Arihant Capital
Generating Wealth

Q1FY27 Result Update
5th August 2026

Route Mobile Limited

Revenue Growth Returns, Margin Miss on Transient Items; Heltar Acquisition Sharpens AI-Led Strategy

CMP: INR 532

Rating: Buy

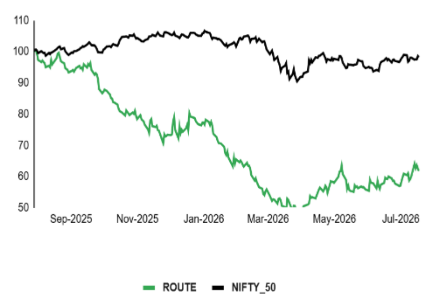
Target Price: INR 733

Stock Info	
BSE	543228
NSE	INE450U01017
Bloomberg	ROUTE IN
Sector	Communication
Face Value (INR)	10
Equity Capital (INR mn)	630
Mkt Cap (INR mn)	33,500
52W H/L (INR)	921 / 410

Shareholding Pattern % *(As on June, 2026)*	
Promoters	74.9
Public & Others	25.1

Stock Performance (%)	1m	3m	12m
Route	8.92	14.26	-37.91
Nifty 50	0.75	-0.55	-3.70

Route Mobile Vs Nifty Price Chart



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Revenue increased 1.8% QoQ and 9.6% YoY to INR 11,515 Mn, ahead of our estimate of INR 11,050 Mn, supported by continued growth in the CPaaS business. Gross Profit stood at INR 2,404 Mn, down 8.9% QoQ but up 6.8% YoY, while GP margin declined to 20.9% due to customer-specific traffic softness and the Masivian security incident. EBITDA came in at INR 1,055 Mn, below our estimate of INR 1,304 Mn, declining 22.6% QoQ while increasing 12.3% YoY. EBITDA margin contracted to 9.2% from 12.0% in Q4FY26 due to lower gross margins and higher operating expenses including salary increments and increased legal fee. PAT stood at INR 686 Mn, below our estimate of INR 796 Mn, declining 40.1% QoQ but increasing 16.6% YoY supported by a forex gain of INR 6 Mn in Q1FY27, no exceptional items in Q1FY27. New product revenue increased 13.9% YoY and 10.5% QoQ to INR 945 Mn, driven by growth in RCS, WhatsApp, and other digital communication solutions. The company processed 45.8 Bn billable transactions during Q1FY27, while net cash stood at INR 13,452 Mn as of June 30, 2026. The Board recommended an interim dividend of INR 4 per share for Q1FY27

Heltar Acquisition Strengthens AI-Led Omnichannel Strategy

The acquisition of Heltar, An aI-native omnichannel and conversational engagement platform, strengthens Route Mobile's digital communication capabilities through a low-risk, capability-led acquisition funded through internal accruals. The platform provides cross-selling opportunities across Route Mobile's top-50 enterprise customers, where most clients currently use only a single communication channel, creating potential for higher wallet share without significant customer acquisition costs.

Growth Mix Improving with New Products Driving Expansion

Route Mobile reported ~9.6% YoY revenue growth in Q1FY27 to INR 11,515 mn, led by continued strength in the new products portfolio (RCS, WhatsApp, and IP-based messaging), which grew 14% YoY and 11% QoQ, outperforming overall growth. Meanwhile, the structurally challenged ILD business stabilized, supporting the company's ongoing mix-shift strategy toward higher-growth digital communication platforms and improving long-term revenue visibility.

Margin Pressure Likely Temporary; Recovery Key Monitorable

Gross margin declined to 20.9% (vs. 23.3% QoQ and 21.4% YoY), while adjusted EBITDA margin moderated to 9.5%, impacted by a temporary traffic pause at a large high-margin domestic customer undergoing solution upgrades and the Colombia subsidiary security incident. While these appear to be account-specific and non-structural, margin recovery toward the historical 21.5–23% range remains a key near-term trigger, with Q2 execution being critical for investor confidence.

Valuation and Outlook

Route Mobile enters FY27 with improving growth momentum, led by new-age products (RCS, WhatsApp Business, Network APIs) growing 14% YoY and 11% QoQ, ahead of overall revenue growth of 9.6% YoY. Q1 margins were impacted by temporary account-specific disruptions and the Colombia security incident; however, recovery is expected over the coming quarters. FY27 is likely to be a recovery-and-reinvest year, with margin normalization supported by RCS scale-up, Heltar acquisition, and AI-led conversational engagement capabilities, enabling deeper cross-sell opportunities across the enterprise base. New initiatives such as Truecaller and Claro remain early-stage optionality, while emerging market expansion and US/Europe entry via Proximus Global provide long-term growth levers. We expect RML revenue, EBITDA, and PAT to compound at ~11.51%, 14.69%, and 14.72% CAGR respectively over FY27E-29E, with execution on margin recovery being the key near-term monitorable.. **We value the stock at a PE multiple of 9x to its FY29E EPS of INR 81.5, which yield a revised target price of INR 733 per share. We maintain our Buy rating on the stock.**

Exhibit 1: Financial Overview

YE March (INR Mn)	Revenues	EBITDA	EBITDA Margin (%)	Adj PAT	EPS (INR)	RoE (%)	P/E (x)
FY25	45,756	5,278	11.53%	3,339	50.6	13.55%	11.3
FY26E	44,082	5,373	12.19%	2,569	37.9	9.11%	15.1
FY27E	48,169	5,822	12.09%	3,900	61.9	12.42%	9.2
FY28E	53,598	6,693	12.49%	4,485	71.2	12.76%	8.0
FY29E	59,891	7,659	12.79%	5,132	81.5	12.98%	7.0

Source: Company, Arihant Research

Exhibit 2: Q1FY27 Financial Performance

INR Mn (Route Mobiles Ltd.)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Net Revenue	11,515	11,309	10,508	*1.8%*	*9.6%*
Purchase of messaging service	9,111	8,670	8,258	*5.1%*	*10.3%*
Gross Profit	2,404	2,639	2,250.7	*-8.9%*	*6.8%*
Gross Profit (%)	20.88%	23.34%	21.42%	*-246bps*	*-54bps*
Employee cost	776	749	685.9	*3.7%*	*13.2%*
Other Expenses	573	528	625.8	*8.6%*	*-8.4%*
EBITDA	1,055	1,362	939.0	*-22.6%*	*12.3%*
EBITDA margin %	*9.2%*	*12.0%*	*8.9%*	*-289bps*	*22bps*
Adj EBITDA	*1055*	*1362*	*1154*	*-22.6%*	*-8.6%*
Adj EBITDA Margin	*9.2%*	*12.0%*	*11.0%*	*-289bps*	*-182bps*
Other Income	111	278.5	109.7	*-60.3%*	*0.8%*
Depreciation	237	236.1	224.8	*0.4%*	*5.5%*
EBIT	928	1,405	824	*-33.9%*	*12.7%*
EBIT margin %	*8.1%*	*12.4%*	*7.8%*	*-436bps*	*22bps*
Finance cost	14	12	58.2	*13.3%*	*-76.6%*
Profit Before Execptional item	915	1,393	765.7	*-34.3%*	*19.5%*
Exceptional Item	-	-		*NA*	*NA*
Tax Expense	229	248.4	177.9	*-7.7%*	*28.8%*
Effective tax rate %	25.1%	17.8%	23.2%	*722bps*	*182bps*
PAT	686	1,144	587.8	*-40.1%*	*16.6%*
Non-controlling interest	59.4	51.1	55.7	*16.2%*	*6.6%*
Owner's PAT	626	1,093	532.1	*-42.7%*	*17.7%*
PAT margin %	*6.0%*	*10.1%*	*5.1%*	*-417bps*	*89bps*
EPS (INR)	9.94	17.35	8.45	*-42.7%*	*17.6%*
Segment Revenue INR Mn.	**Q1FY27**	**Q4FY26**	**Q1FY26**	**Q-o-Q**	**Y-o-Y**
India (Companies registered in India)	2,362	2,633	2,195	*-10.3%*	*7.6%*
Overseas (Companies registered outside India)	10632.8	10,287	9,927	*3.4%*	*7.1%*
Inter segment revenue	(1,480)	-1610.5	-1613.7	*-8.1%*	*-8.3%*
EBIT	**Q1FY27**	**Q4FY26**	**Q1FY26**	**Q-o-Q**	**Y-o-Y**
India (Companies registered in India)	-40	194	195.8	*-120.6%*	*-120.4%*
EBIT margin %	-1.7%	7.4%	8.9%	*-907bps*	*-1061bps*
Overseas (Companies registered outside India)	856.7	933	519.2	*-8.2%*	*65.0%*
EBIT margin %	8.1%	9.1%	5.2%	*-102bps*	*283bps*
Inter segment revenue	1	-1.4	-0.8	*NA*	*NA*

Source: Company, Arihant Research

Route Mobile-Q1FY27 Concall KTAs

- Revenue from operations grew ~9.6% YoY and ~1.8% QoQ to INR 11,515 Mn, marking a return to YoY growth after a soft FY26 exit.
- New products revenue (RCS, WhatsApp, and other IP-based messaging) grew 14% YoY and 11% QoQ, significantly ahead of overall growth, reinforcing the mix-shift strategy.
- Gross profit margin declined to 20.9% (vs. 23.3% in Q4FY26 and 21.4% in Q1FY26), while Adjusted EBITDA margin stood at 9.5%, below the ~12% guided trajectory.
- Margin pressure was driven by (1) temporary traffic disruption at a large high-margin domestic customer undergoing solution upgrades, and (2) security incident at the Colombian subsidiary; both considered transient and account-specific.
- Adjusted PAT stood at INR 686 mn, up 16.6% YoY but down 14.1% QoQ, reflecting EBITDA impact.
- Signed BTA (July 13) to acquire Heltar Technologies, an AI-driven omnichannel customer engagement platform (WhatsApp, RCS, voice) with low-code, prompt-driven configuration; deal funded through internal accruals and expected to close within weeks.
- Heltar acquisition to accelerate conversational AI capabilities, enable low-CAC cross-sell through existing enterprise relationships, and support non-SMS revenue growth (40%+ CAGR over 4 years).
- Net Revenue Retention remained at 98%, with only one key account under temporary disruption; no incremental impairments/bad debts recognized.
- Cash and cash equivalents stood at ~INR 1,300+ crore; capital allocation focus remains capability-led M&A, organic optimization, and dividend continuation.
- FY27 guidance on revenue, EBITDA margin, and dividend remained unchanged; management did not reaffirm a specific margin normalization timeline due to ongoing account-specific resolutions.
- Volume growth expected to improve to 10–15% over the next couple of quarters with seasonal demand recovery.
- Wage hike-related cost impact is behind the company; headcount expected to remain stable at ~800 employees with selective hiring for product and sales growth.
- EBITDA-to-operating cash flow conversion was impacted by delayed collections from large India/UAE clients due to reconciliation timing issues; FY27 conversion guided back to historical 75–100% range.
- RCS remains structurally higher-margin than WhatsApp/SMS; focus remains on RCS expansion across India, LATAM, Europe, and US markets through Heltar.
- Truecaller partnership (~50,000 users per BSE notification) is in early testing with select enterprise customers; monetization potential remains under evaluation.
- Claro multi-country firewall deal is live but deployment delayed; expected to go live this quarter, with select Claro networks under contract excluding Colombia.
- Company is evaluating Meta’s new WhatsApp conversational AI/chatbot rules effective October 1; Heltar’s LLM-agnostic architecture provides flexibility across Anthropic, Meta, and other AI models.

Exhibit 3: Profitability momentum breaks as Q1FY27 margins slip on transient headwinds

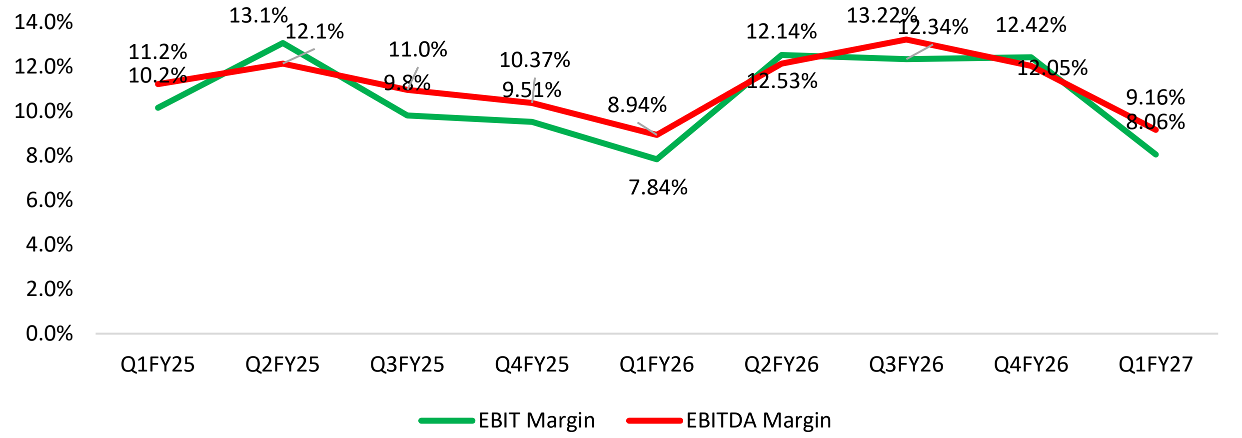


Exhibit 4: Top client concentration

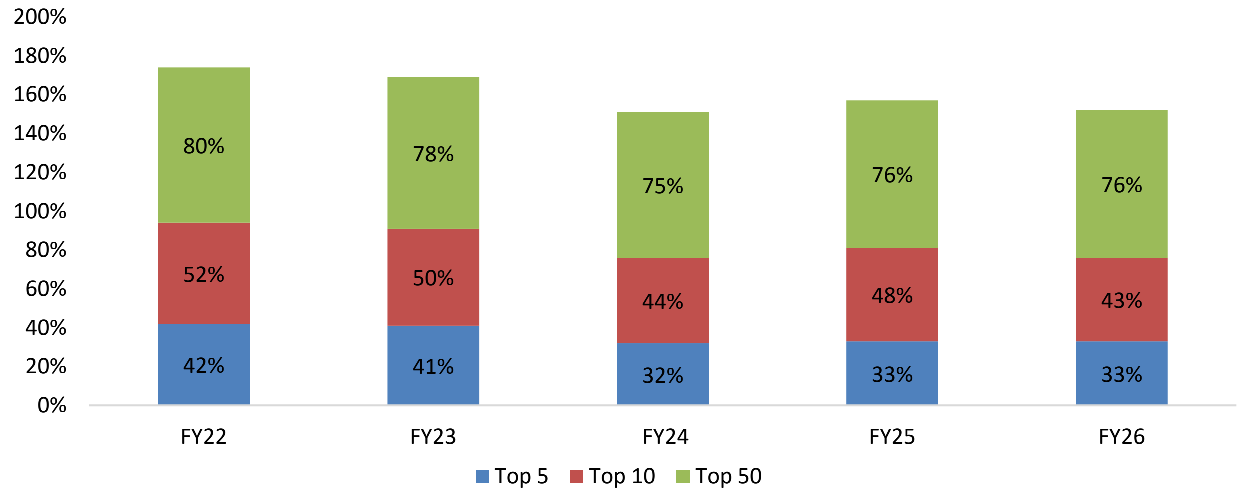
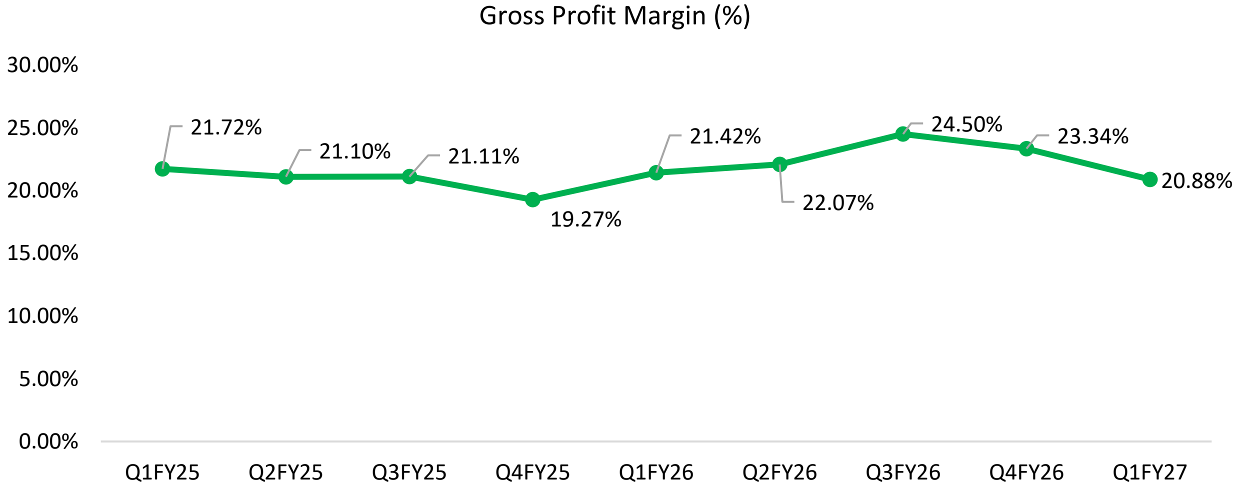


Exhibit 5: Gross margin retreats to 20.88%, giving back sequential gains on account-specific disruption



Source: Company, Arihant Research

Income Statement

Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
Revenues	**45,756**	**44,082**	**48,169**	**53,598**	**59,891**
Change (%)	13.7%	-3.7%	9.3%	11.3%	11.7%
Cost of Goods Sold	36,247	34,009	37,499	41,672	46,505
Employee costs	2,600	2,889	3,060	3,298	3,565
Other expenses	**1,631**	**1,812**	**1,787**	**1,935**	**2,162**
Total operating Expense	**40,479**	**38,710**	**42,346**	**46,905**	**52,232**
EBITDA	**5,278**	**5,373**	**5,822**	**6,693**	**7,659**
EBITDA Margin (%)	**11.5%**	**12.2%**	**12.1%**	**12.5%**	**12.8%**
Other Income	468	541	552	563	574
Depreciation	891	916	1,007	1,107	1,218
Interest	409	108	97	88	79
PBT	**4,446**	**4,889**	**5,270**	**6,061**	**6,936**
Extra-ordinary	184.50	1,358.70	-	-	-
PBT after ext-ord.	**4,261**	**3,530**	**5,270**	**6,061**	**6,936**
Tax	922	961	1,370	1,576	1,803
Rate (%)	*21.6%*	*27.2%*	*26.0%*	*26.0%*	*26.0%*
Adj PAT	**3,524**	**3,928**	**3,900**	**4,485**	**5,132**
Change (%)	*-5.3%*	*11.5%*	*-0.7%*	*15.0%*	*14.4%*
Reported PAT	**3,339**	**2,569**	**3,900**	**4,485**	**5,132**
Change (%)	*-10.2%*	*-23.1%*	*51.8%*	*15.0%*	*14.4%*

Balance Sheet

Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
Sources of Funds					
Share Capital	630	630	630	630	630
Reserves & Surplus	23,690	27,066	30,241	33,989	38,378
Minoritty Interest	321	520	520	520	520
Net Worth	**24,641**	**28,216**	**31,392**	**35,140**	**39,529**
Long term debt	-	-	-	-	-
Short term debt	4,410	-	-	-	-
Total Debt	**4,410**	**-**	**-**	**-**	**-**
Capital Employed	**38,257**	**35,562**	**39,324**	**43,779**	**48,996**
Application of Funds					
Net Block	343	304	334	368	405
other intangable Asset	7,833	8,593	8,742	8,628	8,655
Deffered Tax & Non Current Asset & Financial Asset	836	957	957	957	957
Other Non-Current Assets	1,560	161	161	161	161
Capital WIP	1.10	15.30	15.30	15.30	15.30
Non Current Asset	**10,572**	**10,015**	**10,195**	**10,114**	**10,177**
Investments	161	170	170	170	170
Debtors	9,328	9,094	9,937	11,057	12,355
Cash & bank balance	8,504	8,801	10,401	12,385	14,619
other Financial & Current Asset	4,545	2,319	2,534	2,819	3,150
Total current assets	**22,537**	**20,384**	**23,042**	**26,431**	**30,294**
Total Assets	**38,257**	**35,562**	**39,324**	**43,779**	**48,996**

Source: Company, Arihant Research

Cash Flow Statement

Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
PBT	**4,261**	**3,530**	**5,270**	**6,061**	**6,936**
Depreciation	891	916	1,007	1,107	1,218
Interst Exp	409	108	97	88	79
Cash flow before WC changes	5,561	4,555	6,374	7,256	8,233
(Inc)/dec in working capital	**2,152**	**-3,854**	**-425**	**-705**	**-819**
Operating CF after WC changes	8,455	1,416	6,674	7,288	8,157
Less: Taxes	-46	-295	0	0	0
Operating cash flow	**8,409**	**1,121**	**6,674**	**7,288**	**8,157**
(Inc)/dec in F.A	-856	-878	-1,037	-1,141	-1,255
Other	2,580	926	-149	114	-26
Cash flow from investing	**1,725**	**48**	**-1,186**	**-1,027**	**-1,281**
Free cash flow (FCF)	**7,554**	**244**	**5,637**	**6,147**	**6,902**
Proceeds/(Repayment) of current borrowings	(1,372.60)	248.30	(2,195.22)	(2,307.43)	(2,516.88)
Proceeds/(Repayment) of non-current borrowings	(532.60)	57.20	3.32	3.39	3.45
Dividend	-742	-715	-725	-737	-743
Intereset exp	-409	-108	-97	-88	-79
Cash flow from financing activities	**-4372.6**	**-610.1**	**-2963.5**	**-3131.5**	**-3350.6**
Net inc /(dec) in cash	**5,761**	**559**	**2,525**	**3,129**	**3,525**
Opening balance of cash	7,566	13,327	13,887	16,411	19,541
Closing balance of cash	13,327	13,887	16,411	19,541	23,066

Source: Company, Arihant Research

Key Ratios

Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
Per share (INR)					
EPS	50.6	37.9	61.9	71.2	81.5
CEPS	67.1	55.3	77.9	88.8	100.8
BVPS	391.1	447.9	498.3	557.8	627.4
Valuation (x)					
P/E	11.3	15.1	9.2	8.0	7.0
P/BV	1.5	1.3	1.1	1.0	0.9
EV/EBITDA	5.8	4.8	4.2	3.3	2.6
Return Ratios (%)					
Gross Margin	20.8%	22.9%	22.2%	22.3%	22.4%
EBIDTA Margin	11.5%	12.2%	12.1%	12.5%	12.8%
PAT Margin	7.3%	5.8%	8.1%	8.4%	8.6%
ROE	13.6%	9.1%	12.4%	12.8%	13.0%
ROCE	15.1%	15.8%	15.3%	15.9%	16.3%
Leverage Ratio (%)					
Turnover Ratios					
Asset Turnover (x)	1.2	1.2	1.2	1.2	1.2
Receivable Days	74	75	75	75	75
Payable days	55	41	42	41	41

Source: Company, Arihant Research

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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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