(1,500.00)
Dividend distribution tax	(154.16)	(154.16)
Balance as at 31 March 2020	2,431.69	2,431.69

Nature and purpose of reserves

Retained earnings

Retained earnings pertain to the accumulated earnings made by the Company over the years.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
18 Non current borrowings		
Secured		
Finance lease obligations*	-	159.74
Vehicle loans from bank	28.40	35.26
Less : Current maturities of non-current borrowings (refer note 23)	(9.62)	(112.06)
	18.78	82.94

*All finance lease obligations are now reclassified as lease liabilities and shown separately in the balance sheet.

Details of repayment, rate of interest and security for loans from bank and financial institutions:

Name of the Bank/Lessor	Installments	No. of installments as on 31 March 2020	Installment Amount as on 31 March 2020	Rate of Interest	Nature of securities	As at 31 March 2020	As at 31 March 2019
Finance lease obligations							
CISCO Systems Capital (India) Private Limited	Quarterly	2	39.10	1.86% per quarter	Assets obtained on	38.03	108.86
CISCO Systems Capital (India) Private Limited	Quarterly	2	3.14	1.40% per quarter	finance lease (computers	3.08	8.98
CISCO Systems Capital (India) Private Limited	Quarterly	2	15.09	2.26% per quarter	and computer servers)	14.60	41.90
Sub total			57.33			55.71	159.74
Vehicle loans from bank							
HDFC Bank Limited	Monthly	41	32.88	8.6% p.a.	Vehicles	28.40	35.26
Sub total			32.88			28.40	35.26
Total			90.21			84.11	195.00

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Net debt reconciliation :

Particulars	Non-current borrowings (including current maturity)	Current borrowings	Lease liability(including Finance lease Obligations)	Cash and Cash equivalents
Net debt as on 1 April 2018	-	2,275.28	257.17	292.09
Cash flows (net)	35.26	(383.24)	(97.43)	88.73
Finance costs	2.12	104.39	18.59	-
Finance cost paid	(2.12)	(101.32)	(18.59)	-
Net debt as on 31 March 2019	35.26	1,895.11	159.74	380.82
Adjustment basis implementation of Ind AS 116, Leases (refer note 44)	-	-	464.52	-
Cash flows (net)	(6.86)	1,846.95	(315.57)	1,911.93
Finance costs	2.71	222.21	48.94	-
Finance cost paid	(2.71)	(208.29)	(48.94)	-
Net debt as at 31 March 2020	28.40	3,755.98	308.69	2,292.75

	As at 31 March 2020	As at 31 March 2019
19 Non-current provisions		
Provision for employee benefits		
Gratuity (Refer note 43 (II))	202.98	148.47
	202.98	148.47
20 Other non-current liabilities		
Lease equalisation reserve	-	38.02
	-	38.02

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
21 Current borrowings		
Secured		
Working capital loan from bank	735.56	529.56
Term loan from bank	3,000.00	900.00
Bill discounting with bank	-	459.05
	3,735.56	1,888.61

Details of borrowings:

Nature of loan	Name of the Bank	As at 31 March 2020	As at 31 March 2019	Rate of Interest (p.a.)	Nature of securities	Terms of repayment
Term loan	Kotak Mahindra Bank Limited	900.00	900.00	8.35% p.a (31 March 2019: 8.20%).	Refer note (a)	Payable within one year
Term loan (Foreign currency swap)	Kotak Mahindra Bank Limited	2,100.00	-	1.68% (31 March 2019: Nil).	Refer note (a)	Payable within one year
Working capital	Yes Bank Limited	-	529.56	31 March 2019:1.45% spread over and above 6 months Marginal cost lending rate (MCLR) i.e. 10.50% p.a.	Refer note (b) below	Payable on demand
Working capital	HDFC Bank	735.56	-	1.55% plus 3 months MCLR i.e. 9.60% p.a (31 March 2019: Nil).	Refer note (c) below	Repayable within 1-3 months
Bill discounting	HDFC Bank	-	459.05	31 March 2019: 7.556% p.a.	Secured against trade receivables	Repayable within 30 days from loan date
Total		3,735.56	1,888.61			

a. Nature of security for term loan from bank :

(i) secured by way of exclusive charge over the current investments and fixed deposits

b. Nature of security for Working capital loan from bank:

Yes Bank

For March 2019

(i) secured by way of exclusive charge over the current assets and movable fixed assets of the Company

(ii) Equitable mortgage of commercial property situated in Mumbai owned by Company

(iii) personal guarantees of the directors (Rajdipkumar Gupta, Sandipkumar Gupta and Chandrakant Gupta)

c. Nature of security for Working capital loan from bank:

HDFC Bank

(i) secured by way of exclusive charge over the current assets and movable fixed assets of the Company

(ii) Equitable mortgage of commercial property situated in Mumbai owned by Company

(iii) personal guarantees of the directors (Rajdipkumar Gupta, Sandipkumar Gupta and Chandrakant Gupta)

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	As at 31 March 2020	As at 31 March 2019
22 Trade payables		
Total outstanding dues of micro enterprises and small enterprises*	-	-
Payable to related parties (refer note 40)	13,005.24	8,516.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,929.01	751.32
	18,934.25	9,267.71
* The Company has identified Micro and Small Enterprises on the basis of information available. Details of dues to micro and small enterprises as per MSMED Act, 2006 are:		
	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	-	-
- interest thereon, included in finance cost	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure.	-	-
The information in the above mentioned table is compiled by the management on the basis of response received from vendors as to their classification as micro or small enterprise.		
23 Other current financial liabilities		
Current maturity of non-current borrowings (refer note 18)	9.62	112.06
Interest accrued but not due on borrowings	20.42	6.50
Security deposits	5.99	6.49
Capital creditors	1.18	-
Mark to market of derivative financial instruments	118.68	2.57
Dues to employees	35.55	3.23
Outstanding expenses	1,172.64	1,933.17
	1,364.08	2,064.02
24 Current provisions		
Provisions for employee benefits		
Gratuity (refer note 43 (II))	36.83	29.37
Compensated absences (refer note 43 (III))	41.16	26.44
	77.99	55.81
25 Other current liabilities		
Statutory dues	70.95	111.35
Advance from customers	257.43	106.86
	328.38	218.21

Note: There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
26 Revenue from operations		
Sale of services		
Messaging services	39,630.97	36,455.18
Technical and support services	1,023.76	941.82
	40,654.73	37,397.00
Disaggregation of revenue:		
Revenue based on Geography		
Domestic	15,383.47	12,124.39
Export	25,271.26	25,272.61
Revenue from operations	40,654.73	37,397.00
27 Other income		
Interest income on financial assets measured at amortised cost:		
- Fixed deposits	167.08	55.98
- Security deposits	14.91	11.90
- Loan to subsidiary companies	165.84	140.78
Liabilities no longer payable, written back	207.23	26.67
Rental income	2.86	3.60
Net gain arising on financial assets designated as FVTPL	123.25	66.55
Dividend received from Subsidiaries	1,093.15	-
Gain on derivative financial instruments (net)	70.60	67.08
Net gain on foreign currency transactions and translation	-	58.87
Miscellaneous income	8.95	3.47
	1,853.87	434.90
28 Purchases of messaging services		
Purchases of messaging services	35,472.10	32,526.87
	35,472.10	32,526.87
29 Employee benefits expense		
Salaries, wages and bonus (refer note 43 (II and III))	2,099.26	1,968.25
Contribution to provident fund and other funds (refer note 43 (I))	5.97	8.29
Staff welfare expense	152.34	121.98
	2,257.57	2,098.52
30 Finance costs		
Interest on borrowings from bank	218.34	91.33
Interest on lease liabilities/finance lease obligation	48.94	18.59
Interest on delayed payment of statutory dues	5.85	32.03
Other borrowing cost	6.58	15.18
	279.71	157.13

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
31 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 2)	257.04	330.45
Depreciation on right-of-use assets (reclassified) / finance lease - Computers (refer note 2 & 3(a))	100.60	100.60
Depreciation on right-of-use assets- Building (refer note 3(a))	178.31	-
Amortisation on intangible assets (refer note 3(b))	98.33	34.94
	634.28	465.99
32 Other expenses		
Power and fuel	36.37	45.52
Repairs and maintenance - Building	54.61	50.01
Repairs and maintenance - Others	78.41	71.48
Insurance	17.36	11.48
Rent (refer note 44)	26.23	255.06
Rates and taxes	0.24	0.53
Communication	183.58	176.29
Travelling and conveyance	143.73	173.52
Printing and stationery	11.51	14.27
Business promotion	111.28	48.07
Donations	1.56	0.11
Expenditure on Corporate Social Responsibility (refer note 46)	92.30	76.94
Legal and professional charges	228.28	209.41
Auditor's remuneration (refer note below)	51.12	66.17
Advances and trade receivable written off	36.72	17.59
Provision for doubtful debts and advances	40.84	17.57
Net loss on foreign currency transactions and translation	282.64	-
Loss on derivative transaction	4.54	-
Bank charges	15.38	7.15
Sitting fees to Directors	11.25	11.00
Miscellaneous expenses	89.72	49.69
	1,517.67	1,301.86

Note:**Auditors' remuneration (excluding goods and services tax)**

As auditor		
Statutory audit	47.00	51.50
In other capacity		
Other services*	69.22	14.00
Reimbursement of expenses	0.77	0.67
	116.99	66.17

* Including ₹ 65.87 lakhs (31 March 2019: Nil) paid towards assurance services in connection with the Initial Public Offering of equity shares of the Company and disclosed as 'Unamortised share issue expenses' in note 15.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
33 Exceptional item		
Service tax (refer note 42 (i))	1,338.91	-
	1,338.91	-
34 Tax expense		
Current tax expense		
Current tax for the year	187.60	526.02
Total current tax expense	187.60	526.02
Deferred tax	66.07	(141.56)
	253.67	384.46
34.1 Tax reconciliation (for profit and loss)		
Profit before income tax expense	1,008.36	1,281.53
Tax at the rate of 25.17%/29.12 %	253.80	373.18
<u>Tax effect of amounts which are not deductible / not taxable in calculating taxable income</u>		
Donations	0.39	0.03
CSR expenses	23.23	22.40
Change in tax rates	60.06	-
Dividend income taxable at lower rate	(87.55)	-
Deduction under section 80G	-	(5.82)
Others	3.74	(5.33)
Income tax expense	253.67	384.46

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

34.2 The movement in deferred tax assets and liabilities during the year ended 31 March 2020 and 31 March 2019 are as follows:

	As at 01 April 2018 Deferred tax assets/(liabilities)	Credit/(charge) in statement of profit and loss	Credit/(charge) in other comprehensive income	As at 31 March 2019 Deferred tax assets/(liabilities)
Depreciation and amortisation	44.00	17.75	-	61.75
Provision for compensated absences	10.53	(2.83)	-	7.70
Provision for gratuity	49.42	7.95	(5.59)	51.78
Provision for expenses	55.05	113.57	-	168.62
Provision for doubtful debts and advances	49.23	5.12	-	54.35
Total	208.23	141.56	(5.59)	344.20

	As at 1 April 2019 Deferred tax assets/(liabilities)	Credit/(charge) in statement of profit and loss	Credit/(charge) in other comprehensive income	credit/(charge) in retained earnings	As at 31 March 2020 Deferred tax assets/(liabilities)
Depreciation and amortisation	61.75	6.95	-	-	68.70
Provision for compensated absences	7.70	2.66	-	-	10.36
Provision for gratuity	51.78	3.81	4.77	-	60.36
Provision for expenses	168.62	(80.07)	-	-	88.55
Difference in book values and tax base values of ROU asset and Lease liabilities	-	(3.59)	-	14.30	10.71
Net gain on financial assets designated as FVTPL	-	(47.77)	-	-	(47.77)
Carried forward business losses	-	55.76	-	-	55.76
Provision for doubtful debts and advances	54.35	(3.82)	-	-	50.53
Total	344.20	(66.07)	4.77	14.30	297.20

35 **Assets pledged as security**

	As at 31 March 2020	As at 31 March 2019
Current assets		
Investments	1,189.80	1,066.55
Trade receivables	11,179.82	9,643.33
Other bank balances	3,602.31	526.28
Loans	2,233.97	3,205.34
Other current financial assets	886.76	293.67
Other current assets	4,425.57	560.20
	23,518.23	15,295.37
Non Current assets		
Moveable fixed assets (including furniture and office equipment)	119.02	145.01
Building	180.02	189.17
Vehicles	92.63	126.52
Computers (including Right-of-use assets-Computer)	329.76	506.59
Total non-current assets pledged as security	721.43	967.29
Total assets pledged as security	24,239.66	16,262.66

36 Fair value measurements

Financial instruments by category:

Particulars	31 March 2020 FVTPL	31 March 2020 Amortised cost	31 March 2019 FVTPL	31 March 2019 Amortised cost
Financial Assets - Non-current				
Other non-current financial assets	-	119.35	-	140.46
Financial Assets - Current				
Investments	1,189.80	-	1,066.55	-
Trade receivables	-	11,179.82	-	9,643.33
Cash and cash equivalents	-	2,292.75	-	380.82
Other bank balances	-	3,602.31	-	526.28
Loans	-	2,233.97	-	3,205.34
Other current financial assets	-	886.76	-	293.67
Financial Liabilities - Non-current				
Borrowings (including current maturity)	-	28.40	-	195.00
Lease liability (including current maturity)	-	308.69	-	-
Financial Liabilities - current				
Borrowings	-	3,735.56	-	1,888.61
Trade payables	-	18,934.25	-	9,267.71
Other current financial liabilities	-	1,354.46	-	1,951.96

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is given below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Valuation techniques used to determine fair value

Significant valuation techniques used to value financial instruments include:

The fair values for Security deposits, loan to employees, non-current borrowings and lease liability are based on discounted cash flows using a discount rate determined considering the borrowing rate quotation received from the bank.

III. Financial assets and liabilities measured at fair value. Fair value hierarchy - recurring fair value measurement:

Particulars	31 March 2020	31 March 2019
Investment in Mutual funds	1,189.80	1,066.55

Fair value of the mutual funds are based on NAV at the reporting date.

Since the valuation of investment is done based on observable inputs, the investment is categorised as Level 2.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

**IV. Assets and liabilities which are measured at amortised cost for which fair values are disclosed
(It is categorised under Level 3 of fair value hierarchy)**

Particulars	31 March 2020		31 March 2019	
	Fair Value	Carrying amount	Fair Value	Carrying amount
<u>Financial Assets - Non-current</u>				
Other non-current financial assets				
- Security deposits	114.35	114.35	135.79	136.06
- Loan to employees (including current maturity)	1.40	1.55	17.05	17.05
<u>Financial Liabilities - Non-current</u>				
Borrowings (including current maturities of non-current borrowing)	27.88	28.40	192.89	195.00
Lease obligations	308.69	308.69	-	-
During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.				
The carrying amounts of current investments, trade receivables, cash and bank balances, current loans, other current financial assets, trade payables, current borrowings and other current financial liabilities are considered to be approximately equal to their fair value.				

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020**

(₹ in lakhs, except for share data, and if otherwise stated)

37 Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit risk, liquidity risk and interest rate risk which may adversely impact the fair value of its financial instrument. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by Board of Directors. The focus of the Board of Directors is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Company.

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, current investments, trade and other receivables, and cash and bank balances and bank deposits that derive directly from its operations.

A Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks. The financial instruments that are subject to concentration of credit risk principally consists of trade receivables, current investments, loans, cash and bank balances and bank deposits.

The trade receivables of the Company are typically non-interest bearing un-secured customers. The customer base is widely distributed both economically and geographically.

Credit risk is controlled by analysing credit limits and credit worthiness of the customer based on their financial position, past experience and other factors, on continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

The credit limit policy is established considering the current economic trends of the industry in which the company is operating.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates, accordingly provision is created.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

Bank balances and deposits are held with only high rated banks and majority of other security deposits are placed majorly with government agencies.

The table below provide details regarding past dues receivables as at each reporting date:

Particulars	As at 31 March 2020	As at 31 March 2019
Upto 3 months	8,769.12	8,478.94
3 - 6 months	1,463.81	426.65
6 - 12 months	1,025.78	737.54
More than one year	121.85	160.10
Total	11,380.56	9,803.23
Provision for bad and doubtful debts	200.74	159.90

B Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity and to ensure that funds are available for use as per requirement.

The liquidity risk principally arises from obligations on account of following financial liabilities viz. borrowings, trade payables and other financial liabilities.

The Company's corporate finance department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments at each reporting date:

As at 31 March 2020

Particulars	Upto 1 year	Between 1 and 3 years	More than 3 years	Total
Financial Liabilities - Non-Current				
Borrowings (including current maturity)	9.62	23.26	-	32.88
Lease liabilities	280.83	29.73	-	310.56
Financial Liabilities - Current				
Borrowings	3,735.56	-	-	3,735.56
Trade payables	18,934.25	-	-	18,934.25
Other current financial liabilities	1,354.47	-	-	1,354.47
Total	24,314.73	52.99	-	24,367.72

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

As at 31 March 2019

Particulars	Upto 1 year	Between 1 and 3 years	More than 3 years	Total
Financial Liabilities - Non-Current				
Borrowings (including current maturity)	124.30	76.59	13.63	214.52
Financial Liabilities - Current				
Borrowings	1,888.61	-	-	1,888.61
Trade payables	9,267.71	-	-	9,267.71
Other current financial liabilities	1,951.96	-	-	1,951.96
Total	13,232.58	76.59	13.63	13,322.80

C Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(i) Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas markets and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure on overseas sales is partly balanced by purchasing of services in the respective currencies.

Derivative instruments and unhedged foreign currency exposure

(a) Derivative contracts outstanding

(₹ in lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
Forward contracts to sell USD and buy Euro	-	-	Euro	5.00

(b) Particulars of unhedged foreign currency exposures as at the reporting date

(₹ in lakhs)

Particulars	31 March 2020	31 March 2019
	Amount	Amount
Financial liabilities		
Trade Payables Euro	1,934.61	3,925.77
Trade Payables USD	6,991.95	95.18
Trade Payables AED	26.62	17.48
Trade Payables GBP	846.70	3,118.86
Trade Payables NGN	56.61	56.10
Borrowings USD	-	459.05
Borrowings Euro	2,100.00	-
Net exposure to foreign currency risk (liabilities)	11,956.49	7,672.44
Financial assets		
Trade Receivable Euro	876.36	2,001.30
Trade Receivable USD	4,816.88	3,432.50
Bank Balance EURO	17.73	126.76
Bank Balance USD	4.89	3.45
Interest accrued on the loan given to Related Party (Euro)	25.89	55.09
Loan given to Related Party (Euro)	407.24	1,553.27
Net exposure to foreign currency risk (assets)	6,148.99	7,172.37
Net exposure to foreign currency assets/ (liabilities)	(5,807.50)	(500.07)

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020****(₹ in lakhs, except for share data, and if otherwise stated)****Sensitivity to foreign currency risk**

The following table demonstrates the sensitivity due to changes in Euro,USD,AED,GBP and NGN with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

Currencies	31 March 2020		31 March 2019	
	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%
Euro	(12.15)	12.15	(3.79)	3.79
USD	(43.40)	43.40	57.63	(57.63)
AED	(0.53)	0.53	(0.35)	0.35
GBP	(16.93)	16.93	(62.38)	62.38
NGN	(1.13)	1.13	(1.12)	1.12

(ii) Cash flow and fair value interest rate risk

Interest rate risk arises from the sensitivity of the financial liabilities to changes in market rate of interest. The entity's exposure to the risk of changes in market interest rate relates primarily to the current borrowings with floating interest rate.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at 31 March 2020	As at 31 March 2019
Total Borrowings	3,784.38	2,090.11
% of Borrowings out of above bearing variable rate of interest	19.44%	25.34%

Interest rate sensitivity**A change of 50 bps in interest rates would have following Impact on profit before tax**

Particulars	As at 31 March 2020	As at 31 March 2019
50 bps increase would decrease the profit before tax by	(1.19)	(1.73)
50 bps decrease would increase the profit before tax by	1.19	1.73

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020****(₹ in lakhs, except for share data, and if otherwise stated)****(iii) Price risk**

The Company is exposed to price risk from its investment in mutual funds classified in the balance sheet at fair value through profit and loss.

To manage its price risk arising from the investment, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e. the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock.

Sensitivity

(₹ in Lakhs)

Particulars	Impact on profit for the year ended 31 March 2020	Impact on profit for the year ended 31 March 2019
Impact on profit before tax for 5% increase in NAV	59.49	53.33
Impact on profit before tax for 5% decrease in NAV	(59.49)	(53.33)

38 Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

The amounts managed as capital by the Company are summarised below:

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings#	3,784.38	2,090.11
Less: Cash and cash equivalents	(2,292.75)	(380.82)
Net debt	1,491.63	1,709.29
Equity	7,431.69	8,380.14
Capital and net debt	8,923.32	10,089.43
Gearing ratio	16.72%	16.94%

#Borrowings for the above purpose includes non-current borrowings, current borrowings, current maturities of non current borrowings and Interest accrued but not due on borrowings.

Dividend:

Particulars	31 March 2020	31 March 2019
Equity dividend		
Dividend on equity shares declared and paid during the year		
Final dividend for the year ended 31 March 2019 of ₹ 1.5 per share (31 March 2018 - ₹ 1.5)	750.00	750.00
Interim dividend for the year ended 31 March 2020 of ₹ 1.5 per share (31 March 2019 - ₹ Nil)	750.00	-
Proposed dividend on equity shares not recognised as liability		
Proposed final dividend for the year ended 31 March 2020 of ₹ Nil (31 March 2019 - ₹ 1.5) per fully paid share	-	750.00

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

39 Investments in subsidiaries:

Sr. No	Subsidiary	Name of the Subsidiary	Principal place of business and country of incorporation	Proportion of ownership interest 31 March 2020	Proportion of ownership interest 31 March 2019	Method of accounting
1	Subsidiary	Route Mobile (UK) Limited	UK	100%	100%	Cost
2	Subsidiary	Sphere Edge Consulting (India) Private Limited	India	100%	100%	Cost
3	Subsidiary	Routesms Solutions FZE	UAE	100%	100%	Cost
4	Subsidiary	Routesms Solutions Nigeria Limited	Nigeria	100%	100%	Cost
5	Subsidiary	Cellent Technologies (India) Private Limited	India	100%	100%	Cost
6	Subsidiary	Start Corp India Private Limited	India	100%	100%	Cost
7	Subsidiary	Route Mobile Pte. Ltd.	Singapore	100%	100%	Cost
8	Subsidiary	Call 2 Connect India Private Limited	India	100%	100%	Cost
9	Subsidiary	Route Connect Private Limited	India	74%	74%	Cost

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

40 Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below:

a) Names of related parties and description of relationship:

Description of relationship	Names of related parties
(i) Subsidiaries	Sphere Edge Consulting (India) Private Limited Route Mobile (UK) Limited Routesms Solutions Nigeria Limited Routesms Solutions FZE Route Mobile Pte. Ltd. Cellent Technologies (India) Private Limited Start Corp India Private Limited Call2 Connect India Private Limited Route Connect Private Limited (with effect from 2 April 2018)
(ii) Fellow subsidiaries (with whom transactions have taken place)	Route Mobile Hong Kong Limited Route Mobile Limited (Ghana) Route Mobile LLC Route Mobile Inc . 365 Squared Limited
(iii) Key Management Personnel (KMP) (with whom transactions have taken place)	Rajdipkumar Gupta Sandipkumar Gupta Chandrakant Gupta Pratik Joshi (Company Secretary till 11 January 2019) Rathindra Das(Company Secretary with effect from 11 January 2019) Suresh Jankar, Chief Financial Officer Sudha Navandar Ankit Paleja (Independent Director till 31 January 2020) Ramachandran Sivathanu Nimesh Salot (Independent Director with effect from 12 February 2020)
(iv) Entities in which KMP/relatives of KMP can exercise significant influence (with whom transactions have taken place)	29 Three Holidays Private Limited Spectrum Technologies Zon Hotels Private Limited (formerly, Shrem Resort Private Limited) Chandrakant Gupta HUF Rajdipkumar Gupta HUF Sandipkumar Gupta HUF CC Gupta Family Trust Saraswati Devi Charitable Trust Horizon Sports India Private Limited Ahana Hospitality LLP (formerly, Ahana Hospitality Private Limited)
(v) Relatives of KMP (with whom transactions have taken place)	Chamelidevi Gupta Sarika Gupta Sunita Gupta

Route Mobile Limited
Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020
(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Purchase of messaging services</u>								
SphereEdge Consulting (India) Private Limited	4,996.96	1,172.29	-	-	-	-	-	-
Spectrum Technologies	-	-	-	-	11,670.31	12,078.02	-	-
Route Mobile (UK) Limited	8,255.86	10,729.47	-	-	-	-	-	-
Routesms Solutions FZE	838.61	2,323.50	-	-	-	-	-	-
Routesms Solutions Nigeria Limited	1.97	77.01	-	-	-	-	-	-
Route Mobile LLC	4.88	42.03	-	-	-	-	-	-
Route Mobile Limited (Ghana)	1.07	16.21	-	-	-	-	-	-
Route Mobile Inc.	12.06	1,858.55	-	-	-	-	-	-
Route Mobile Pte. Ltd.	308.02	59.05	-	-	-	-	-	-
<u>Sale of messaging services</u>								
Start Corp India Private Limited	136.61	211.96	-	-	-	-	-	-
Routesms Solutions FZE	929.38	417.98	-	-	-	-	-	-
Route Mobile (UK) Limited	2,284.13	1,431.27	-	-	-	-	-	-
Routesms Solutions Nigeria Limited	-	0.39	-	-	-	-	-	-
Call 2 Connect India Private Limited	(29.95)	113.20	-	-	-	-	-	-
Route Mobile Inc.	11.75	-	-	-	-	-	-	-
Cellent Technologies India Private Limited	3.13	-	-	-	-	-	-	-
<u>Travelling and conveyance expense *</u>								
29 Three Holidays Private Limited	-	-	-	-	191.19	186.72	-	-
<u>Professional services received</u>								
Call 2 Connect India Private Limited	100.24	90.00	-	-	-	-	-	-
<u>Technical and support services rendered</u>								
Route Mobile (UK) Limited	681.17	547.30	-	-	-	-	-	-
Routesms Solutions Nigeria Limited	102.10	99.41	-	-	-	-	-	-
Routesms Solutions FZE	240.49	268.77	-	-	-	-	-	-
Route Mobile Hong Kong Limited	-	18.05	-	-	-	-	-	-
Route Mobile Pte. Ltd.	-	8.29	-	-	-	-	-	-

* Includes ₹ 105.16 lakhs (31 March 2019: ₹ 15.62 lakhs) paid towards travelling expenses in connection with the Initial Public Offering of equity shares of the Company and disclosed as 'Unamortised share issue expenses' in note 15.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Expenses reimbursed to other company/others</u>								
Cellent Technologies (India) Private Limited	-	1.62	-	-	-	-	-	-
Start Corp India Private Limited	-	2.10	-	-	-	-	-	-
29 Three Holidays Private Limited	-	-	-	-	13.03	-	-	-
<u>Expenses reimbursed by other company</u>								
Cellent Technologies (India) Private Limited	0.75	-	-	-	-	-	-	-
SphereEdge Consulting (India) Private Limited	12.41	-	-	-	-	-	-	-
Route Mobile Inc.	291.55	7.19	-	-	-	-	-	-
Routesms Solutions FZE	-	2.06	-	-	-	-	-	-
Zon Hotels Private Limited (formerly, Shrem Resort Private Limited)	-	-	-	-	-	27.91	-	-
Start Corp India Private Limited	5.42	-	-	-	-	-	-	-
29 Three Holidays Private Limited.	-	-	-	-	0.90	-	-	-
365Squared Limited	43.02	-	-	-	-	-	-	-
<u>Rental Income</u>								
29 Three Holidays Private Limited	-	-	-	-	0.90	1.20	-	-
Cellent Technologies (India) Private Limited	0.90	1.20	-	-	-	-	-	-
Start Corp India Private Limited	0.90	1.20	-	-	-	-	-	-
Ahana Hospitality LLP (formerly, Ahana Hospitality Private Limited)	-	-	-	-	0.16	-	-	-
<u>Sponsorship Fees</u>								
Horizon Sports India Private Limited	-	-	-	-	35.00	-	-	-
<u>Investment - Conversion of loan into equity</u>								
Call 2 Connect India Private Limited	246.78	-	-	-	-	-	-	-
<u>Investment</u>								
Route Connect Private Limited	-	0.74	-	-	-	-	-	-

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Business advance given</u>								
Call 2 Connect India Private Limited	30.00	-	-	-	-	-	-	-
Spectrum Technologies	-	-	-	-	2,557.37	-	-	-
<u>Business advance received back</u>								
Zon Hotels Private Limited (formerly, Shrem Resort Private Limited)	-	-	-	-	27.91	-	-	-
Call 2 Connect India Private Limited	30.00	-	-	-	-	-	-	-
Spectrum Technologies	-	-	-	-	1,000.89	-	-	-
<u>Loans given</u>								
Call 2 Connect India Private Limited	565.00	821.33	-	-	-	-	-	-
Route Connect Private Limited	32.00	24.98	-	-	-	-	-	-
<u>Amount received on behalf of others</u>								
Route Mobile Limited (Ghana)	35.16	54.43	-	-	-	-	-	-
<u>Interest income on Loan</u>								
Route Mobile (UK) Limited	24.40	42.83	-	-	-	-	-	-
Call 2 Connect India Private Limited	136.54	97.95	-	-	-	-	-	-
Route Connect Private Ltd	4.90	-	-	-	-	-	-	-
<u>Loan received back</u>								
Call 2 Connect India Private Limited (including loan conversion into equity of Rs.246.78)	422.34	179.51	-	-	-	-	-	-
Route Mobile (UK) Limited	1,184.19	-	-	-	-	-	-	-

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Interest on loan received</u>								
Call 2 Connect India Private Limited	74.01	154.51	-	-	-	-	-	-
Route Mobile (UK) Limited	54.50	-	-	-	-	-	-	-
<u>Remuneration to Directors*</u>								
Rajdikumar Gupta	-	-	50.00	45.00	-	-	-	-
<u>Remuneration to KMP*</u>								
Pratik Joshi	-	-	-	6.92	-	-	-	-
Suresh Jankar	-	-	56.45	50.27	-	-	-	-
Rathindra Das	-	-	28.89	6.11	-	-	-	-
<u>Directors Sitting fees</u>								
Sandipkumar Gupta	-	-	3.00	3.25	-	-	-	-
Chandrakant Gupta	-	-	1.25	1.75	-	-	-	-
Ankit Paleja	-	-	0.50	1.50	-	-	-	-
Ramachandran Sivathanu	-	-	3.00	2.50	-	-	-	-
Sudha Navandar	-	-	2.50	2.00	-	-	-	-
Nimesh Salot	-	-	1.00	-	-	-	-	-

*Gratuity liability and compensated absences are determined for the Company as a whole. Therefore, the same cannot be disclosed for the key managerial personnel separately.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Loans repaid to related parties</u>								
Rajdipkumar Gupta	-	-	-	48.76	-	-	-	-
Sandipkumar Gupta	-	-	-	44.00	-	-	-	-
<u>Dividend Paid</u>								
Sandipkumar Gupta	-	-	432.00	216.00	-	-	-	-
Rajdipkumar Gupta	-	-	432.00	216.00	-	-	-	-
Chandrakant Gupta	-	-	69.00	34.50	-	-	-	-
Chamelidevi Gupta	-	-	-	-	-	-	69.00	34.50
Sunita Gupta	-	-	-	-	-	-	129.60	64.80
Sarika Gupta	-	-	-	-	-	-	129.60	64.80
Chandrakant Gupta HUF	-	-	-	-	10.80	5.40	-	-
Rajdipkumar Gupta HUF	-	-	-	-	9.00	4.50	-	-
Sandipkumar Gupta HUF	-	-	-	-	9.00	4.50	-	-
CC Gupta Family Trust	-	-	-	-	150.00	75.00	-	-
<u>Server Charges</u>								
Route Mobile (UK) Limited	-	3.34	-	-	-	-	-	-
Routesms Solutions FZE	7.37	9.05	-	-	-	-	-	-
<u>Server Charges income</u>								
Start Corp India Private Limited	1.80	-	-	-	-	-	-	-
<u>Corporate social responsibility expenses</u>								
Saraswati Devi Charitable Trust	-	-	-	-	35.00	25.00	-	-
<u>Dividend income</u>								
Routesms Solutions FZE	403.21	-	-	-	-	-	-	-
Route Mobile (UK) Limited	689.94	-	-	-	-	-	-	-

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balances outstanding at the end of the year								
Trade receivable								
Route Mobile (UK) Limited	3,005.54	2,182.29	-	-	-	-	-	-
Routesms Solutions Nigeria Limited	25.84	273.26	-	-	-	-	-	-
Routesms Solutions FZE	240.63	632.37	-	-	-	-	-	-
Route Mobile Pte. Ltd.	8.29	8.29	-	-	-	-	-	-
Call 2 Connect India Private Limited	81.41	111.47	-	-	-	-	-	-
29 Three Holidays Private Limited	-	-	-	-	-	0.71	-	-
Route Mobile Inc	12.33	-	-	-	-	-	-	-
Start Corp India Private Limited	52.27	-	-	-	-	-	-	-
Cellent Technologies India Private Limited	3.08	-	-	-	-	-	-	-
Other receivable								
Call 2 Connect India Private Limited	12.04	12.04	-	-	-	-	-	-
29 Three Holidays Private Limited	-	-	-	-	2.59	1.73	-	-
Zon Hotels Private Limited (formerly, Shrem Resort Private Limited)	-	-	-	-	-	27.91	-	-
Start Corp India Private Limited	1.89	0.03	-	-	-	-	-	-
Route Mobile Inc	325.43	-	-	-	-	-	-	-
Cellent Technologies India Private Limited	1.58	-	-	-	-	-	-	-
Routesms Solutions FZE	2.31	-	-	-	-	-	-	-
365 Squared Limited	43.02	-	-	-	-	-	-	-
Amount payable (includes provision)								
Sphere Edge Consulting (India) Private Limited	3,995.66	576.62	-	-	-	-	-	-
Spectrum Technologies	-	-	-	-	4.67	71.62	-	-
Zon Hotels Private Limited (formerly, Shrem Resort Private Limited)	-	-	-	-	-	9.22	-	-
Routesms Solutions FZE	1,050.77	808.72	-	-	-	-	-	-
Routesms Solutions Nigeria Limited	165.07	155.41	-	-	-	-	-	-
Route Mobile (UK) Limited	8,411.23	6,586.60	-	-	-	-	-	-
Route Mobile LLC	-	1.90	-	-	-	-	-	-
Route Mobile Limited (Ghana)	54.27	65.33	-	-	-	-	-	-
Route Mobile Inc	227.95	193.76	-	-	-	-	-	-
Route Mobile Pte. Ltd.	-	47.21	-	-	-	-	-	-
29 Three Holidays Pvt. Ltd.	-	-	-	-	7.63	-	-	-

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	Subsidiaries/Fellow subsidiary		Key Management Personnel (KMP)		Entities in which KMP/relatives of KMP exercise significant influence		Relatives of KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<u>Loan receivable</u>								
Call 2 Connect India Private Limited	1,769.75	1,627.09	-	-	-	-	-	-
Route Mobile (UK) Limited	407.24	1,553.27	-	-	-	-	-	-
Route Connect Private Limited	56.98	24.98	-	-	-	-	-	-
<u>Interest receivable</u>								
Call 2 Connect India Private Limited	57.84	8.97	-	-	-	-	-	-
Route Mobile (UK) Limited	25.89	55.09	-	-	-	-	-	-
Route Connect Private Limited	4.41	-	-	-	-	-	-	-
<u>Advances from customers</u>								
Start Corp India Private Limited	-	14.70	-	-	-	-	-	-
RouteSMS Solutions FZE	181.19	-	-	-	-	-	-	-
<u>Advances receivable</u>								
29 Three Holidays Private Limited	-	-	-	-	-	8.09	-	-
Spectrum Technologies	-	-	-	-	1,556.48	-	-	-
<u>Security deposit payable</u>								
Cellent Technologies (India) Private Limited	0.30	0.30	-	-	-	-	-	-
Start Corp India Private Limited	0.30	0.30	-	-	-	-	-	-
29 Three Holidays Private Limited	-	-	-	-	0.30	0.30	-	-

Reference is invited to personal guarantee of directors (Rajdipkumar Gupta, Sandipkumar Gupta and Chandrakant Gupta) for working capital loan availed from HDFC Bank (31 March 2019-from Yes Bank) under note 21.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except where indicated and settlement occurs vide cash/bank payment. There have been no guarantees received or provided for any related party receivables or payables. The Company has recorded impairment of receivables/advances of Nil relating to amounts owed by related parties (Year ended 31 March 2019 : Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Route Mobile Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020****(₹ in lakhs, except for share data, and if otherwise stated)**

41 The outstanding balances as at 31 March 2020 include trade payables aggregating ₹1,101.06 lakhs due to subsidiaries situated outside India. These balances are pending for settlement and have resulted in delays beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, read with RBI circular RBI/2019-20/242 No.33 dated 22 May 2020 under the Foreign Exchange Management Act, 1999. The management of the Company is in the process of filing necessary applications with the appropriate authority for condonation of delays and regularizing these defaults. Pending conclusion of the aforesaid matter, the amount of fine/penalty, if any, that may be levied, is not ascertainable and accordingly, the accompanying financial statements do not include any adjustments that may arise due to such fine/penalty.

42 Commitments and contingencies

	As at 31 March 2020	As at 31 March 2019
A] Contingent liabilities		
Claims against the Company not acknowledged as Debts		
(i) Service tax matter*	-	2,754.99
(ii) Income tax matter*	1,446.08	-
(iii) Guarantees given on behalf of the Company by banks	1,198.94	610.66
(iv) Guarantees given on behalf of Subsidiary by the Company	2.00	-
	2,647.02	3,365.65
B] Other commitment		
For payment of lease		6.46
	-	6.46

*The above figure does not include amounts towards certain additional penalty and interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified.

(i) Service tax matter

The Service tax department ("department") had issued a Show Cause cum Demand Notice (SCDN) to the Company vide letter F No. DGCEI/MZU/I&IS/C/12(3)30/2016 dated 21 April 2017, based on the understanding that the Company has not discharged the service tax liability under reverse charge mechanism on the purchases of messages from its foreign vendors and sale to their overseas customers. The demand pertaining to the period, October 2011 to March 2016, amounted to ₹ 2,500.28 lakhs excluding interest and penalty. The said matter was under dispute with Commissioner. The Commissioner of CGST, Mumbai has confirmed the demand vide his order dated 27 June 2018. The Company had filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai (CESTAT) and paid an amount of ₹ 187.52 lakhs under protest.

During the year ended 31 March 2019, the Service tax department ("department") had issued a Show Cause cum Demand Notice (SCDN) to the Company dated 17 January 2019, based on the understanding that the Company had not discharged the service tax liability under reverse charge mechanism on the purchases of messages from its foreign vendors and sale to their overseas customers. The demand pertaining to the period April 2016 to June 2017, amounted to ₹ 254.71 lakhs excluding interest and penalty. Based on grounds outlined in an independent legal opinion, the Management believed that the outcome will be in the favour of the Company and accordingly no provision for liability was recognised in the financial statements and the demand was disclosed as contingent liability.

During the year ended 31 March 2020, the Company has opted for the benefit of 'Sabka Vishwas Legacy Dispute Resolution Scheme, 2019' ("the Scheme"). The Scheme covers past disputes and voluntary disclosure of taxes by declarants under various central laws which got subsumed under GST, including Central Excise and Service Tax. In accordance with the Scheme, the Company has determined its liability @ 50% of tax demand in respect of its service tax dues and ₹ 1,338.91 lakhs has been recorded in the financial statements towards the settlement for the aforesaid service tax matter. Hence, this matter is no longer disclosed as contingent liability.

(ii) The Company has provided letter committing continuing financial support to its subsidiary, Route Mobile Pte. Ltd. to enable it to meet its day to day obligation/commitment; to the extent this entity may be unable to meet its obligations.

iii) Provident Fund

The Honourable Supreme Court, has passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretation challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

43 Employee benefits

I. Contribution to Defined contribution plan, recognised as expenses for the year as under :

	Year ended 31 March 2020	Year ended 31 March 2019
Employer contribution to provident fund	4.21	4.36
Employer contribution to employees state insurance scheme	1.76	3.93
	5.97	8.29

II Defined Benefit Plans: -

The Company provides for gratuity benefit under a defined benefit retirement scheme (the "Gratuity Scheme") as laid out by the Payment of Gratuity Act, 1972 of India covering eligible employees. Liabilities with regard to the Gratuity Scheme are determined by actuarial valuation carried out using the Projected Unit Credit Method by an independent actuary in accordance with Indian Accounting Standard-19, 'Employee Benefits'. The Gratuity Scheme is a non-funded scheme and the Company intends to discharge this liability through its internal resources.

The following table sets out the unfunded status of the Gratuity Scheme in respect of employees of the Company:

	As at 31 March 2020	As at 31 March 2019
(a) Change in present value of benefit obligation during the year		
Projected Benefit Obligation ("PBO") at the beginning of the year	177.84	173.83
Current service cost	33.78	30.96
Interest cost	11.42	11.20
Remeasurements due to:		
- Effect of change in financial assumptions	10.27	2.03
- Effect of change in demographic assumptions	(0.01)	-
- Effect of experience adjustments	8.68	(21.24)
Benefits paid	(2.17)	(18.94)
Present value of obligation at the end of the year	239.81	177.84
	As at 31 March 2020	As at 31 March 2019
(b) Current / Non Current Benefit Obligation		
Current	36.83	29.37
Non-current	202.98	148.47
Amount recognised in the Balance sheet	239.81	177.84
	Year ended 31 March 2020	Year ended 31 March 2019
(c) Amount recognised in the Statement of Profit and Loss		
Current service cost	33.78	30.96
Interest cost	11.42	11.20
Total expense included in "Employee benefits expense"	45.20	42.16

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
(d) Amount recognised in Other Comprehensive Income (OCI)		
Remeasurements due to:		
- Effect of change in financial assumptions	10.27	2.03
- Effect of change in demographic assumptions	(0.01)	-
- Effect of experience adjustments	8.68	(21.24)
Actuarial (gain)/ loss recognised in Other comprehensive income	18.94	(19.21)

(e) Assumptions

	As at 31 March 2020	As at 31 March 2019
Discount rate	6.05%	7.00%
Salary escalation rate	10.00%	10.00%
Withdrawal Rate	20.00%	20.00%
Mortality Table	Indian assured lives mortality (2012-14) ultimate	Indian assured lives mortality (2006-08) ultimate
Retirement age	58 years	58 years

(f) Sensitivity Analysis:

Defined benefit obligation	239.81	177.84
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	31 March 2020		31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate	245.59	234.30	180.83	172.62
Impact of increase/decrease in 50 bps on DBO	2.41%	-2.30%	1.68%	-2.93%
Salary growth rate	235.61	244.36	173.43	179.90
Impact of increase/decrease in 50 bps on DBO	-1.75%	1.90%	-2.48%	1.16%

Expected cash flow :

	31 March 2020		31 March 2019	
	Year	Amount	Year	Amount
1		36.83	1	28.16
2		35.27	2	26.23
3		35.60	3	25.20
4		32.06	4	25.01
5		28.58	5	22.19
6 to 10		95.08	6 to 10	75.20

III. Compensated absences

The Company has provided ₹ 14.72 lakhs (written back during the year ended 31 March 2019: ₹ 9.70 lakhs) towards compensated absences during the period ended 31 March 2020.

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

44 Leases

The Company has adopted the new accounting standard i.e. Ind AS 116- Leases, which has become effective from 1 April 2019 (transition date). This new standard replaces earlier standard on leases i.e. Ind AS 17.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. The Company has recognised lease liability on the date of initial application at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company has recognised a right-of-use asset on the date of initial application at its carrying amount as if the Standard had been applied since the commencement date of lease but discounted using the incremental borrowing rate at the date of initial application. On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised was 10% p.a.

Practical expedient opted by Company:

- For contracts in place at the date of transition, the Company has elected to apply the definition of a lease from Ind AS 17 and Appendix C to Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C to Ind AS 17.

- The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of transition to Ind AS 116, being 1 April 2019.

- On transition, Company has elected not to apply Ind AS 116 to leases previously accounted for as operating leases, with a remaining lease term of less than 12 months and not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Exemptions availed by Company:

The Company has elected not to recognise right-of-use assets in below mentioned cases but to account for the lease expense on a straight-line basis over the remaining lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit:

- □ A lease that, at the commencement date, has a lease term of 12 months or less i.e. short-term leases and
- Leases for which the underlying asset is of low value

The Company has benefitted from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The Company has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at ₹ 464.52 lakhs and accordingly recognised right-of-use assets at ₹ 377.39 lakhs by adjusting retained earnings by ₹ 34.81 lakhs (net of tax), including adjustments for lease equalisation reserve, as at the aforesaid date. In the Statement of Profit and Loss for the current period, expenses in the nature of operating leases are recognised as amortisation of right-of-use assets and finance costs, as compared to lease rent in previous periods.

The impact of adopting Ind AS 116 on the financial statements for the year ended 31 March 2020 is as follows:

Particulars	Year ended 31 March 2020 (Erstwhile basis)	Year ended 31 March 2020 (As per Ind AS-116)	Increase/ (Decrease) in Profit
Rent	274.56	26.23	248.33
Finance costs	242.92	279.71	(36.79)
Depreciation and amortisation expense	455.97	634.28	(178.31)
Profit before tax	975.13	1,008.36	33.23

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

Particulars	As at 31 March 2020
The Balance sheet discloses the following amounts relating to leases:	
Right-of-use assets	
Computers	67.06
Buildings	199.08
	266.14
Lease liabilities	
Current	280.83
Non-current	27.86
	308.69

Amounts recognised in statement of profit and loss	For the year ended 31 March 2020
Depreciation charge on Right-of-use assets	
Buildings	178.31
	178.31
Interest expense included in finance cost	36.79
Expense relating to short-term leases	26.23
Expense relating to leases of low-value assets that are not shown above as short-term leases	-
Expense relating to variable lease payments not included in lease liability	-
Total cash outflow for leases during current financial year (excluding short term leases)	364.51
Additions to the right of use assets during the current financial year	-

The Company has taken computers and computer servers on finance lease. The future lease rent payable on such assets taken on finance lease are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Minimum lease payments		
Not later than 1 year	57.33	114.67
Later than 1 year but not later than 5	-	57.34
Beyond 5 years	-	-
Present value of minimum lease p		
Not later than 1 year	55.71	104.03
Later than 1 year but not later than 5	-	55.71
Beyond 5 years	-	-

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020
(₹ in lakhs, except for share data, and if otherwise stated)

45 Earnings per share

The amount considered in ascertaining the Company's earnings per share constitutes the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential shares.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit after tax attributable to equity shareholders	754.69	897.07
Weighted average number of shares outstanding during the year - Basic and	50,000,000	50,000,000
Basic and diluted earning per share (₹)	1.51	1.79
Nominal value per equity share (₹)	10.00	10.00

Diluted EPS is not impacted due to Route Mobile Limited - Employee Stock Option Plan 2017 as options have been granted at fair value.

46 Contribution towards Corporate Social Responsibility (CSR)

	31 March 2020	31 March 2019
<u>Details of CSR expenditure during the financial year: -</u>		
Amount required to be spent as per Section 135 of the Act	43.59	64.09
Amount spent during the year on,		
(i) Construction/acquisition of any assets	-	-
(ii) For purpose other than (i) above	92.30	76.94

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

47 Employee Stock Option Plan (ESOP)

The Company has implemented Employee Stock Option Plan for the key employees of the Company and its subsidiaries through Route Mobile Employee Welfare Trust (the "Trust") formed for the purpose. All the options issued by the Company are equity share based options which have to be settled in equity shares only. The shares are to be allotted to employees under the Route Mobile Limited- Employee Stock Option Plan 2017 (the 'ESOP scheme'). The shareholders at its meeting held on 12 October 2017 approved grant of 2,500,000 employee share options to eligible employees under the ESOP scheme.

I. The position of the Employee Stock Option Scheme of the Company:

Sr. No.	Particulars	ESOP Scheme
1	Details of approval	Resolution passed by Nomination and Remuneration committee meeting dated 05 October 2017 and the shareholders, in the Extra ordinary General Meeting held on 12 October 2017 had approved the grant of 2,500,000 employee stock options in accordance with the ESOP Scheme, equivalent to 5% of the issued and paid up share capital of the Company.
2	Implemented through	Trust
3	Total number of stock options approved	2,500,000
4	Total number of stock options granted I (ESOP 2017)	1,452,500
	Total number of stock options granted II (ESOP 2020)	888,500
5	Vesting schedule (Grant I)	Each 25% of granted options shall vest on 12 October 2018, 12 October 2019, 12 October 2020 and 12 October 2021 respectively.
	Vesting schedule (Grant II)	Each 25% of granted options shall vest on 20 February 2021, 20 February 2022, 20 February 2023 and 20 February 2024 respectively.
6	Maximum term of Options granted (years)	4 years
7	Source of shares (Primary, Secondary or combination)	Primary
8	Price per option (Grant I)	₹ 300/-
	Price per option (Grant II)	₹ 326.16/-
9	The exercise period and process of exercise	Exercise anytime within five years from date of vesting.

II. Method used to account for ESOP

The Company has recorded compensation cost for all grants made to employees under the fair value method of accounting. The fair value of each option granted is estimated on the date of grant using Discounted cash flow method.

There was no material change in the fair value of the option from the date of valuation to grant date, hence there is no charge in the statement of profit and loss on account of ESOP.

III. Weighted average exercise price of Options granted:

	Grant I	Grant II
Exercise price equals fair market value	₹ 300	₹ 326.16
Exercise price is greater than fair market value	Nil	Nil
Exercise price is less than fair market value	Nil	Nil

IV. Weighted average fair value of Options granted:

	Grant I	Grant II
Fair value of options granted	₹ 300	₹ 326.16

V. Employee-wise details of options granted:**(i) Employees who were granted options amounting to 5% or more of the options granted**

Sr. No.	Name of Employee	Designation	Exercise Price per share (₹)	Number of Options granted
1	Mr. Rahul Pandey	Chief Credit Officer	300.00	150,000
			326.16	10,000

(ii) Identified employees who were granted options, equal to or exceeding 1% of the issued capital of the Company at the time of grant:

Sr. No.	Name of Employee	Designation	Exercise Price per share (₹)	Number of Options granted
1	Nil	Nil	Nil	Nil

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

VI. The movement of stock options are summarized below:

	Number of options	
	31 March 2020	31 March 2019
Outstanding at the beginning of the year	1,267,250	1,452,500
Options granted during the year	888,500	Nil
Options forfeited / lapsed during the year *	100,250	185,250
Options exercised during the year	Nil	Nil
Options expired during the year	Nil	Nil
Options outstanding at the end of the year	2,055,500	1,267,250
Options exercisable at the end of the year	598,500	321,875

* excludes 10,000 options lapsed after 31 March 2020 in respect of employees who have resigned as at 31 March 2020

Unallocated options as at 31 March 2020 are 444,500 options (including 285,500 options lapsed and available for future grants).

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2020 is as follows:

Grant I

Sr. No.	Grant Date	Number of Options granted	Vesting Date	Exercise End Date	Exercise Price per share (₹)	Expected remaining contractual life (Months)
1	13 October 2017	363,125	12 October 2018	11 October 2023	300	42 months
2	13 October 2017	363,125	12 October 2019	11 October 2024	300	54 months
3	13 October 2017	363,125	12 October 2020	11 October 2025	300	66 months
4	13 October 2017	363,125	12 October 2021	11 October 2026	300	78 months

Grant II

Sr. No.	Grant Date	Number of Options granted	Vesting Date	Exercise End Date	Exercise Price per share (Rs.)	Expected remaining contractual life (Months)
1	21 February 2020	222,125	20 February 2021	19 February 2026	326.16	71 months
2	21 February 2020	222,125	20 February 2022	19 February 2027	326.16	83 months
3	21 February 2020	222,125	20 February 2023	19 February 2028	326.16	95 months
4	21 February 2020	222,125	20 February 2024	19 February 2029	326.16	107 months

VIII. Assumptions:

Sr. No.	Particulars	Grant I	Grant II
1	Risk Free Interest Rate	6.70%	6.55%
2	Expected Life (years)	4	4
3	Expected Volatility	56%	100%
4	Market Risk Premium	8.82%	2.32%
5	Cost of debt	11.00%	12.87%
6	Terminal Growth Rate	4.00%	3.00%
7	Cost of capital	11.06%	12.53%

Route Mobile Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2020

(₹ in lakhs, except for share data, and if otherwise stated)

48 Segment reporting

In accordance with Indian Accounting Standard (Ind AS) 108, "Operating Segments", segment information has been given in the consolidated financial statements of Route Mobile Limited, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

49 Covid-19

In assessing the recoverability of receivables, investment and other assets, the Company has considered internal and external information up to the date of these standalone financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimate as at the date of these standalone financial statements and the Company will closely monitor any material changes to future economic conditions and respond accordingly.

50 Subsequent to Balance Sheet date, the Company has entered into an Agreement to Transfer Business dated 15 June 2020 to acquire key technologies and related contracts from a Bengaluru based Company specializing in development of telecom related solutions which includes inter alia Multimedia Messaging Service Center (MMSC) and Short Message Service Center platforms (SMSC) on a going concern basis under a slump sale arrangement for total consideration of Rs.1,200 lakhs. The acquisition is subject to customary closing actions and internal approvals.

51 The Company has plans for Initial Public Offering (IPO) of its equity shares and has already filed the Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI).

As per our report of even date attached.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Bharat Shetty

Partner

Membership No.: 106815

For and on behalf of the Board of Directors of

Route Mobile Limited

CHANDRAKANT
ANT
JAGANNATH
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Date: 2020.08.25
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Chandrakant Gupta
Chairman
(DIN No. 01636981)

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Sandipkumar Gupta
Director
(DIN No. 01272932)

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GUPTA
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Rajdikumar Gupta
Managing Director
(DIN No. 01272947)

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Rathindra Das
Company Secretary
(Membership No.: A24421)

SURESH
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JANKAR

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Suresh Jankar
Chief Financial Officer

Place : Mumbai

Date : 25 August 2020

Place : Mumbai

Date : 25 August 2020