ArihantCapital
Generating Wealth

Result Update
Q1FY27
13th August,2026

RateGain Travel Technologies Ltd

Strong Q1FY27 execution with Sojern-led scale-up, margin recovery and accelerated deleveraging.

CMP: INR 887

Rating: Buy

Target Price: 1146

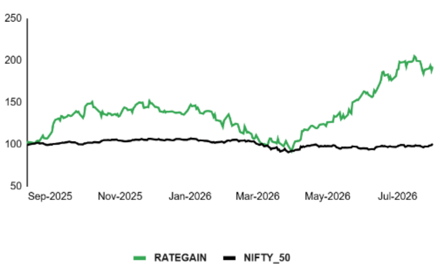
Stock Info	
BSE	543417
NSE	RATEGAIN
Bloomberg	RATEGAIN:IN
Reuters	Rate.NS
Sector	IT
Face Value (INR)	1
Equity Capital (INR Mn)	117.9
Mkt Cap (INR Mn)	105,090
52w H/L (INR)	1,050 / 417
Avg Yearly Vol (in 000’)	909

Shareholding Pattern %

(As on March, 2026)

Promoters	48.78
FII	5.75
DII	20.86
Public & Others	24.57

RateGain Vs Nifty



Source: Arihant Research

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RateGain reported Q1 FY27 consolidated revenue of INR 7,850 Mn (+187.6% YoY), driven by the Sojern acquisition, while organic MarTech growth remained strong at 18.2% YoY. Adjusted EBITDA improved to INR 1,934 Mn with a 24.6% margin, up from INR 1,679 Mn (23.5%) in Q4 FY26 and INR 497 Mn (18.2%) in Q1 FY26, supported by delivered cost synergies and emerging revenue synergies with Sojern. Adjusted PAT stood at INR 1,168 Mn (14.9% margin), impacted by acquisition amortization of INR 338 Mn and finance costs of INR 165 Mn. The company generated record free cash flow of INR 1,352 Mn with 78.8% conversion and reduced acquisition debt by 38%, lowering net debt to INR 6,154 Mn. Management reiterated FY27 revenue guidance of INR 31,000 Mn (floor) and expects to become net debt-free by FY28.

Investment Rationale:

A Genuine Data + Platform Moat Driving Pricing Power

RateGain's competitive moat is increasingly translating into tangible commercial benefits rather than remaining just a strategic narrative. The Adara-Sojern integration has created one of the world's largest travel intent datasets, supported by 320+ data partners and a 14.5% YoY increase in addressable travel audience, integrated with distribution infrastructure and AI capabilities. Management highlighted that this has reduced discounting during renewals, strengthened product bundling, and improved pricing discipline amid a shrinking competitive landscape. As a result, the company's data advantage is beginning to support both customer retention and long-term margin expansion.

Margin Expansion Supported by Strong Cash Generation

The quarter demonstrated that RateGain is scaling profitably, with adjusted EBITDA margin expanding to a record 24.6% from 18.2% a year ago, while free cash flow conversion reached a record 78.8%. The company has already repaid 38% of the Sojern acquisition debt and continues to target becoming net debt free by FY28. Strong cash generation, alongside continued investment in products such as Agentic ARI, RateIQ and RG Pay, reflects disciplined capital allocation and materially strengthens the balance sheet.

Significant Cross-Selling Opportunity Remains Untapped

A key growth driver remains the largely underpenetrated 14,158-customer combined customer base. With a pipeline of INR 6,640 Mn, ongoing property team integration in Europe and the US, and increasing adoption of newer products such as RateIQ and RG Pay, a meaningful portion of future growth can come from expanding wallet share within existing customers rather than relying solely on new client additions. This provides a relatively lower-risk growth runway, while improved KPI disclosures should offer better visibility into the pace of cross-selling over the coming quarters.

Outlook and Valuation: RateGain enters FY27 with strong momentum as Phase-2 revenue synergies from the Sojern acquisition, including cross-selling and GTM expansion, take priority after completing cost synergies. New AI-led products such as Agentic ARI, RateIQ, RG Pay and VIVA are moving from launch to commercialization, while adjusted EBITDA margin expanded to a record 24.6% in Q1 FY27 from 23.5% in Q4 FY26 and 18.2% in Q1 FY26, reflecting improving operating leverage. Net Revenue Retention (NRR) improved to 106.8% from 99.6% in FY26, indicating early success in expanding wallet share across the combined 14,158-customer base. Supported by a pipeline of INR 6,640 Mn, free cash flow of INR 1,352 Mn with 78.8% conversion, and 38% of acquisition debt already repaid, RateGain remains well positioned to achieve the higher end of its 15–20% organic growth target while continuing margin expansion. Management's FY27 revenue guidance of INR 31,000 Mn, against an annualized run-rate of INR 31,400 Mn, also suggests scope for potential outperformance. **We maintain our rating on the stock of Buy with the TP INR 1146 based of 22x of FY29e EPS of INR 52.1 and Upside of 29.26%.**

	Year-end March				
(INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	1,077	1,824	3,155	3,786	4,429
EBITDA	232	337	647	814	997
EBITDA Margin(%)	21.5%	18.5%	20.5%	21.5%	22.5%
PAT	209	194	425	521	615
PAT Margin(%)	19.4%	10.7%	13.5%	13.8%	13.9%
EPS	17.70	16.47	35.97	44.17	52.11
ROE(%)	12.41	9.69	17.47	17.66	17.24
ROCE(%)	8.90	9.73	16.34	16.48	16.05
PE(X)	26.21	28.17	12.90	10.50	8.90
EV/EBITDA	18.03	16.31	8.12	6.97	5.09

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Particulars	Q1FY27	Q4FY26	Q1FY26	QoQ %	YoY%
Revenue from operations	785	716	260	10%	202%
Employee benefit expenses	295	269	103	9%	187%
Other expenses	319	299	108	7%	196%
EBITDA	172	147	50	17%	245%
EBITDA Margin (%)	21.9%	20.5%	19.1%	1.30	
Add: Sojern - Deferred Consideration	22	20.90	2		
Adjusted EBITDA	193.4	167.9	51.7	15%	274%
Adjusted EBITDA Margin (%)	24.6%	23.5%	19.9%		
Depreciation and amortisation expenses	38	35	10	7%	295%
Operating Profits	134	112	40	20%	233%
EBIT Margin %	17.1%	15.7%	15.5%		
Other income, net	3	3	18	20%	-83%
Finance cost	17	18	0	-10%	5414%
Extraordinary Items	0	0	0		
Profit before tax (PBT)	121	96	58	25%	107%
Tax expense:	26	26	13		
Tax Rate	21%	27%	22%		
Profit for the period (PAT)	95	70	45	36%	110%
PAT Margin (%)	12.1%	9.8%	17.4%		
Adjusted PAT	117	91	45	29%	158%
Adjusted PAT Margin (%)	14.9%	12.7%	17.4%		

Source: Arihant Research, Company

Q1FY27 Concall Key Takeaways

Revenue Guidance & Outlook
Management raised FY27 revenue guidance to INR 31,000 Mn, while indicating this target should be comfortably exceeded based on current business momentum. Annualized revenue exiting Q1 reached approximately INR 31,400 Mn, representing a new all-time high. Organic revenue growth of 17.5% is expected to move towards the upper end of the company's 15–20% long-term target range by FY27 exit, supported by accelerating integration-driven revenue synergies during H2. Gross margins are expected to remain broadly stable around 69–70%, with potential upside from pricing improvements and greater product bundling.

MarTech
Revenue increased 341% YoY following the Sojern consolidation, while organic growth remained strong at ~18.2% YoY, highlighting healthy underlying demand. The segment now contributes over 81% of consolidated revenue, making it the company's largest business. Sojern-originated new customer wins accelerated during the quarter as the enlarged global go-to-market (GTM) organization began selling the unified platform. Management expects MarTech to remain the primary growth engine supported by a stronger product portfolio, broader sales reach and increasing AI capabilities. While reported growth was acquisition-led, the 17.5–18.2% organic growth indicates the core business continues to grow at a healthy pace. RateGain is increasingly positioning itself as an AI-powered travel platform rather than a traditional SaaS company, which could strengthen pricing power and customer stickiness over time.

DaaS
Revenue grew 22.7% YoY with healthy demand across airlines, OTAs and car rental customers. The business is operating at a quarterly revenue run-rate of INR 960–980 Mn. Management expects continued double-digit growth driven by stable OTA and hotel demand, large airline contracts currently in the pipeline and improving traction in the revAI platform for car rental customers.

Distribution
Revenue grew a modest 3.1% YoY as legacy products remained stable while new offerings gained traction. The segment currently operates at a quarterly run-rate of around INR 500 Mn. Agentic ARI and RateIQ continue to witness encouraging customer interest, with RateIQ delivering 10–100% booking uplift across tested hotel pairings. Around 12 customers are currently evaluating the product, while Direct Stack's APMEA pipeline has expanded by nearly 200%. Management expects Distribution to return to double-digit growth by FY27-end.

Future M&A
Management continues to evaluate acquisition opportunities following the successful Sojern integration. However, it remains disciplined on valuation and strategic fit. No major acquisition is expected during FY27, with the next transaction more likely during calendar year 2027.

Integration Synergies

Adara has now been fully integrated under the Sojern brand, operating as one organization on a unified platform. Destination and Corporate business integrations have already been completed, while Property integration is complete in APAC and continues across Europe and North America. Management indicated that further acceleration in cross-selling should follow once these remaining integrations are completed. The company will no longer separately disclose Adara and Sojern performance as both businesses are now managed as one integrated platform.

Unique Data Moat

Following the Adara and Sojern integration, RateGain now operates one of the world's largest travel intent datasets, supported by 320+ data partners, with its addressable travel audience expanding 14.5% YoY. The unified dataset powers marketing, revenue management, distribution and customer targeting solutions, while also being monetized through brands such as Visa and Mastercard for travel audience targeting. Management noted that its travel demand insights are increasingly referenced by industry publications such as Skift and CNBC.. The combination of proprietary travel intent data, AI and distribution infrastructure creates a differentiated competitive moat that becomes increasingly difficult for competitors to replicate.

Cross-Selling Opportunity

The combined organization now serves 14,158 customers, creating a substantially larger opportunity for cross-selling and upselling. Every product is positioned around three customer objectives, acquiring guests, engaging guests and expanding wallet share.
Property business integration in APAC has already enabled broader cross-selling, while Europe and North America remain incremental opportunities. Management also highlighted a large Indian hotel deal currently under negotiation that reflects demand for the unified platform.

Balance Sheet & Free Cash Flow

The company generated a record INR 1,352 Mn of free cash flow during Q1, with free cash flow conversion reaching 78.8%, the highest in company history. Management reiterated full-year guidance of 75%+ cash conversion. As of June 30, 2026, net worth stood at INR 21,142 Mn, cash and cash equivalents at INR 2,556 Mn, while net debt reduced to INR 6,154 Mn. Other income declined to INR 31 Mn from INR 207 Mn last year as surplus cash was deployed towards funding the Sojern acquisition, which management described as a structural rather than recurring change. Strong cash generation is accelerating debt reduction, lowering financial risk while providing flexibility for future investments.

Middle East & FIFA Impact

The FIFA World Cup generated approximately USD 2.5 million of incremental revenue during Q1, primarily benefiting the North American business. However, this benefit is not expected to repeat at similar levels during Q2. Middle East revenue declined from roughly USD 970,000 per month to USD 425,000 per month due to regional weakness. Overall, management estimated a net benefit of approximately USD 1 million during the quarter, which was considered immaterial relative to the company's overall growth trajectory.

Deal Wins

During the quarter, RateGain secured several strategic customer wins including Philippine Airlines, Duetto, Cinko, ZentrumHub, BoxPay/RG Pay and Citrus Leisure. The company also highlighted a large Indian hospitality contract currently under advanced negotiations, which is expected to be signed at higher outcome-based pricing. Industry recognition remained strong, with RateGain being named Trip.com's Favoured Connectivity Partner for the third consecutive year while also receiving the 2026 Best in SaaS Award for AI-Powered Travel Marketing.

New Contract Wins

Combined RateGain and Sojern businesses secured INR 1,410 Mn of new logo contract wins during the quarter. Management noted that this KPI understates actual business momentum because it excludes expansion revenue from existing customers. The company is evaluating improved reporting metrics that better capture ongoing account expansion. The total qualified sales pipeline currently stands at INR 6,640 Mn, with healthy momentum across all three business segments.

Pricing Power

Management believes pricing power has improved meaningfully following the Sojern acquisition. The combined platform now offers richer travel intent data, enabling superior marketing outcomes and higher customer ROI.
Rather than relying on direct price increases, the company increasingly bundles complementary products, strengthening customer value propositions while reducing competitive discounting. Management also highlighted that industry consolidation has reduced competitive intensity, further supporting pricing discipline.
Analyst view: Better data quality, integrated product offerings and reduced competition should gradually support higher margins over the medium term.

Sojern Acquisition

The Sojern acquisition continues to outperform expectations. Phase-1 integration, including operational integration and cost synergies, is largely complete, with FY27 shifting focus to Phase-2 revenue synergies through cross-selling across the combined 14,000+ customer base. Deferred consideration of INR 800–900 Mn annually remains linked to performance milestones through Q3 FY29, with INR 219 Mn added back in Q1. The company has repaid USD 47.5 million (38%) of acquisition debt, with USD 77.5 million outstanding, and reiterated its target of becoming net debt free by FY28.

Income statement (INR mn)					
Year End-March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Gross Sales	1,076.66	1,823.55	3,154.75	3,785.70	4,429.27
Net Sales	1,076.66	1,823.55	3,154.75	3,785.70	4,429.27
YoY (%)	12.50%	69.37%	73.00%	20.00%	17.00%
Adjusted COGS	**247.63**	**401.18**	**678.27**	**795.00**	**930.15**
Personnel/ Employee benefit expenses	398.80	711.67	1,199.65	1,401.72	1,595.72
YoY (%)	4.97%	78.45%	68.57%	16.84%	13.84%
Manufacturing & Other Expenses	445.89	774.43	1,308.21	1,569.85	1,836.73
YoY (%)	15.10%	73.68%	68.93%	20.00%	17.00%
Total Expenditure	**844.69**	**1,486.10**	**2,507.86**	**2,971.57**	**3,432.45**
YoY (%)	8.30%	75.93%	68.75%	18.49%	15.51%
EBITDA	**231.97**	**337.45**	**646.89**	**814.13**	**996.82**
YoY (%)	22.27%	45.47%	91.70%	25.85%	22.44%
EBITDA Margin (%)	21.55%	18.51%	20.51%	21.51%	22.51%
Adj EBITDA		**358.30**			
Adj EBITDA Margin (%)		19.65%			
Depreciation	34.94	80.71	124.30	174.02	243.62
EBIT	**197.03**	**256.74**	**522.59**	**640.11**	**753.20**
EBIT Margin (%)	18.30%	14.08%	16.57%	16.91%	17.00%
Interest Expenses	1.26	31.50	31.50	28.35	25.51
Non-operating/ Other income	76.41	61.34	67.47	74.22	81.64
PBT	**272.18**	**251.96**	**558.56**	**685.98**	**809.32**
Tax-Total	63.34	57.57	134.06	164.63	194.24
Adj. Net Profit	**208.84**	**194.39**	**424.51**	**521.34**	**615.08**
Reported Profit	**208.84**	**194.39**	**424.51**	**521.34**	**615.08**
PAT Margin	19.40%	10.66%	13.46%	13.77%	13.89%
Shares o/s/ paid up equity sh capital	11.78	11.80	11.80	11.80	11.80
Adj EPS	17.70	16.47	35.97	44.17	52.11

Balance sheet					
Year-end March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of Funds					
Networth	**1,682.66**	**2,005.86**	**2,430.36**	**2,951.70**	**3,566.79**
Unsecured Loans/ Borrowings/ Lease Liabilities	0.00	238.68	119.34	35.80	28.64
Other Liabilities	28.66	878.00	921.90	968.00	1,035.75
Total Liabilities	**1,711**	**3,123**	**3,472**	**3,956**	**4,631**
Total Funds Employed	**1,711**	**3,123**	**3,472**	**3,956**	**4,631**
Application of Funds					
Net Fixed Assets	**347.83**	**2,401.63**	**2,463.25**	**2,524.03**	**2,585.77**
Capital WIP	2.00	3.00	4.00	5.00	6.00
Investments/ Notes/ Fair value measurement	115.52	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00
Days	2.00	3.00	4.00	5.00	6.00
Debtors	210.00	471.43	734.67	850.49	970.80
Days	71.19	94.36	85.00	82.00	80.00
Other Current Assets	26.20	271.76	285.35	299.62	314.60
Cash and Cash equivalent	1,178.35	211.38	341.16	704.85	1,255.03
Current Liabilities/Provisions					
Creditors / Trade Payables	98.31	238.30	358.41	430.10	503.21
Days	80.47	112.31	100.00	100.00	100.00
Liabilities	94.48	198.01	237.62	285.14	342.17
Net Current Assets	**43.41**	**306.88**	**423.99**	**434.87**	**440.02**
Total Asset	**1,711**	**3,122**	**3,472**	**3,955**	**4,631**
Total Capital Employed	**1,668**	**2,816**	**3,048**	**3,521**	**4,191**

Source: Arihant Research, Company

Cash Flow Statement

Year End-March	FY25	FY26	FY27E	FY28E	FY29E
Opening Cash	**1,096.77**	**1,178.35**	**211.38**	**341.16**	**704.85**
Cash profit	**243.78**	**275.10**	**548.81**	**695.36**	**858.71**
(-) working cap	**-48.89**	**-263.48**	**-117.11**	**-10.88**	**-5.15**
% of sales	**0.05**	**0.14**	**0.04**	**0.00**	**0.00**
(-) Capex & Acquisition	**-16.50**	**-2,134.51**	**-185.92**	**-234.80**	**-305.37**
Free cashflow pre dividend	**178.39**	**-2,122.89**	**245.78**	**449.68**	**548.19**
(-) Others	**-89.80**	**50.00**	**-116.00**	**-86.00**	**2.00**
(-) IPO proceeds/ QIP / Debt Raised	**0.00**	**1,107.00**	**0.00**	**0.00**	**0.00**
(-) Dividend	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow after dividend	**88.59**	**-965.89**	**129.78**	**363.68**	**550.19**
Closing Cash	**1,185.36**	**212.46**	**341.16**	**704.85**	**1,255.03**

Key Ratios

Year End-March	FY25	FY26E	FY27E	FY28E	FY29E
EPS	17.7	16.5	36.0	44.2	52.1
Book Value	142.8	170.0	205.9	250.1	302.2
Valuation (x)					
P/E	50.1	53.9	24.7	20.1	17.0
P/BV	6.2	5.2	4.3	3.5	2.9
Return ratio (%)					
EBITDA Margin	21.5	18.5	21.0	21.5	22.0
EBIT Margin	18.3	14.1	17.0	16.3	15.2
PAT Margin	19.4	10.7	13.8	13.3	12.5
ROE	12.4	9.7	17.2	16.0	14.7
ROCE	8.9	9.7	16.0	14.8	13.6
Turnover Ratios					
Creditors Days	80.5	112.3	100.0	100.0	100.0
Receivable Days	71.2	94.4	85.0	85.0	85.0

Source: Arihant Research, Company

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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