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To,
BSE Limited
Scrip Code: 543228

National Stock Exchange of India Limited
Symbol: ROUTE

Sub: Transcript of the earnings conference call for the quarter ended June 30, 2025

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q1 FY26 earnings conference call dated Friday, July 18, 2025.

The transcript is also available on the Company's website under the Investors section at:

<https://routemobile.com/compliance/2026/Route-Mobile-Ltd-Q1-FY26-Earnings-Call-Transcript.pdf>

Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.

You are requested to take the above information on record.

Thanking you,
For **Route Mobile Limited**

Tejas Shah
Company Secretary & Compliance Officer
ICSI Membership No.: A34829



Route Mobile Limited
Q1FY26 Earnings Call
July 18, 2025

Management:

1. Mr. Rajdipkumar Gupta – Managing Director & Chief Executive Officer
2. Mr. Vinay Binyala – Chief Strategy Officer & Investor Relations Officer
3. Mr. Raj Gill – Group Chief Financial Officer

Route Mobile Limited
Q1 FY'26 Earnings Conference Call
July 18, 2025

Moderator: Good evening, ladies and gentlemen. I am Alaric, your moderator for this conference. Welcome to the conference call of Route Mobile Limited, arranged by Concept Investor Relations, to discuss its Q1 FY'26 Results.

We have with us today Mr. Rajdipkumar Gupta – the Managing Director & Chief Executive Officer; Mr. Vinay Binyala – the Chief Strategy Officer & Investor Relations Officer; and Mr. Raj Gill – Group Chief Financial Officer.

At this moment, all participant lines are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press '*' and '1' on your telephone keypad.

Before we begin, I would like to remind you that some of the statements made in today's earnings call may be forward-looking in nature and may involve certain risks and uncertainties. Kindly refer to Slide #2 of the presentation for the detailed disclaimer. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajdipkumar Gupta – the Managing Director & Chief Executive Officer. Thank you and over to you, sir.

Rajdipkumar Gupta: Thank you. Good evening, everyone and thank you for joining us today. I am honoured to be speaking with you once again as the CEO of Route Mobile Limited. It is a privilege to step back into the role at such a pivotal moment in our journey.

I want to take a moment to thank our outgoing CEO – Gautam Badalia for his leadership and contribution. As I return to lead the company in the capacity of CEO, my focus is to enhance the core strength of the company and drive the next phase of our growth story. While we faced headwinds in the past quarter, particularly in revenue growth, I am encouraged by the significant improvement we delivered in both gross profit margin and EBITDA margin by focusing more on profitability than volume.

Looking ahead, my priorities are clear. We will double down on our core business and serve our customers with even greater rigor. Our primary focus will be revenue diversification through expansion of our global footprint for our non-SMS product portfolios such as

WhatsApp and RCS voice solution along with AI-driven firewall solution for MNO. We will also drive business expansion through cross-sell initiative across Proximus Global. We have identified immediate area of action which we will walk you through over the course of today's discussion. We will put more efforts in our product innovation pipeline to create differentiated solution and stay ahead of market demands. Further, we will sharpen our market focus to drive sustainable growth in targeted segments, ensuring every initiative is aligned with delivering superior performance and shareholder value. I am excited for what's ahead and deeply committed to ensuring our company to emerge stronger, more agile and more innovative. With the support of our talented team and trust of our investors, I am confident we will continue to drive profitable growth and long-term value.

Thank you for your ongoing support. I look forward to partnering with all of you on this journey.

I will now hand over this call to Vinay to run through the entire key business highlights of the past quarter and Raj to provide an overview of the financial performance. Over to you, Vinay.

Vinay Binyala:

Thank you, Rajdip. Good evening, everyone and hope all of you are doing fine. We have uploaded our Quarterly Earnings Presentation. Hope you had a chance to go through the same.

Let me start by talking about what shaped our 1st Quarter performance. We are really seeing some significant ongoing changes across the broader CPaaS industry landscape. There has been a structural shift in certain parts of the market, particularly around how enterprises evaluate messaging channels, pricing models and delivery quality. Against this backdrop, our performance reflects both the impact of these changing dynamics and some deliberate choices we've made to prioritize quality of business over volume. Now, we are operating in what I would call a dynamic and rapidly evolving landscape, one that not only presents challenges but also opens up new opportunities for businesses like ours.

The ongoing softness in A2P SMS segment combined with shifting customer preferences has created a unique business environment. As part of our margin-focused approach, we have actually consciously stepped back from certain low-percentage gross profit margin opportunities. In the A2P SMS business, these opportunities were not essentially aligning with our long-term view of profitable growth. This recalibration, along with regional factors in a few markets, contributed to a decline in our topline this quarter. But here's what I'm really pleased to report despite these revenue headwinds, our gross profit margin performance has actually improved. This really underscores our commitment to sustainable quality-led growth and maintaining a strong focus on our profitability.

Now, while we witnessed certain challenges around the A2P SMS business, we have leveraged our omnichannel capabilities to unlock business opportunities by supporting enterprises' requirements across other digital communication channels, which include WhatsApp business

messaging, RCS, email, and voice. We have onboarded several large marquee customers through our omnichannel platform over the past quarter and are actively expanding our pipeline for these solutions.

Let me talk about our partnership model for a moment:

We are actively engaging with global system integrators to accelerate our go-to-market approach. We are deeply integrating our omnichannel platform with such global system integrators to reduce the time-to-market for these solutions. For instance, we recently completed the integration of our RCS platform with one of the largest players across the globe. On the product innovation front, we continue to focus on enhancements to our existing platform. For instance, we have integrated WhatsApp voice capabilities into our platform, which enables us to cater to an expanded set of use cases for our enterprise customers. And then there are firewall solutions. We recently onboarded one of the largest mobile network operators in Latin America, and we will be deploying our AI-powered firewall and spam protection solutions across various countries where this operator has presence. We have also witnessed green shoots of cross-sell opportunities where the Proximus Global Group companies have started creating sales pipelines for Route Mobile omnichannel communication solutions. And this is currently more towards the APAC market, certain regions within the APAC market.

We are also leveraging the extensive reach of BICS, which is a part of the Proximus Global Group, to strengthen our relationship with telecom operators across the globe. We are approaching several global operators to expand the sales footprint of our firewall solutions and MAP solutions.

Finally, let me touch upon something that's really exciting for us. We are shaping our approach to the telecom API opportunity. By participating actively in the broader API ecosystem, we are looking to create new revenue streams for digital service delivery. This will also help future-proof our business for opportunities ahead.

Now let me walk you through some key numbers and really tell the story of our performance last quarter:

During the quarter, we processed 39.3 billion billable transactions, which is actually similar to the volumes we processed in the 1st Quarter last year, and marginally higher than what we saw last quarter. The average realization per transaction was 27 paisa, and this was largely influenced by a shift in our traffic composition, particularly a higher share of domestic messaging in India. India continues to be the largest market by termination and contributes 46% of our total overall revenue. We have maintained a stable trajectory across our next-

generation product portfolio, and we are continuing to support enterprise use cases across these channels.

We have witnessed growth of 11.4% year-on-year in this segment. We have onboarded several marquee enterprises with evolved customer engagement use cases that we support through the IP-based messaging solutions. On the strategic side, we continue to deepen our analytics-based firewall solutions integrated with telecom operators globally. On the people front, we added 26 new employees during the quarter and saw 63 exits. Operationally, we maintained continuity and execution strength across our delivery teams, even as we continued internal efforts to improve processes, automate workflows, and strengthen alignment across functions. We are actively evaluating deployment of AI solutions to automate several processes and enhance efficiency.

Overall, while Q1 reflects the combined effect of industry shifts and our internal choices, the core of our business remains strong, with the right capabilities, partnerships, and relationships in place. We remain committed to disciplined execution and strategic focus as we move forward, while our primary focus is on revising topline growth and hence drive higher gross profits. With that, I will now hand it over to Raj to take you through the financials in more detail. Over to you, Raj.

Raj Gill:

Thank you, Vinay, and good evening, everybody. I'll summarize our financial and operating performance during the quarter ending June '25 before opening the call to Q&A.

While our year-on-year performance was impacted by industry dynamics, our sequential quarterly results are encouraging as we delivered good gross margin expansion. Our Q1 revenue from operations was INR 10,508 million, which is a reduction of 4.8% year-on-year. This is largely due to the structural SMS market volume impacts in parts of our business. This is partially offset by continued growth in routing synergies and non-SMS products.

Gross profit in Q1 is INR 2,251 million, which is in line with the previous quarter. Gross profit margin is 21.4%, which is sequentially higher than the 19.3% delivered in the previous quarter, but marginally down 0.3% year-on-year. The upward trend on margins reflects our focus on customer mix and new higher margin customers. Operating costs year-on-year, after adjusting for FX impact and non-core items, is constrained to only 4% growth. Value increments and one-off trade receivable write-offs are offset by non-recurrence of prior year incentives. Adjusted EBITDA for Q1 decreased by 16.3% year-on-year to INR 1,154 million and 3.9% versus the previous quarter. The year-on-year decline is primarily due to the revenue impacts described earlier. This all contributes to an adjusted EBITDA margin of 11%, which again is sequentially higher than the 10.2% seen in the previous quarter.

Profit after adjusting for exceptional items and FX was 835 million INR, which is down 10.3% year-on-year, mainly due to the flow-through of the impacts of reported EBITDA. With that, I will now hand over to the Q&A section.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Thank you for the opportunity. I just wanted to ask a few questions. What are the reasons for the higher other expenses and the increase in the tax rate? And about Proximus synergy like you mentioned during the management commentary that it is playing out well. So, just wanted a deep down on that side. And another, when we can expect good growth and a better margin expansion in the future. And also, if you can provide some color on the messaging volume side, which is a continuous decline till earlier quarter. And then I will ask more questions.

Raj Gill: Should I take one on other expenses? Yes. So, other expenses were mainly driven by some large foreign exchange losses on remeasurements. So, again, non-cash items primarily from a UK entity. And from a tax perspective, the slightly higher tax rate is a function of our kind of different profit geographies and some good profit generated in some of the domestic markets, which impact the effective tax rate.

Vinay Binyala: Sure. So, Jyoti, touching on the question regarding synergies. So, as we mentioned in the opening comments, we have seen some initial traction around synergies. On the sales synergies, we have always had the cost as we refer to as the cost of goods sold synergies, which we have realized within the group. So, that has been active for over a year now. But on the sales synergies, we are recently seeing traction, especially in the Asian market. In certain countries within the market, we are seeing one of the group companies within the Proximus global ecosystem, which is able to create a reasonable pipeline for the omni-channel solutions, which Route Mobile offers. So, in terms of monetization, we may see some of these opportunities starting to contribute in terms of revenue. But these are interesting green shoots where we are seeing success of what we had initially planned as part of the acquisition. Besides that, on the other front, on the telecom operator side, we have certain areas where we are collaborating with BICS, which is again part of the Proximus Global Group. And we are leveraging. So, BICS is one of the largest voice operators globally. And they have very deep relationships with telecom operators across the globe. So, the objective there is for our firewall solutions, we are leveraging the reach that BICS has. And it is supporting our sales team in creating opportunities for the firewall solutions that 365Squared part of Route Mobile offers. Further, what we are also doing is there are some innovative solutions which are being developed and offered to operators. For example, the MAP system, which is supporting RCS messaging. So, once again, we are leveraging BICS reach to reach out to operators and deploy these kinds of solutions for them. So, these are some of the areas where we are working closely

within the group to unlock opportunities. And hopefully, we should see revenue momentum coming out of these opportunities in the near term.

I think the next question you had was around growth and margin expansion. So, unfortunately, in terms of revenue, we witnessed a little bit of decline in the last quarter, which was primarily due to certain customer situations which we experienced. However, we were able to sustain or rather improve the gross profit margin that we were making on the business. This was essentially because some of the business that we lost was not really the highest gross profit margin business for us. So, in that sense, the mix changed within the business and we experienced gross profit margin expansion. You had a question on volume decline. Can you please repeat that? I don't think I got that very clearly.

Jyoti Gupta: So, on the messaging volume, which was earlier quarter, it was declining. So, what's the situation now?

Vinay Binyala: So, on the volume, I think we are flat. We are at slightly higher level than last quarter and we are at the level where we were last year. So, I think in terms of volume, we are not seeing a hit. The issue we are experiencing is that some of the international volumes have been impacted, which has been replaced by domestic volumes. So, the average pricing has moved, which has resulted in the revenue decline. So, we don't really have a significant issue on the volume side. The challenge rather is in terms of the realization and the revenue.

Jyoti Gupta: Okay. And one last question, sir. It was mentioned in the PPT that this time 26 new employees have joined compared to 63 employees left. So, just want your comment on that side, why so much, a higher number of employees leaving comparatively joining. So, is there the synergy, which is not playing out very well with the Proximus and what is the issue exactly?

Vinay Binyala: No, rather, this is acquisitions that Route Mobile had affected over the past several years. So, we have been rationalizing some of the teams across the companies that we have acquired. And we have identified roles or responsibilities, which can be centralized within India or any other region where we have operational presence. So, for example, finance and accounting can be supported from one region. And we have done some rationalization on that front. Plus, there were certain businesses, which did not deliver the level of performance that was expected. And, it's basically what we would like to assert is the team, which we have today, as we also mentioned in the commentary, is able to support all the business processes and is driving the business at the scale and level that we are expecting today. So, we are not experiencing any challenges in terms of business continuity or operations. It's more of rationalization or natural attrition that we are facing.

Jyoti Gupta: Okay. Thank you, sir.

- Moderator:** Thank you. The next question comes from the line of Nikhil Choudhary from Nuvama. Please go ahead.
- Nikhil Choudhary:** Yes. Thanks for the opportunity. My first question is on revenue decline. In your presentation, you have mentioned that you lost one large digital native enterprise, which started directly sourcing from MNO. So, Rajdip, we haven't seen clients directly partnering with MNO in the past, especially the large clients. Is it a new trend which is starting? And can you quantify the impact in this quarter?
- Rajdipkumar Gupta:** So, hi, Nikhil. I think this is a customer which you are talking about has it now trend there are a few customers who would love to work with the operators. Not everyone. One of them. And I think the reason they wanted to move to operators directly is because they have a new ecosystem within their company, which believes that having direct partnership with operators... They are not just talking about SMS as one option with operators. They are talking about data. They are talking about other services of operators to be used as a bundle deal with them. So, SMS is a part of the entire bundle deal when they directly go to the operators. So, I think they want to just get more leverage on their relationship with the operators so that they can buy and sell more product offering with those operators. So, that's a new trend. But it's not with almost all the customers. It's one of the customers only.
- Nikhil Choudhary:** I'm sure, Rajdip. I mean, let's say if one large customer can do it, what stops other customers from following the same channel? I mean, it will impact our business model.
- Rajdipkumar Gupta:** No, not at all. I think you need to also understand, Nikhil. I think I have already mentioned this in the past. When there's a large customer who's using our platform for Route Mobile, they're not using it for one destination, right? And they use it for 20, 30 destinations for various reasons. And plus, they don't want to go and do a tie-up with all the operators globally to get into those legal frameworks, understand the legal regularity issues over there. So, I think most of the customers, they prefer to work with aggregators, and that is a trend. And I think this one customer who has definitely changed their mindset because of the multiple services which they're using from the operator right now. But there's no trend from any other such customers.
- Nikhil Choudhary:** Got it. Rajdip, you are seeing similar things happening with our peers. What we understood is there is some level of compensation or refund we get when there is a transfer of such large customer to telecom operator. Did we get certain amount for this transition? Is there any benefit?
- Rajdipkumar Gupta:** Yes. No, there is a benefit because our firewall is there with an operator. And that particular customer moves to the operator directly. Indirectly, we also make margin because of our firewall plays within that operator. And there is a revenue share understanding we already

have with the operator. So, we will definitely get a little higher DM, direct margin with that customer indirectly.

Nikhil Choudhary: Got it. And Rajdip, can you quantify the impact both on revenue as well as margin from this customer's change in structure of contract?

Rajdipkumar Gupta: Vinay, do you want to quantify that?

Vinay Binyala: Yes. Sorry, Nikhil. So, we don't want to call out specific customer level information. So, that will be difficult to share publicly, you know, because it becomes a new competitive intelligence. So, we want to refrain from sharing customer specific details.

Nikhil Choudhary: Got it. The last one is on new product revenue. New product growth has been simply coming down. It reached a low double digit now. One of the lowest since COVID. So, I mean, what's happening? It actually declined Q-on-Q this quarter. So, what's the pipeline and what's the outlook in that particular segment?

Vinay Binyala: So, Nikhil, that's a fair question. Now, the thing to understand there is, WhatsApp is a significant component of the new product revenue segment. And WhatsApp, a lot of that business we do within India. Now, WhatsApp has revised their pricing for the market, which also results in us revising the selling price to remain competitive. So, on the volume front, we have definitely seen growth. But on the pricing front, there's been dilution of almost 12-13% on the pricing. So, that is where, despite volume growth, you will not see commensurate revenue growth. But once the pricing stabilizes, we will again see higher percentage revenue growth as well on that segment of the business.

Nikhil Choudhary: Yes, I understand that, Vinay, but I think the pricing revision happened about 2-3 quarters back, if I'm not wrong. So, what justified decline on Q-on-Q basis? Why it is not picking up when the volume is improving?

Vinay Binyala: So, there's a little bit of timing effect as to when we need to pass on the changes to the customers. So, we have been kind of managing with the pricing and gradually passing on the benefit to the clients. And that is where to stay competitive and retain the business, we had to take that hit in this quarter.

Nikhil Choudhary: So, last one, Rajdip. Just on yearly guidance, I mean, we started with a relatively weak note. Can you give us some color about the growth outlook in margin in FY'26? Thank you.

Rajdipkumar Gupta: So, Nikhil, I think we are not sharing any guidance as you've seen even last quarter. But I think one thing I can assure you about me coming back as a CEO of Route Mobile, and I think there are three areas which I really want to focus now. One is growth, cost optimization, and

synergies. So, I think we definitely have these three stories which I'm leading now myself, and I want to make sure there is definitely a synergy between Proximus Global and Route Mobile to create more value at Route Mobile. Cost synergy is definitely yes, because we are a platform play company, and we really need to understand how many people, plus the AI implementation within our ecosystem needs to be done. And growth is something which I'm working on with a special focus on the new logos and new customer, especially on Telco product and RCS. So, I think these three things I can assure to you all, but in terms of guidance, probably I might not give the guidance.

Nikhil Choudhary: Got it, Rajdip. Thanks a lot for taking my question, and congratulations, Rajdip, and best of luck for your new journey at Route.

Rajdipkumar Gupta: Thanks.

Moderator: Thank you. The next question comes from the line of Nihar Mehta from Bay Capital. Please go ahead.

Nihar Mehta: Hi. I just wanted one question on the slide on customer cohort, right? The TOFU, the top-of-the-funnel of large DB size 15 million and 10 million, there has been a significant decline from 8 customers to 5 and from 9 to 7. So, is there a specific churn that has happened there, or what are the causes of such a decline?

Vinay Binyala: Sure. So, one of the largest customers is, as we mentioned, one of the digital native customers which we had, where they are going direct to the operator, and unfortunately, we lost that revenue. It's become a significantly smaller customer now. Another one was one of the large financial services clients that we had in India where we had repricing. So, this is typically done through a bid process, and in terms of the competitive landscape, the pricing was revised, and accordingly, our revenues were impacted because of the revised pricing. These are two large ones that we had, and other than this, there were certain aggregators where we had a revenue decline. So, M.R Messaging, which is one of our portfolio companies, caters largely to aggregators, and some of those aggregators are contributing significant revenue, and their revenues got impacted with their end customers probably transmitting lower volumes to those aggregators. So, these were primarily the reasons. The one which is difficult to recover is the large digital native which has gone direct, but on the others, we have an opportunity. I mean, it's a difficult market, but we can create opportunities where we can have a plan to create a recovery plan around that lost revenue and gross profit margin.

Nihar Mehta: Okay, understood. Thank you.

Moderator: Thank you. The next question comes from the line of Pritesh from Lucky Investments. Please go ahead.

- Pritesh:** I didn't understand one comment of yours about the GP improvement with giving away certain business which were low margin. When you see your EBITDA on a Y-o-Y basis, GP number, the GP has declined more than the volume decline. So, I was wondering how should I understand this part of the...
- Vinay Binyala:** Are you referring to message volume or the revenue volume? Sorry.
- Pritesh:** You guys have given a billable volume number.
- Vinay Binyala:** Yes, it's a billable... Correct. So basically, the way to look at it is the billable volume does not directly translate into revenue or GP because the volume in every country comes at a different selling price and the cost price in every region and country will be different. So, the mix of the volume which country is contributing, how much volume will drive the revenue and how much margin or how much markup we are able to do in that specific country and that volume will send the GP. So, directly linking the volume growth to GP...
- Pritesh:** So, in this answer of yours, there has been a significant change in the volume between Q1 and Q2, Q1 this year and Q1 last year. Then in this answer that you posted, then there has to be a significant shift in the volume mix between Q1 and Q2, country volume mix. Is that the case?
- Vinay Binyala:** So, within country, it is a little bit more complicated, Pritesh because within the country also, there are two price points. Some of the countries like India, we have a different price point for international, different for domestic.
- Pritesh:** See, why I am highlighting, there is a plus 5% Y-o-Y volume growth, but there is a minus 10% GP, decline in absolute term. So, I am posting the question from that angle.
- Vinay Binyala:** You are saying YoY, right?
- Pritesh:** Yes, YoY.
- Vinay Binyala:** YoY, one big impact is the digital native client which was an international client. Plus, we also had a contract which we signed with Vodafone Idea in India where we had a discounted pricing which was not available in Q1. So, we went live only in July or around August and that is where we got the benefit in FY'25 which was not there in the previous year. So, if you compare Y-on-Y, we did not have the Vodafone Idea benefit in that quarter. So, that again contributed to the direct margin expansion.
- Moderator:** Thank you. A reminder to all participants, please press * and 1 to ask a question. The next question comes from the line of Siddharth from Vittae Money. Please go ahead.

- Siddharth:** Hello, sir. Good evening. Thanks a lot for the opportunity. So, my thing would be, as you have stressed and highlighted on multiple previous concalls that I have been a part of is that the global CPaaS industry is going through a downturn and when the industry was doing well, you were the one who was outperforming. And since the broader industry is not doing that well, it has not been that competitive. So, I just want to understand how the industry would play around going forward and how the trajectory would be for Route Mobile and a potential rebound or could you just give us some awareness and enlightenment about it?
- Rajdipkumar Gupta:** Yes, I think it is a good question, Siddharth. Let me just talk about Route Mobile and probably I will not talk about the competition about the industry. As a Proximus Global, if you see the kind of combination we have between Telesign and Route Mobile and BICS and we definitely talk about new product line, platform play as a company where we are talking about RCS as one solution along with a MapServer. We are talking about omni-channel solution along with our firewall solution. I think probably we are now reaching out to multiple customer operators where we are not looking at the center price as one segment for our growth, but definitely looking our telecom operator also as a growth area for us.
- Siddharth:** Okay, and if that works for you or if you are fine-shining, can you just give us an outlook of how it could be going forward?
- Rajdipkumar Gupta:** I will say, Vinay has already mentioned there was a large firewall deal we won in Latin America, I think, and probably there are many more discussion we are having with multiple operators towards RCS and MapServer. These deals are going to be finalized in coming quarters and you will see the impact of these in terms of revenue margin as well.
- Siddharth:** Okay. And I will just end my call with further follow-up of two questions. So, the last quarter you mentioned that the 365squared has rolled out and it is expected to do well since it has a lot of synergy from Proximus Global set of customers. I just want to understand how it is going and how specifically it will be going forward and the revenue contribution potentially?
- Rajdipkumar Gupta:** So, this firewall deal which we have won is a combination of BICS and 365squared. So, it is a relationship of BICS which has helped us to win this contract and I think 365 is doing fantastically with the great pipeline they have right now and I think they are also closing some large accounts very soon.
- Siddharth:** Okay. And what is the percentage of revenue that potentially contributes the topline?
- Rajdipkumar Gupta:** Do we have that number right now?
- Vinay Binyala:** So, we have not disclosed in the past in public domain, but just hold on for a second.

- Rajdipkumar Gupta:** No. I think we would still prefer not to disclose, but as I mentioned there are certain large contracts which we have already won and there is certain pipeline which we have will definitely contribute in overall growth of Route Mobile. So, that is what I can share with you right now.
- Siddharth:** Okay. And then my question, the last question that I have. So, the recent management changes are something that I have a query on where we want to understand how the person who has currently relieved, how has Route's management performed on an overall under his governance and how the recent changes in the corporate management could signal the future of Route Mobile, I suppose?
- Rajdipkumar Gupta:** Siddharth, I think I am back as a CEO and I think I know this ecosystem from the last 21 years and Gautam has done a fantastic job in the last 7 years with Route Mobile in various roles and I think whatever he has delivered as an individual capacity is fantastic for the group and I think I am very thankful to Gautam and what his role and responsibility which he has delivered in the last 7 years with us. As far as the new management is concerned, I think the new management is very much capable, smart and they all have a simple approach of growth and they believe that the company which we have as a Route Mobile has a huge potential in the current scenario where the markets, there is a headwind but in spite of this headwind we believe that the kind of product line which we have, we will definitely emerge as a winner but it may take some time because it may take some time but definitely we have a vision to achieve new heights.
- Siddharth:** Okay. Thanks a lot for the answer.
- Moderator:** Thank you. The next question comes from the line of Dipesh Mehta from Emkay Global Financial Services. Please go ahead.
- Dipesh Mehta:** Thanks for the opportunity. A couple of questions. First about the ILD business. Can you provide some sense how ILD business is playing out? It remains weak but if you can give some more details around it on ILD business. Second question is about sequential, are we confident with the sequential revenue growth returning in the business because now we are in YOY down, QOQ down. So just to get sense about some of the factor's headwind, which you said. From sequential perspective, I think some of the factors unlike with any incremental headwind particularly with the large account where you said it is moving to direct to telco. So unlikely to have incremental impact. So, if you can give some sense on sequential growth trajectory? Third question is about cash generation. If you can give some sense about operating cash flow or operating cash generated during this quarter?
- Vinay Binyala:** Sure, Dipesh. So, on ILD, I'll start off and then Rajdip, please add in. So ILD as we discussed, Dipesh, there was one key customer where we were impacted, but other than that, we've not seen real challenges with the other large ILD customers that we have. We've onboarded a few new clients as well where we are seeing revenue trickling in now. But these are large clients

who can contribute significant volumes moving forward. So, although there has been an impact in the last quarter, we believe it is not like it is end of the story, but given it to replace it with other customers who still are sending communication into the Indian market through traditional channels and also, we are opening up the other channels as well for some of these clients. So, although we've had impact on certain select customers, there is still potential and we are tapping into new customers to cover up those gaps. Rajdip, you want to add to that?

Rajdipkumar Gupta:

No, I think it's well covered.

Vinay Binyala:

On the operating cash flow, which is the easier one, on a normalized basis we would have done around 120% odd of CFO to EBITDA in the last quarter. That is where we are. And in terms of the return of revenue growth, we believe we have had significant impact in the current quarter sequentially. And as Rajdip already highlighted and we covered in some of the opening comments, we are working on a pipeline. We have several initiatives which are in progress, for example the firewall initiatives, the MapServer and other initiatives around the telecom solution. The benefit we get from the telecom solution is that there is also potential to generate on the back of it A2P SMS revenue because we can position to be a preferred partner or an exclusive partner when we deploy these solutions. So, we have certain levers that we are pressing for reviving revenue growth in whatever shape and form it comes. But we hopefully should not have further decline from where we are, we should see revival there. But what we are fairly confident about or what we believe should hold up is that there are lots of margin percentage that we have. We do not have any one times or any items which will reverse or which will fall out in the future. So, we believe this should hopefully be sustainable as we move forward. Does that answer your question?

Dipesh Mehta:

Just on the revenue part, I think I require some more let's say this year we might have a more flattish performance considering where we are in Q1. But if one looks at the next 2-3 year perspective growth trajectory in the business, can you come in and give some sense? Are we confident we are returning back to let's say mid-10 kind of growth profile in this business or considering some of the structural changes which are playing out, even next 3-year possibility, this seems to be more optimistic assumption?

Rajdipkumar Gupta:

Definitely yes, Dipesh. I think there is definitely a plan and I think I joined back as a CEO, I do have some synergies and plans now to execute. You will definitely see some growth coming up in coming quarters that I can assure you. And there is a larger synergy we are working with Proximus Global as a group. Being in partnership with Salesforce or larger companies like Infosys or Tech M, I think these companies are also going to contribute big way in terms of our revenue growth and I think we are working very closely with companies like these where we believe that we can be the partners for digital communication and we can serve their customers. I think these alignments are very much there and I think we are now at the final stage of integration which we are already doing with them. I think we are definitely looking

forward with growth and I think some of the customers, some of the pipeline and some of the synergies which we have definitely going to drive our growth story.

Dipesh Mehta:

Understood. And last is about the new product. Now partly you answered one of the earlier questions but the way I look let's say whatsapp pricing correction and volume typically when some of these channels which are relatively new even volume pricing increases and changes underlying growth should not have any material challenge, right? It might be let's say slower than earlier. So just want to get since RCS let's say which we indicated even 2 years there whether we are able to monetize it well across countries?

Rajdipkumar Gupta:

So, we are indeed, Dipesh. I think that is exactly where we as a company when we talk about the platform agnostic company and any customer coming to me has option to choose channel which they want to communicate with, right? And if the customer is willing to use RCS to experience instead of SMS, I think we as a platform we already have the option for him. And at the same time, we have a WhatsApp, email and other solutions also. There is some kind of a trend which is happening right now in the market where customers are trying to elevate different channels and probably, they are finding more outcomes with new channels where they say more customer engagement through these channels. And I think we are at a very early stage still on these new channels adoption and probably I think this awareness in the market about RCS and WhatsApp is growing fairly well and that is exactly where we look at in coming quarters how we entire ecosystem is going to drive the volume and the revenue growth.

Moderator:

Thank you. A reminder to all participants, please press * and 1 to ask a question. The next question comes from the line of Kaustav Bubna from Boundless Management Solutions. Please go ahead.

Kaustav Bubna:

Yes. So, in the previous call the management spoke about two plays in this business really the messaging piece and the platform play. And they spoke about how the platform play is a future high margin driver. So, could you explain really in detail to a layman understanding this platform play exactly what it is and how it will become a high margin player in detail as much detail as you can?

Rajdipkumar Gupta:

Okay. I will try to explain this. So, when I talk about say firewall solution Kaustav, firewall solution we deploy with operator and where we charge based on managed services along with per transaction where operator pays us per transaction basis plus managed services charges which is complete DM to us which is a complete SaaS model. At the same time when we talk about RCS platform, that's again managed services and plus SaaS model for us. So, when we talk about CPaaS in a box kind of solution where single operator looking out to enable their customers to offer WhatsApp for business or other channels, we can deploy the entire solution on frame within the operator so that operator can enable their customers to start using these channels under their white label platform. So, these are the certain solution which is

completely 100% margin kind of game where we believe that more deployment of this solution will definitely help Route Mobile to increase our margins.

Kaustav Bubna:

Okay. So, you're talking like the platform plays mainly of firewall solutions, RCS, WhatsApp, CPaaS in a box, all of these things. And I mean just a general question, I know you all are for some reason refraining from talking about what's happening in the CPaaS industry because I guess we've already spoken about it in the past and there's no point in wasting time on that. I just wanted to understand for this core business, the business for the CPaaS SMS business which saw I guess was also mentioned in earlier calls unrealistic realizations in the past due to whatever issues that were going on in the industry. Right now, with that leveling out and coming back to realistic levels, I mean your new business would have to grow meaningfully for you to show incremental growth. So, I understand you're not giving numbers but in this new business these firewall deals, what else is there? I mean could you give some sort of more clarity in terms of how this shift in business will actually end up leading to overall growth in the business?

Rajdipkumar Gupta:

Kaustav, you need to understand one thing, the digital landscape itself, digital payment landscape, digital platform landscape, I think digital adoption is growing multifold, every single country right now, but there are multiple channels being used to serve the digital requirement for the customer, whether it's WhatsApp, RCS, or SMS. So there is no more SMS as just one single channel anymore, there is WhatsApp and RCS, because people prefer conversational based channel more than SMS, but SMS still has lots of relevance where people still believe that SMS can be used for their use cases, but there are many use cases which are getting immersed on WhatsApp and RCS, so that is the entire growth story, and I still believe that we are very early stage on RCS, as well as on WhatsApp, and these channels will definitely see every single customer require one mode of channels for better communication with their end users, so that is where I think the adoption issues are growing, and that is where we believe that more use of these channels will help Route Mobile to grow. In terms of firewall solution, in terms of our other solution, I think as I already mentioned the synergies with BICS, where they are one of the second largest in terms of roaming business in the global market, where they have relationships with almost 400 operators globally, I think we want to leverage those partnerships and connections with them, so that we can reach out to all these operators directly as one of the partners with them, so that we can sell our products directly to these customers, and I think one of the firewalls which we won recently is because of this synergy, and that is exactly where we are trying to build overall GTM for Route Mobile right now.

Kaustav Bubna:

Okay, and this digital identity piece, which is for digital fraud etc., which basically Telesign has got the big portfolio there, correct?

Rajdipkumar Gupta:

We do, I think as Vinay has already mentioned about the telecom API play, right, and that's a very big initiative we have in-house now at Route Mobile as well as Proximus Global, I think the

telco API is one initiative for digital fraud. I think we are already working with Telesign to get those API in Indian market. We really need to understand the current market scenario, how the customers are looking out this API to be used. We are definitely in touch with various customers. We are doing some pilot testing. There are some sand box installation is already being done in India with a few customers. Those testing are getting done, but it's a longer process because there are lots of security aspects we have to clear and close the customer. Sometimes it takes 6 months or maybe 9 months. So, there are certain things we are already working on right now. We really don't want to call it out the revenue and the potential, but yes, as a requirement is concerned, as a company, we are very much focused on digital identity product, which Telesign has a suite.

Kaustav Bubna:

Okay, great. Thank you.

Moderator:

The next question comes from the line of Jayshree Bajaj from Trinetra Asset Managers. Please go ahead.

Jayshree Bajaj:

Thank you for the opportunity. My question is with growing diversification, especially in America and Europe, how are you managing the regulatory and compliance and localization data sensitive segments like BFSI and all? And is this adding to the cost structure materially?

Rajdipkumar Gupta:

Jayshree, Route Mobile is GDPR compliant company and our server installation to every single aspect as far as the customers are concerned, I think we are 100% GDPR compliant company from the last so many years. So, I don't think there's any challenge and I don't think there's a cost involved anything on that.

Vinay Binyala:

To add to what Rajdip is saying, Jayshree, we have been operating in various geographies with customers across different industry verticals. We cater to banks in Middle East, banks in Latin America, banks in India, which are the most rigorous in terms of compliance requirements. And the fact that we are able to serve these customers over the years, we are able to comply with regulatory requirements in these different countries where we are operating. So, I think we understand that part of the business and we have been able to operate in complete compliance with all these multi-geography jurisdictions.

Jayshree Bajaj:

Okay. Thank you. And my second question is the revenue generated from the retail and travel and hospitality is approximate to 2%. So, are there any specific efforts to diversify the industry mix or we are just focusing on BFSI, Digital Native and CPaaS partner ecosystems?

Vinay Binyala:

So, our product is fairly industry agnostic. The split that you see there is more in terms of which industries are really using that communication more aggressively or the ones who are using our platform more aggressively. So, we do have a few solutions which are verticalized. So, for example, banking, we have developed certain plugins and layers which can be used by banks.

But largely it's not like our solution or platform cannot be used by a particular industry or would require a lot of customization or specialization for a particular industry. But rightly pointed out internally also we are looking at designing these vertical components which then make the product more compelling for those industry verticals. But other than that, within the retail space as well we have some of the largest global brands who are using our platform. And even within travel and hospitality, we have some really reputed brands who are using the platform. So, it's more about where we have had success but it does not really hold us out of any vertical in terms of deploying the platform.

Jayshree Bajaj:

Thank you and all the best for the future.

Moderator:

Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Raj Gill, Group Chief Financial Officer for the closing remarks.

Raj Gill:

That's great. Thank you, operator. So firstly, thank you for all your questions. So, we appreciate your continued support and we look forward to engaging with you again. Have a good weekend everybody and bye for now.

Moderator:

Thank you, gentleman. Ladies and gentlemen on behalf of Route Mobile Limited and Concept Investor Relations that concludes this conference. Thank you for joining us and you may now disconnect your lines.