Route Mobile

Operator: Ladies and gentlemen, good day and welcome to Route Mobile Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tushar Agnihotri, Chief Executive Officer, Route Mobile Ltd. Thank you, and over to you, sir.

Tushar Agnihotri – Chief Executive Officer: Thank you. Good evening, everyone, and thank you for joining us for Route Mobile's earnings call for the second quarter and first half of fiscal year 2027. I'm Tushar, and it's my pleasure to welcome you all. Joining me today are Vinay Vaniwala, who will take you through the operational and strategic highlights of the quarter, and Raj Gill, who will walk you through our financial performance in detail. Following our opening remarks, we will open the floor for questions. Before we begin, a quick note: our quarterly earnings presentation was uploaded yesterday, and I hope you had an opportunity to review it. Some of the statements made during the call may be forward-looking in nature and are subject to risks and uncertainties. Please refer to the disclaimers in our presentation for further details.

Now, let me begin by setting the context of the quarter. At our Strategy Day in May, we outlined our ambition to move Route Mobile up the value chain from a messaging provider to a full-stack, AI-enabled customer engagement platform, while continuing to strengthen our operator business. Six months into this journey, we're beginning to see this strategy taking shape in what our customers are buying, in the capabilities we've added, and in how we're working with the wider Proximus Group.

When we spoke in July, we explained that the dip in gross margin was driven by the loss of traffic from two large, high-margin customers. We also indicated that we expected to recover from this. This quarter, we made progress on that front. Gross margin recovered to 22.4% in Q2 from 20.9% in Q1. Also, revenue on a year-on-year basis grew by 5.4%.

Our focus this quarter was not simply on adding volume, but also on improving the quality and mix of our revenue, and that distinction is very important. Our portfolio of new products, including RCS, WhatsApp, and other IP messaging solutions, grew more than 30% on a year-on-year basis and now contributes over a tenth of our revenue. This is the shift in revenue mix we committed to at our Strategy Day in May, and we are now seeing it reflected clearly in our numbers.

Q2 was also our first quarter with Helitar as part of Route Mobile. As you're aware, Helitar adds our AI-native, no-code engagement layer to our existing channels. We've already taken these capabilities to our enterprise customer base through the Route Mobile and Proximus sales teams. This strengthens our move up the value chain from messaging towards a full-stack customer engagement platform.

Alongside our enterprise business, we're also building the operator business. Our AI-driven firewall solutions are now deployed at 12 operators, and we see a healthy pipeline of new opportunities. These solutions offer the potential for high-margin, recurring revenue. Together with Network API, which we're developing with the Proximus global ecosystem, they provide an additional growth

Report is AI-generated and may contain inaccuracies.

opportunity alongside enterprise messaging. Our association with a global telecom group gives us an important advantage as we develop these capabilities and take them to the market.

We've also strengthened our leadership and presence in key markets. In Latin America, Marco has joined us as CEO of Masiv, our Colombian subsidiary, to lead the next phase of growth across the region. In India, our participation at Global Fintech Fest helped deepen our engagement with financial services leaders and ecosystem partners. BFSI continues to be our largest vertical, making this an important market for us.

Looking ahead to the second half of the year, our priorities are clear. First, we will focus on converting our pipeline, particularly in high-margin opportunities across firewall solutions and new products. Second, we will scale Helitar across markets, leveraging the broader Route Mobile and Proximus global sales ecosystem. Third, we will maintain a large focus on cost discipline. Our priority remains execution, improving the quality of revenue, building high-value capabilities, and delivering sustainable, long-term value for our stakeholders.

With that, let me hand over to Vinay, who will take you through the operational and strategic highlights of the quarter in greater detail. Over to you, Vinay.

Vinay Vaniwala: Thank you, Tushar. Good evening, everyone. I hope you're all doing well. As Tushar mentioned, we uploaded our quarterly earnings presentation earlier, and I hope you had a chance to review it.

Let me structure my comments in four parts: first, the shape of our revenue growth this quarter; second, gross margin and how the specific items we discussed in Q1 have played out; third, a few key business metrics; and finally, the key business developments for the quarter.

Starting with revenue, in Q2 FY27, revenue from operations was 1,180 crore rupees, up 5.4% year-on-year and 2.4% quarter-on-quarter. For the first half of FY27, revenue grew 7.4% year-on-year to 2,331 crore rupees. We processed 47.6 billion billable transactions during the quarter and 93.4 billion in the first half, approximately 11% more than in the first half of last year. I would again highlight the quality of this growth. Our new products portfolio, comprising RCS, WhatsApp, and other IP-based messaging solutions, grew 36.7% year-on-year and 35.8% quarter-on-quarter to 128 crore rupees in Q2. It now contributes more than 10% of our revenue, compared with approximately 8% a year ago, and continues to grow meaningfully faster than the company as a whole. We are seeing this growth across use cases such as conversational commerce, customer care, and banking journeys, as well as in RCS, supported by the expansion of our direct operator coverage. The ILD business continues to face growth challenges, and we remain focused on managing it for absolute gross profit rather than volume.

Second, on gross profit. Last quarter, we explained that our gross profit margin of 20.9% was affected primarily by a temporary disruption in traffic from select large, high-margin customers while we deployed new solution capabilities for them. A smaller part of the impact came from the security incident at our Colombian subsidiary. As I said then, this was not business we had lost. In Q2, gross profit margin recovered to 22.4%, compared to 20.9% in Q1 and 22.1% in Q2 last year. Gross profit was 264 crore, up 9.8% sequentially and 6.8% year-on-year. The improvement was driven primarily by higher-margin traffic from our new products and existing customers.

Report is AI-generated and may contain inaccuracies.

Third, a few key business metrics that I would like to discuss: as detailed in the presentation, net revenue retention for the first half stood at 105%. Recurring revenue, which we defined as revenue from customers billed in every month of the period, accounted for 93% of revenue over the 12 months from September last year to September this year, up from 89% as we reported in FY26. On an annualized basis, 80 customers now generate more than a million dollars of revenue each in annual billing, compared with 73 in FY26. Client concentration has also eased slightly, with our top five customers accounting for 30% of revenue, compared with 33% last year. By vertical, Financial Services remains our largest segment, contributing 15% of revenue, followed by Digital Natives at 12%.

Finally, the key business developments that we experienced in this quarter: the most significant development of the quarter was the completion of our Helitar acquisition in July 2026. We acquired Helitar Technologies' AI-driven customer engagement business through a slump sale. The acquisition strengthens our non-SMS portfolio across WhatsApp, RCS, voice, and communication analytics, while adding AI-native, no-code customer journey orchestration capabilities for enterprise customers across India and international markets. We signed the Business Transfer Agreement on July 13 and completed the transaction on July 29. The total consideration was 33.7 crore rupees, of which 23.9 crore rupees was paid at closing from internal accruals, while the remaining 9.8 crore rupees is deferred and payable 18 months from closing.

The operating model remains as outlined in our July presentation: Helitar is sold through the Route Mobile and Proximus global sales teams and supported by our existing support teams. Product development continues to be led by Helitar's core team, which we are strengthening through targeted hiring. The early signs are encouraging. Several blue-chip enterprises were already live on the platform when we acquired the business, and we are now seeing early wins across banking, healthcare, retail, consumer durables, and education. We are also seeing opportunities emerge in the Middle East and Latin American markets.

Let me share two examples from India. A healthcare provider in India is using Helitar to enable appointment bookings, doctor search, test reports, and hospital information through WhatsApp. A fashion brand in India is using the platform for conversational commerce, covering the customer journey from product catalogues and recommendations through to purchase.

Commercially, Helitar provides an opportunity to expand our subscription-based and ARR-led revenue streams as customer accounts grow. Over time, it also creates the potential to move towards outcome-based pricing models, rather than pricing based solely on the number of transactions.

Moving on, in Latin America, we've strengthened our leadership with the appointment of Marco Echeverria as CEO for Masiv, our Colombian subsidiary. Marco will support the continued growth of the business across Latin America and its integration within the broader Proximus global ecosystem.

In BFSI, our largest vertical, we participated in Global Fintech Fest 2026 as a cloud communications partner and exhibitor. We showcased our omnichannel messaging, intelligent routing, and digital engagement capabilities, engaging with financial services leaders, technology partners, and other ecosystem stakeholders. We also introduced our omnichannel communications and conversational

Report is AI-generated and may contain inaccuracies.

AI capabilities to prospective customers and partners at the event. Discussions focused on how digital customer journeys are evolving across onboarding, servicing, payments, and customer support.

To summarize the quarter: revenue growth has continued, gross profit margin has recovered, and new products now contribute more than a tenth of our revenue. With Helitar, we have added an AI-native engagement layer to our portfolio and are already taking these capabilities to the market.

With that, I will hand over to Raj to walk you through the detailed financial performance. Over to you, Raj.

Raj Gill: Thank you, Vinay. Good evening, everybody. I'll summarize our financial and operating performance during the quarter ending September 2026 before opening the call to Q&A. As described by Tushar and Vinay, we delivered growth in revenue and gross margin both sequentially and year-on-year. Our Q2 revenue from operations was 11,797 million [cut off]

Management: million INR, representing an increase of 5.4% year-on-year and 2.4% sequentially, continuing the momentum from the previous two quarters.

This quarter, our new products portfolio grew meaningfully quarter-on-quarter, which demonstrates the strong demand for our solutions and continued customer engagement.

In Q2, we reported a gross profit of 2,640 million INR, which is higher by 6.8% year-on-year and higher by 9.8% sequentially. This growth was driven primarily by our new products portfolio, which I mentioned earlier. These carry higher margins than our core messaging traffic.

Gross profit margin for the quarter stood at 22.4% versus 22.1% in the same quarter last year and 20.9% in the previous quarter, an expansion of around 30 basis points compared to the prior year, reflecting the richer mix of our new products.

On a reported basis, operating costs were higher than the previous quarter, mainly due to non-recurring impacts related to the messaging security incident and the timing of the provision for performance-related bonuses.

Let me be clear: these one-off costs do not impact the run rate and will moderate and return to normal levels in the coming periods, hence positively impacting EBITDA.

Adjusted EBITDA for Q2 was 1,184 million INR, which is higher by 8.7% compared to the previous quarter, as the strong core performance more than offset the non-recurring costs.

This all contributes to an adjusted EBITDA margin of 10% for the quarter, which is 60 basis points ahead of the previous quarter.

We are working on multiple levers, both growth and cost optimization, to revert to an EBITDA margin of around 12%, which will result in mid-single-digit EBITDA growth year-on-year.

Adjusted profit after tax was 825 million INR, which is lower by 17.8% year-on-year but up 20.4% sequentially from the last quarter.

Report is AI-generated and may contain inaccuracies.

I will now hand over to the moderator for the Q&A session.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Bharat Gulati from Dalal & Broacha. Please go ahead.

Bharat Gulati – Dalal & Broacha: Hi, I hope I'm audible. Just a few questions around the recurring revenue and NRR for the quarter and the reported numbers that you've shown. I'm just trying to understand the nature of the recurring and non-recurring revenues. Let's say it's been 10% in FY25, 11% in FY26, and over the last 12 months it's been around 7%. So what is the quality of those revenues? Do they come in again, or are they completely non-recurring in nature, where those revenues are one-off?

Vinay Vaniwala: Sure, Bharat. So let me take that. The kind of business that we do is basically supporting different kinds of use cases for enterprises. It could be transaction-related communication, promotion or specific campaign-related communication, and authentication-related communication. Now, with WhatsApp, we also have more conversational or bi-directional, interactive communication that is supported. However, primarily, when you look at non-recurring revenue, it is largely one-time campaigns or certain marketing campaigns that enterprises run. These are typically not recurring because they are specific to a particular promotion or a particular product placement that the brands or the enterprises want to run.

Sometimes they go away, but these are sporadic. The same enterprise might come back with a new product promotion or a new campaign that they want to run for a certain customer set. You can consider them one-time campaigns that come and go, but the same enterprise might continue certain other businesses with us. We categorize them under various buckets depending on how the engagement with the particular enterprise is, and that contributes to the non-recurring part of the business.

Bharat Gulati – Dalal & Broacha: Let's say, if we were to quantify it in terms of our 105% NRR that we reported for H1, that comes out to around 22,787 million rupees of revenue. How much of this NRR would be recurring and non-recurring? I'm trying to understand the quality of the growth here because, if you see the non-recurring mix and eliminate that from the business, there is basically no growth. Is non-recurring business part of our growth, or is it simply coming into the business to aid the numbers temporarily and then going out again the next year?

Vinay Vaniwala: Typically, even what might be non-recurring could come back on an annual basis. The way we define net recurring revenue is that we only look at customers whom we have billed consistently through the entire period. If, for example, in the last 6 months that particular customer has not run a campaign with us, it would drop out of the net recurring revenue. However, the same customer might come back in the season next year and provide certain revenues for a new campaign or a seasonal campaign that they typically run on an annual basis.

Report is AI-generated and may contain inaccuracies.

That is the way it works. It might drop out for certain months, because of which it might not appear in net recurring revenue. To give a very accurate answer, we need to do a little more of a deep dive into the numbers and get back to you, because it is essentially a more mathematical calculation. We can do another deep dive and come back to you with specifics.

Management: Let me add to that. As you correctly pointed out, there is some seasonality. As you will see, so far we've seen that OND, which is October, November, and December, is typically a period where we see a bump in numbers, and that can be traced in the non-recurring category.

We are also selling solutions where, based on the number of man-hours we devote to developing a solution, we charge the customer one-time money as well. A lot of these factors go into the creation of this non-recurring revenue. As we keep adding customers, in a particular quarter it may be slightly higher, and in the following quarter it may be slightly lower, and then seasonality also comes into play. It is very difficult to predict very accurately what the next quarter's non-recurring revenues will be.

As Vinay suggested, we can do a deep dive, but you will never get a very accurate answer because there can be a campaign conducted by a PSU bank for a certain activity they want to conduct in a given quarter. There can be citizen communication coming from a state government to suggest that there is a hurricane, or there can be communication relating to agriculture or anything else. While we continue working closely with all our customers, it is very difficult to predict very accurately what the subsequent quarter will be like.

Bharat Gulati - Dalal & Broacha: Understood. Would it be possible to share what GRR we've done for H1?

Vinay Vaniwala: We can work that out, Bharat. We can take that offline. I need to do the calculation, and we can get back to you.

Bharat Gulati - Dalal & Broacha: Done. Okay. Just a few last questions on growth. Volume growth has seen a dip this quarter, whereas it was quite healthy over the past four quarters. Is there anything specific to call out regarding how volume growth would look in the coming quarters, given that we've hit a plateau at the 45 billion mark and are now moving to the 48 billion mark? Any commentary on volume growth?

Management: It's very difficult to make a prediction on volumes in the following quarters, but we feel that there should be an upward movement, primarily because we are heading into the season now. A lot of e-commerce companies and other retail companies conduct a lot of communication around this time and during this period. So we are hopeful that these volumes will continue building up for us fairly in the OND quarter. We cannot make a long-term prediction, but for this quarter we are hopeful of seeing slightly improved volume numbers.

Bharat Gulati - Dalal & Broacha: Understood. If you talk about our portfolio of long-distance messaging, how has that played out during this quarter? Do we continue to see flatlining, or has there been an improvement or uptick there? What has been the outlook?

Report is AI-generated and may contain inaccuracies.

Management: On long-distance messaging inbound to India, we've already touched upon the fact that there are certain headwinds. It is largely flattish. On the outbound side, which is messaging going from India to other countries, we are now working with a lot of banks, so we've managed to pick up a couple of contracts for outbound traffic going to countries outside India, originating from banking platforms in India. We expect that to build in the months to come. Vinay, would you like to add?

Vinay Vaniwala: On long-distance messaging, we've seen some trends where there has been a slight decline with certain aggregators, but then we've added some direct enterprise volume in the last quarter, so it is a mix of events happening there. Certain aggregators are losing revenue, but as we mentioned in the previous quarter's commentary, we were working on initiatives to see what we could do in long-distance messaging, and we've been able to bring back some of the enterprise traffic, which is helping compensate for some of the lost volume that we had.

It is still not in a growth phase, but as we mentioned last quarter, we are looking at different initiatives where we can sustain or create some momentum around the long-distance business.

Bharat Gulati - Dalal & Broacha: Understood. That's helpful. That's it from my side. Thank you.

Operator: Thank you. Before we move to the next question, a reminder to the participants: to ask a question, you may press star and one.

The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta - Emkay Global: Thanks for the opportunity. I have a couple of questions. First, I just want to get a sense about the cash balance. We have roughly around 13,000, 13.5 [cut off]

Dipesh Mehta - Emkay Global: Yes. So we have a cash balance of 13.5 billion. I want to understand what the free cash would be, excluding security deposits and all those kinds of balances. Can you give me that number? What is the free balance? And what is our plan to use that free balance, if you can give some sense? I think we are accumulating cash, but so far we have not seen any specific use that we have called out. If you can give some sense around it, it is roughly 50% of the market cap in overall cash holdings.

The second question is on the business side. Can you help me understand whether there have been any changes in pricing in the last few months, particularly with RCS and WhatsApp, and how that is affecting business dynamics?

The last question is on Q3 seasonality. How do you expect Q3 seasonality to play out this time? Thank you.

Management: I didn't get the last part, the last question. Can you say it again? The third one.

Dipesh Mehta - Emkay Global: Seasonality in the third-quarter business. Generally, October is a festive period when you generally benefit from traffic.

Management: Okay, I'll take the second and third questions, and I'll let Vinay answer the first question.

Report is AI-generated and may contain inaccuracies.

On RCS, yes, there have been price changes communicated by telcos to us. This came into effect on September 1. In fact, our RCS numbers are still looking healthy as we speak. Will there be an impact in the long run? We are getting into the season right now, so I don't see much impact coming immediately. In the long run, we'll have to see how brands view the ROI from RCS. They will, of course, take corrective measures, or they may add more business if the ROI is quite encouraging. So yes, the prices have gone up. In fact, for marketing, they have gone up by multiple folds. However, our numbers are encouraging, but we will wait for the season to pass and then perhaps we'll be in a better position to see what the long-term impact of this price change will be.

On seasonality, we feel pretty confident that business will build up from where we are right now. We will see a lot of marketing campaigns coming our way. The blend may shift this time. What used to be heavily SMS-based may now be split across SMS, WhatsApp, and RCS. How that split will happen between RCS and WhatsApp is again something we'll observe during the quarter, and then we'd be in a much better position to comment on that in the coming months. We are optimistic that the business will grow because the season is setting in. [trails off]

Tushar Agnihotri – Chief Executive Officer: The split is very difficult to govern because of these recent tariff changes. I'll ask Vinay to take the first part, please.

Dipesh Mehta – Emkay Global: Sorry to interrupt before Vinay adds. I just want to get a sense of what changes have come, because we are not that familiar with them. If you can give some quantification, what was the earlier rate and how is it changing?

Tushar Agnihotri – Chief Executive Officer: The earlier price point was in the vicinity of SMS pricing. Telcos saw that it was growing very rapidly, and they wanted to bring some balance to that growth. They also wanted it to be comparable to WhatsApp pricing. So they have increased the prices, and they will evaluate this and perhaps take action, as was suggested earlier. The truth is that it is nearly double what the pricing was earlier. The pricing for utility and authentication is marginal, but for marketing, the pricing has actually gone up substantially.

Does that answer your question, Dipesh?

Dipesh Mehta – Emkay Global: Yes. Has there been any change in WhatsApp messaging?

Tushar Agnihotri – Chief Executive Officer: No, nothing major. Nothing major.

Dipesh Mehta – Emkay Global: Okay.

Vinay Vaniwala: Just adding to the seasonality point that Tushar already mentioned, in addition to that, in Messenger, we had that breach, which is now behind us. So we will see some good revival in the Messenger business because Q3 is typically fairly strong for them. We are hoping to see some revival there.

Going back to your first question on free cash, Dipesh, we have around 1,150 to around 1,200, somewhere in that range, of free cash.

In terms of use, as we've discussed earlier, one use is obviously the dividend, which is still marginal. However, we are again looking at certain acquisitions in different markets. There are two

Report is AI-generated and may contain inaccuracies.

categories, as we mentioned earlier: specific markets such as the Western market and the Latin American market. However, nothing is at an advanced stage. We are still in the early evaluation stage, looking at business performance and forming a view on valuation, deal structure, and so on. It is not something that has materialized to the agreement stage right now. As we've mentioned, it is a typical focus area where we are looking at inorganic growth and evaluating multiple targets in different markets, both for product expansion and market expansion.

Dipesh Mehta – Emkay Global: At the board level, has there been any discussion about how long you will continue to deliberate on M&A rather than return the capital to shareholders through a buyback or dividend?

Tushar Agnihotri – Chief Executive Officer: We clearly see opportunities in certain markets. We are evaluating both geographic expansion and product expansion, as Vinay said. We see a couple of markets in Latin America that are very interesting at this point. We are evaluating them and identifying targets in those areas. If we are able to do so, we would of course prefer to expand through acquisitions in those markets.

Saudi Arabia is also a very interesting market. CPaaS is growing at a very good pace there. That is another market. So we have three markets in mind. We are absolutely keen on using the funds we have for expansion. That is the primary goal.

Dipesh Mehta – Emkay Global: Understood. If you want to pursue an inorganic opportunity, can you give me the focus area where you would plan to deploy some of this capital?

Vinay Vaniwala: As I said, Dipesh, there are certain companies that are advanced conversational AI solution providers in the Latin American market. The reason I keep going back to that market is that the margin profiles in that region are very attractive. The size and scale of the assets also fit into our deal-size criteria. That is one important evaluation criterion. Obviously, we want to restrict ourselves to the size that we can execute, and that is where this particular market is very attractive.

In certain other markets, such as Southeast Asia, there are a few select companies that we are interacting with as potential targets. The idea there is to focus on markets that are large, so you can guess which ones in the Southeast Asian market we would be looking at. These are not the largest companies in those markets, but companies that are the second or third contender for market share, and so on. That is how we are evaluating this. Essentially, we are not going after the SMS leaders. We are trying to pick targets that are stronger on some of these alternative channels and trying to build that out in the portfolio.

Dipesh Mehta – Emkay Global: Understood. My last question is on the guidance. Last time, you indicated mid- to high-single-digit revenue growth with an adjusted EBITDA margin of 12%. How comfortable are we in delivering on that?

Management: If I take that question, Dipesh, you're correct that our revenue guidance was mid- to high-single-digit growth. We confirmed that it is within the mid-range. That is trending positively, as we indicated sequentially. We see growth there.

Report is AI-generated and may contain inaccuracies.

In terms of the EBITDA margin, as I also mentioned, H1 was impacted by some non-recurring items and some customer renegotiations. Those will moderate, so we will see a recovery, with some of those items not occurring in the coming period. Therefore, the EBITDA margin trajectory will improve in the coming quarters, without those one-off items. We will also see a seasonal uplift, as Tushar mentioned, and we are targeting some high-margin pipeline conversion opportunities, along with our normal cost optimization, which will be a continuous factor.

If you add all those factors together, we are working on multiple levers, both on revenue and cost, to bring the EBITDA margin back to around 12%, which will then result in about a 6% increase in EBITDA year-on-year.

Dipesh Mehta – Emkay Global: Understood. Thanks for answering my questions.

Management: Thank you.

Operator: Thank you. The next question is from the line of Adit Chandra from HDFC Securities. Please go ahead.

Adit Chandra – HDFC Securities: Thanks for the opportunity. My first question is on the revenues from the new product sources. We are seeing very healthy growth there. Obviously, it is acquisition-led, but can you provide the organic growth in terms of quarter-on-quarter and year-on-year? Also, in the organic growth, are we seeing any one-off campaigns, particularly on WhatsApp? Is that also powering the revenue, and what would the normalized growth be there?

Tushar Agnihotri – Chief Executive Officer: Hi, Adit. You are correct that we have definitely an 8% to 10% business contribution after we had {? Halter on our side ?}, which has been added to both our revenue and gross margins. Apart from that, as mentioned earlier while responding to one of the questions on RCS, we've seen some decent RCS growth as well. So it has been a blend of both organic and inorganic growth.

We see healthy growth. As I'm sure you would have read in our presentation, the new product contribution has gone close to one-tenth of our overall revenues. That is encouraging.

This season, we expect this to improve further because we hope, and in fact all indicators suggest, that the contribution of new products towards marketing and revenue-based use cases will be more towards the new products, which are WhatsApp and RCS, rather than SMS. We are really optimistic, and we are certain that this will keep improving in the months and quarters to come.

Adit Chandra – HDFC Securities: Okay.

Vinay Vaniwala: Adit, just to add to what Tushar said on the split between organic and inorganic, the acquisition contributed just a mid-single-digit revenue contribution in the quarter, around 5 crore or so. The rest is all organic growth in the new products as well. The acquisition was not a very large revenue-scale acquisition; it was more about the product that we added to our capabilities. I just wanted to add that detail.

Adit Chandra – HDFC Securities: In that organic growth, is there any one-time campaign revenue, or is it more broad-based?

Report is AI-generated and may contain inaccuracies.

Tushar Agnihotri – Chief Executive Officer: No, this is not one-time. We expect that business to continue. It was not a marketing campaign or something similar. As we were explaining earlier regarding recurring and non-recurring revenue, we are fairly confident that this is going to be recurring business for us. Alongside that, as I said, we see a firm trend where the shift is happening towards the new products. We want to keep building on that shift so that the new product contribution keeps improving from where we are at this point.

Adit Chandra – HDFC Securities: Okay. In terms of margins, we have seen expansion in gross margins, but the EBITDA margins, even on an adjusted basis, did not expand in line with the gross margin. Is this only because of the {? Halter ?} acquisition, or was there some one-time cost in employee expenses recorded in this quarter?

Management: Yes. As I said earlier, in H1 there were some definite one-time costs, and they will not recur in future periods. For example, we had some costs related to the Messenger security incident, in terms of the additional activity required in that region to get us back on track, which we are now. There was also a performance bonus that we provisioned for, which would help support our H2 plans, particularly in relation to some pipeline and discussions we're having and hope to convert, and then lift our H2 EBITDA margin back to around 12%.

Adit Chandra – HDFC Securities: On the margin point, you have mentioned a 12% margin. Is it fair to assume that the exit for this year would be somewhere around that? Can you provide a bridge showing how you see the margin moving from 10% to 12%?

Management: The bridge from 10% to 12% starts with the fact that, at 10%, if you take out the one-off items, they are meaningful. So you'll see that the 10% margin on a normalized basis naturally lifts. That is the first thing that happens: that piece goes up on a normalized basis.

Then you have our multiple levers for H2, which I have mentioned before, and those will further lift the trajectory. Seasonality also helps us. We see campaigns increasing margins. As you can see, the new product portfolio margin is increasing significantly quarter-on-quarter, and we see that trend as very positive. It is good, high-margin business.

So there is a pathway, and we're confident of working towards that pathway. It is important to note that this does come with some execution issues, which we will make sure we can address.

Adit Chandra – HDFC Securities: Okay. My last question is on the ILD business. You mentioned that there is some softness there, but is there any change in the trend that you're seeing? What portion of the overall portfolio is still seeing year-on-year degrowth? In terms of the stress in the ILD portfolio, is it stable or is it increasing?

Management: Vinay, take that.

Vinay Vaniwala: As I said in response to one of the earlier questions, there is certain ILD traffic that we were receiving from a specific aggregator where we saw a little softness, but we have taken specific measures to go direct with enterprises. That is where we are able to bring back some of the revenues.

Report is AI-generated and may contain inaccuracies.

It is a mix, but as I highlighted earlier, growth is still not very easy in that sector or segment of the business. It is still not a simple growth environment. We are trying to create benefits or add value for some of these customers and are going back to them. To put it very plainly, it is still not a market where we can confidently say that we will experience 5%, 6%, or any specific percentage of growth. That answers your question.

Adit Chandra – HDFC Securities: Okay. Thank you, and all the best.

Vinay Vaniwala: Sure, thank you.

Operator: Thank you. Participants, if you wish to join the question queue, you may press star and one.

The next question is from the line of Hemal Tandel, an individual investor. Please go ahead.

Hemal Tandel – Individual Investor: Hello, sir. Am I audible?

Management: Yes, go ahead.

Hemal Tandel – Individual Investor: My first question is: in Q2, did we record the {? Claro ?} revenue or not? We had closed the {? Claro ?} deal some time ago. In the previous conference call, you had mentioned that this revenue might start from Q2. Did we record any revenue from this deal in Q2, or will it start from Q3?

Vinay Vaniwala: Sorry, Hemal, I did not get your question clearly. Which component of the revenue are you referring to?

Hemal Tandel – Individual Investor: The {? Claro ?} deal.

Management: [line issue] Your voice... [cut off]

Vinay Vaniwala: Okay, you're breaking up.

Management: [inaudible] up to us. We are also—we can't hear you very clearly. Claro, okay, then Claro revenue?

Hemal Tandel – Individual Investor: Yes. I'm talking about the {? Claro ?} deal. So—

Management: Yes.

Hemal Tandel – Individual Investor: —did we receive any revenue in Q2 from the {? Claro ?} deal, or has it not started yet?

Management: I think {? Claro ?} revenue was there in the previous quarter as well, and it continues. It has stabilized now. There may have been some confusion because we already had revenue in the last quarter as well, and it continues. It is a stable customer for us now.

Hemal Tandel – Individual Investor: Okay. What is the percentage of that particular deal if we compare it with gross revenue?

Report is AI-generated and may contain inaccuracies.

Management: We don't disclose individual customer revenue as such, but it has become a significant customer for us in our firewall business.

Hemal Tandel – Individual Investor: Overall, I want to get an idea about the firewall revenue that we have achieved. What is the overall firewall revenue as a percentage of total revenue?

Management: These are data points that we have not disclosed publicly, but it is still a single-digit percentage contribution to revenue. It is not a very large component of revenue.

Hemal Tandel – Individual Investor: Okay. What is the average profit margin in that particular segment?

Management: Profit is very strong. We have customers where we make even up to 70% gross profit in that product, but on a blended overall business basis, it would be somewhere in the 50% to 60% range.

Hemal Tandel – Individual Investor: Okay, thank you very much. One last question: I've been hearing about more deals of this kind. Do we have any such deals ongoing?

Management: That is definitely a very key segment for us because, first, the product is quite unique, and there are not many players offering this product in the market. I think Tushar also mentioned in his opening remarks that firewall will be a very critical growth segment for us.

We are actively scouting, and we are actually in discussions with some customers where discussions are at a fairly advanced stage. Ideally, we are hoping for certain conversions in the next few quarters.

Hemal Tandel – Individual Investor: Okay. Thank you, sir.

Management: Thank you.

Operator: Ladies and gentlemen, to ask a question, you may press star and one.

Participants, to ask a question, you may press star and one.

As there are no further questions from the participants, I now hand the conference over to Mr. Raj Gill for the closing comments.

Raj Gill: That's right. Thank you, moderator. As usual, thank you all for your participation and your very engaging questions. We look forward to engaging with you in the coming periods and on our next investor call. With that, I wish you all a good rest of your day, wherever you are, and hope you all enter the weekend with good fortune. We won't see you again until next quarter, perhaps. Happy Diwali to you all, and season's greetings as well. Goodbye, everybody. Thank you.

Operator: Thank you very much, sir. On behalf of Route Mobile Ltd., that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Report is AI-generated and may contain inaccuracies.

Route Mobile

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.