ArihantCapital
Generating Wealth

Q4FY26 Result Update
15th May 2026

Route Mobile Limited

Margins leading the way; Revenue recovery to follow

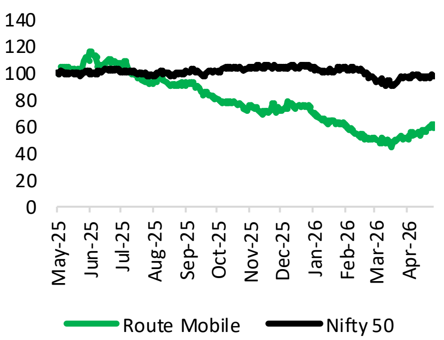
CMP: INR 506	
Rating: Buy	
Target Price: INR 632	

Stock Info	
BSE	543228
NSE	INE450U01017
Bloomberg	ROUTE IN
Sector	Communication
Face Value (INR)	10
Equity Capital (INR mn)	630
Mkt Cap (INR mn)	34,778
52W H/L (INR)	1,158 / 411

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

Stock Performance (%)	**1m**	**3m**	**12m**
Route	13.11	-19.04	-41.19
Nifty 50	0.75	-5.47	-3.00

Route Mobile Vs Nifty Price Chart



Abhishek Jain
abhishek.jain@arihantcapital.com
022 6711485

Reported revenue of INR 11,309 Mn, down 3.8% YoY / up 2.2% QoQ, slightly above our estimate of INR 11,250 Mn. Consolidated Gross Profit stood at INR 2,639 Mn in Q4FY26, up 16.6% YoY / down 2.7% QoQ. Gross Profit Margin of 23.3% in Q4FY26 against 24.5% in Q3FY26 and 19.3% in Q4FY25. Adjusted EBITDA stood at INR 1,343 Mn, up 11.9% YoY / down 6.0% QoQ, broadly in line with our estimate of INR 1,335 Mn. Adjusted EBITDA margin stood at 11.9%, down 136 bps QoQ and in line with our estimate of 11.9%. Adj. PAT stood at INR 1,144 Mn, up 34.6% YoY / up 11.6% QoQ, ahead of our estimate of INR 1,020 Mn, aided by a forex gain of INR 181.5 Mn in Q4FY26 (vs. forex gain of INR 36.2 Mn in Q3FY26 and forex loss of INR 8.3 Mn in Q4FY25). Reported PAT stood at INR 1,144 Mn with no exceptional items in Q4FY26. For FY25-26, revenue came in at INR 44,082 Mn (down 3.7% YoY), while Adjusted EBITDA stood at INR 5,259 Mn (up 0.4% YoY) with a margin of 11.9% (vs. 11.5% in FY24-25). Adj. PAT for FY25-26 stood at INR 3,761 Mn, up 6.7% YoY. CFO/EBITDA conversion remained strong at 110.5% in FY25-26. Cash on books stood at INR 13,887 Mn as on March 31, 2026. The Board has proposed a final dividend of INR 2 per share for FY25-26.New Product Portfolio.

High-barrier MNO solutions and network API monetization: The company is entrenching itself within the telecommunications ecosystem through specialized MNO solutions, such as AI-powered A2P SMS and voice firewalls. These managed services create recurring revenue streams and establish high barriers to entry due to the deep integration required with operators. Beyond security, the company is pioneering Network APIs (Silent Verification, SIM swap, device location) which monetize network data for enterprises. These capabilities, proven through deployments with major clients like Aakash Education, make Route Mobile difficult to displace as it moves from simple API connectivity to providing differentiated, infrastructure-linked security solutions.

The "Proximus multiplier" and global distribution advantage: The company is actively using the Proximus and Telesign infrastructure to expand into the US and European markets, significantly higher-ARPU geographies relative to India or Southeast Asia while also targeting emerging markets such as Mexico and the Philippines. The Telco Alliance model enables Route Mobile to sell network API and firewall solutions directly to mobile network operators, where pricing power is substantially higher than in traditional aggregation. Managed services margins in this segment range from 30% to 70%, well above the blended company average. This institutional parentage also de-risks company's competitive position with large global enterprise clients.

Valuation and Outlook

Route Mobile is navigating through a challenging but stabilizing period, with management signaling that the decline in its ILD (international long-distance) A2P SMS business has largely bottomed out. For FY27, the company is guiding for mid-to-high single-digit revenue growth, with Adjusted EBITDA margins expected to hold around 12%. The strategic focus is firmly on scaling higher-margin domestic business, growing new-age products like RCS, WhatsApp Business, and Network APIs (currently only ~8% of revenue but growing), and deepening penetration in emerging markets like Mexico and the Philippines while leveraging the Proximus Global network for US and Europe entry. We expect RML revenue, EBITDA, and PAT to grow at a CAGR of ~11.96%, 13.34%, and 13.22%, respectively, over FY27e-29e. **We value the stock at a PE multiple of 8.2x to its FY29E EPS of INR 77.1, which yield a revised target price of INR 632 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)
FY26	44,082	5,373	12.19%	2,569	37.9	9.11%	13.3
FY27E	46,922	5,672	12.09%	3,788	60.1	12.11%	8.4
FY28E	52,199	6,362	12.19%	4,240	67.3	12.19%	7.5
FY29E	58,814	7,286	12.39%	4,856	77.1	12.49%	6.6

Source: Company, Arihant Research

Exhibit 2: Q4FY26 Financial Performance

INR Mn (Route Mobiles Ltd.)	Q4FY26	Q3FY26	Q4FY25	*Q-o-Q*	Y-o-Y
Net Revenue	11,309	11,071	11,750	*2.2%*	*-3.8%*
Purchase of messaging service	8,670	8,358	9,486	*3.7%*	*-8.6%*
Gross Profit	2,639	2,712	2,264	*-2.7%*	*16.6%*
Gross Profit (%)	23.34%	24.50%	19.27%	*-4.7%*	*21.1%*
Employee cost	749	737	600	*1.5%*	*24.8%*
Other Expenses	528	511	445	*3.4%*	*18.6%*
EBITDA	1,362	1,464	1,219	*-6.9%*	*11.8%*
EBITDA margin %	*12.0%*	*13.2%*	*10.4%*	*-118bps*	*167bps*
Adj EBITDA	*1,343*	*1,429*	*1,200*	*-6.9%*	*11.8%*
Adj EBITDA Margin	*11.9%*	*12.9%*	*10.2%*	*-100bps*	*170bps*
Other Income	278.5	129	121	*116.4%*	*130.0%*
Depreciation	236.1	226	222	*4.3%*	*6.3%*
EBIT	1,405	1,366	1,118	*2.8%*	*25.7%*
EBIT margin %	*12.4%*	*12.3%*	*9.5%*	*8bps*	*291bps*
Finance cost	12	14.2	81	*-15.5%*	*-85.2%*
Profit Before Execptional item	1,393	1,352	1,037	*3.0%*	*34.3%*
Exceptional Item	-	-	-247.3	*NA*	*NA*
Tax Expense	248.4	326.5	186.7	*-23.9%*	*33.0%*
Effective tax rate %	17.8%	24.1%	18.0%	*-26.1%*	*-1.0%*
PAT	1,144	1,026	603	*11.6%*	*89.8%*
Non-controlling interest	51.1	48.6	37	*5.1%*	*38.1%*
Owner's PAT	1,093	977	566	*11.9%*	*93.2%*
PAT margin %	*10.1%*	*9.3%*	*5.1%*	*85bps*	*499bps*
EPS (INR)	17.35	15.51	8.98	*11.9%*	*93.2%*
Segment Revenue INR Mn.	**Q4FY26**	**Q3FY26**	**Q4FY25**	***Q-o-Q***	**Y-o-Y**
India (Companies registered in India)	2,633	2,260	2,428	*16.5%*	*8.5%*
Overseas (Companies registered outside India)	10,287	10,385	9,790	*-0.9%*	*5.1%*
Inter segment revenue	-1610.5	-1573.6	-467	*2.3%*	*244.6%*
EBIT	**Q4FY26**	**Q3FY26**	**Q4FY25**	**Q-o-Q**	**Y-o-Y**
India (Companies registered in India)	194	243	420	*-20.1%*	*-53.7%*
EBIT margin %	7.4%	10.8%	17.3%	*-339bps*	*-991bps*
Overseas (Companies registered outside India)	933	1032	547	*-9.6%*	*70.8%*
EBIT margin %	9.1%	9.9%	5.6%	*-87bps*	*349bps*
Inter segment revenue	-1.4	-1.6	30	*-12.5%*	*-104.6%*

Source: Company, Arihant Research

Route Mobile-Q4FY26 Concall KTAs

- Targeting mid to high single-digit revenue growth for FY27.
- The Adjusted EBITDA margin is expected to remain around 12% moving forward.
- The ILD business decline has bottomed out, and focus remains on scaling the domestic business and non-SMS products, including RCS, WhatsApp, and Network APIs.
- The board approved a 50% increase in the regular dividend to a sustainable level of INR 16.5 per share, Plans to evaluate targeted M&A opportunities to enhance conversational AI capabilities, compressing organic build cycles.
- The overall strategy involves deepening core market penetration, geographic expansion in emerging markets, and maintaining a disciplined capital allocation framework.
- Operations continue to shift towards a higher-margin domestic business mix, mitigating the impact of reduced ILD volumes.
- New Products revenue (non-SMS) for FY26 stood at INR 3,526 mn, an increase of 11% YoY. This segment constitutes 8% of total revenue.
- ILD (International Long Distance) revenue contributes around 25% to 33% of overall revenue.
- Financial services remain the largest vertical. Digital native and e-commerce verticals reported declines due to reduced ILD traffic from global clients. WhatsApp volumes increased in India, but revenue realization was impacted due to downward pricing revisions during the year.
- Management is targeting emerging markets such as Mexico and the Philippines, and planning expansion in the US and Europe utilizing Proximus and Tele sign infrastructure.
- Launched Spellers Corridor in India, focusing on network API solutions.
- A network API-powered silent verification solution was deployed to Akash Education, with plans for global commercialization across the Proximus footprint.
- A2P SMS and Voice Firewall solutions are generating recurring managed services revenue from mobile network operators, yielding margins in the range of 30% to 70%. An internal AI program was implemented across customer support, engineering, and deployment functions to reduce operational cycle times. A2P SMS domestic pricing currently stands at 10 paisa per message.
- M&A strategy targets small to mid-sized acquisitions focused on conversational AI and CPaaS-adjacent capabilities, with an expected integration timeline of 12 to 18 months.

Exhibit 2: Profitability holding firm despite revenue consolidation

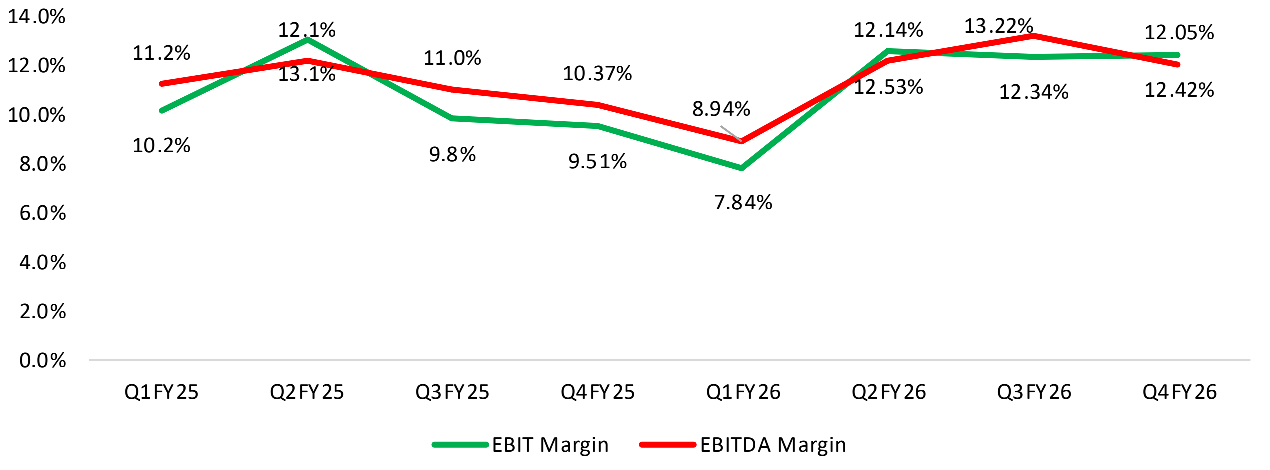


Exhibit 3: Top client concentration

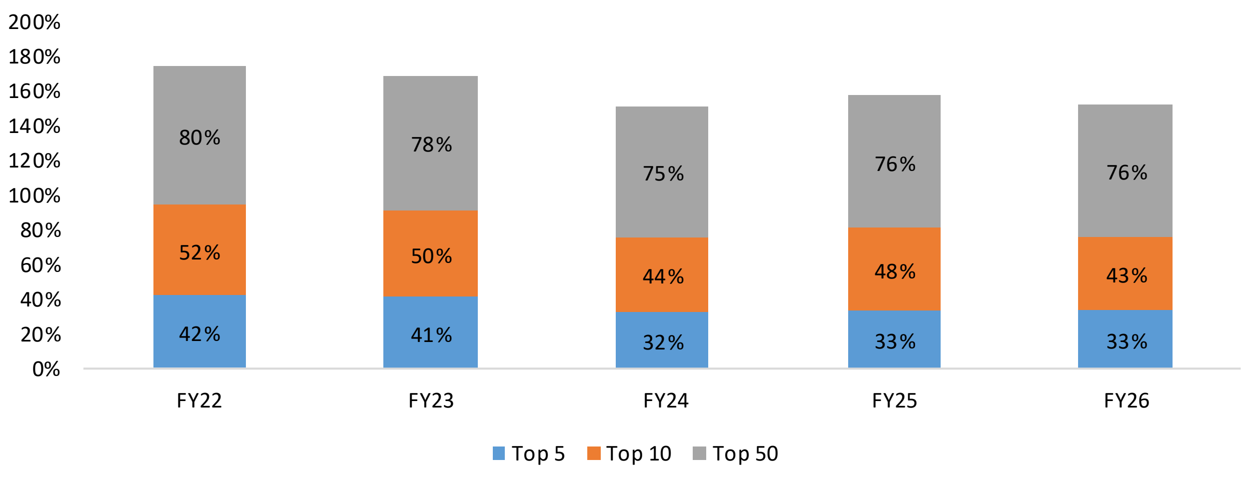
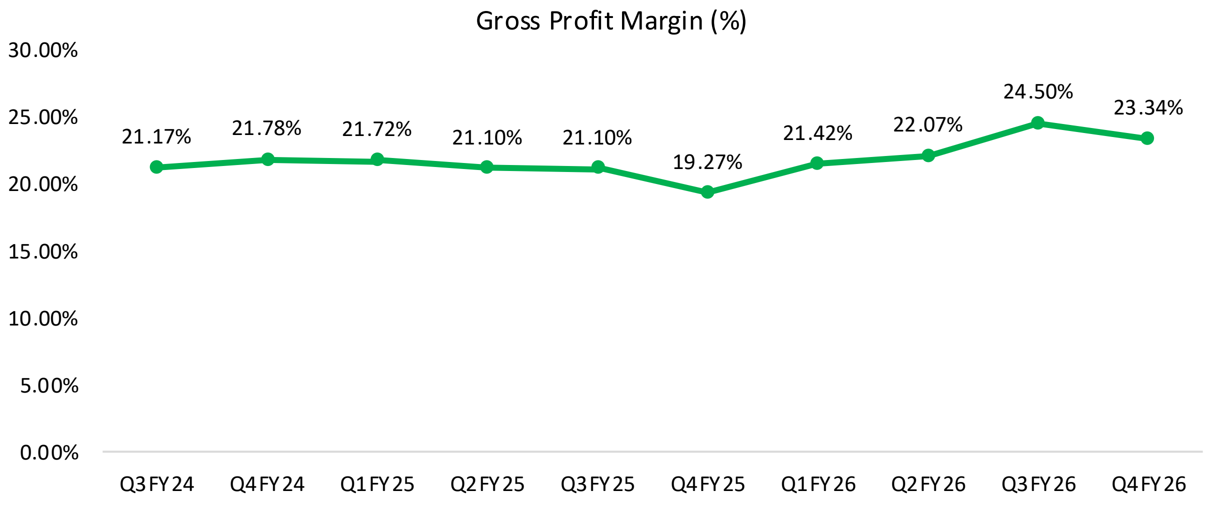


Exhibit 4: 400 bps YoY expansion signals improving revenue quality



Source: Company, Arihant Research

Income Statement					
Y/E March (INR Mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenues	**45,756**	**44,082**	**46,922**	**52,199**	**58,814**
Change (%)	13.7%	-3.7%	6.4%	11.2%	12.7%
Cost of Goods Sold	36,247	34,009	36,528	40,689	45,786
Employee costs	2,600	2,889	2,981	3,264	3,619
Other expenses	**1,631**	**1,812**	**1,741**	**1,885**	**2,124**
Total operating Expense	**40,479**	**38,710**	**41,250**	**45,837**	**51,528**
EBITDA	**5,278**	**5,373**	**5,672**	**6,362**	**7,286**
EBITDA Margin (%)	**11.5%**	**12.2%**	**12.1%**	**12.2%**	**12.4%**
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**	**5,119**	**5,730**	**6,563**
Extra-ordinary	185	1,359	-	-	-
PBT after ext-ord.	**4,261**	**3,530**	**5,119**	**5,730**	**6,563**
Tax	922	961	1,331	1,490	1,706
Rate (%)	*21.6%*	*27.2%*	*26.0%*	*26.0%*	*26.0%*
PAT	**3,339**	**2,569**	**3,788**	**4,240**	**4,856**
PAT Margin (%)	*7.3%*	*5.8%*	*8.1%*	*8.1%*	*8.3%*

Balance Sheet					
Y/E March (INR Mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of Funds					
Share Capital	630	630	630	630	630
Reserves & Surplus	23,690	27,066	30,130	33,633	37,746
Minoritty Interest	321	520	520	520	520
Net Worth	**24,641**	**28,216**	**31,280**	**34,783**	**38,896**
Non Current Liabilities	671	735	685	687	702
Current Liabilities	12,946	6,611	7,088	7,789	8,646
Total Debt	**4,410**	-	-	-	-
Total Liabilities and Equity	**38,257**	**35,562**	**39,052**	**43,260**	**48,245**
Application of Funds					
Net Block	343	304	334	368	405
other intangable Asset	8,157	8,656	8,805	8,691	8,717
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	15	15	15	15
Non Current Asset	**10,897**	**10,093**	**10,272**	**10,192**	**10,255**
Investments	161	170	170	170	170
Debtors	9,328	9,094	9,680	10,769	12,133
Cash & bank balance	13,327	13,887	16,462	19,384	22,593
other Financial & Current Asset	4,545	2,319	2,468	2,746	3,094
Total current assets	**27,361**	**25,469**	**28,780**	**33,068**	**37,990**
Total Assets	**38,257**	**35,562**	**39,052**	**43,260**	**48,245**

Source: Company, Arihant Research

Cash Flow Statement					
Y/E March (INR Mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
PBT	**4,261**	**3,530**	**5,119**	**5,730**	**6,563**
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	6,223	6,925	7,860
(Inc)/dec in working capital	**2,152**	**(3,854)**	**(262)**	**(668)**	**(859)**
Operating CF after WC changes	8,455	1,416	6,686	6,994	7,744
Less: Taxes	(46)	(295)	0	0	0
Operating cash flow	**8,409**	**1,121**	**6,686**	**6,994**	**7,744**
(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**	**5,649**	**5,853**	**6,489**
Proceeds/(Repayment) of current borrowings	(1,373)	248	(2,156)	(2,221)	(2,420)
Proceeds/(Repayment) of non-current borrowings	(533)	57	3	3	3
Dividend	-742	-715	-725	-737	-743
Intereset exp	-409	-108	-97	-88	-79
Cash flow from financing activities	**-4372.6**	**-610.1**	**-2924.4**	**-3045.4**	**-3253.6**
Net inc /(dec) in cash	**5,761**	**559**	**2,575**	**2,922**	**3,209**
Opening balance of cash	7,566	13,327	13,887	16,462	19,384
Closing balance of cash	13,327	13,887	16,462	19,384	22,593

Key Ratios					
Y/E March (INR Mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Per share (INR)					
EPS	50.6	37.9	60.1	67.3	77.1
CEPS	67.1	55.3	76.1	84.9	96.4
BVPS	391.1	447.9	496.5	552.1	617.4
Valuation (x)					
P/E	10.0	13.3	8.4	7.5	6.6
P/BV	1.3	1.1	1.0	0.9	0.8
EV/EBITDA	5.8	4.8	4.3	3.5	2.8
Return Ratios (%)					
Gross Margin	20.8%	22.9%	22.2%	22.1%	22.2%
EBIDTA Margin	11.5%	12.2%	12.1%	12.2%	12.4%
PAT Margin	7.3%	5.8%	8.1%	8.1%	8.3%
ROE	13.6%	9.1%	12.1%	12.2%	12.5%
ROCE	15.1%	15.8%	14.9%	15.1%	15.6%
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	42	42

Source: Company, Arihant Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	**Registered Office**
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

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%

Research Analyst Registration No.	**Contact**	**Website**	**Email Id**
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice.
ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE.
ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800