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About the Company

Route Mobile Ltd, (RML) incorporated in 2004, provides cloud-communication platform as a service ("CPaaS") to enterprises, OTT players and mobile network operators ("MNOs"). In simpler terms, it helps businesses connect and communicate with their customers across digital channels like SMS, email, voice calls, and social media through cloud technology. Route Mobile Became a part of **Proximus Group** in May'24, which now owns 75% stake in the company. The founding shareholders of Route Mobile re-invested funds in Proximus Group, for 14.5% stake in it.

H1 FY25 Update and Management Commentary

- Financial Summary:** Route mobile reported Revenue from operations for the 2nd quarter at Rs 1,113 crore, up 9.73% from Rs 1,014 crore in the 2nd quarter of FY24. while it reported a 14% year-on-year increase in consolidated net profit at Rs 101.27 crore in the 2nd quarter of this fiscal year. EBITDA margin expanded from 11.2% in Q1 FY25 to 12.1% in Q2FY25
- Record Revenue:** Co. posted their highest ever quarterly revenue, despite Q2 being a seasonally weak quarter. Co. remains very optimistic about their growth prospects in Q3 owing to the festive season ahead, which usually boosts demand for messaging services.
- New product revenue:** showed strong growth, up by 32% YoY. RML's cross-selling is underway, with revenue momentum expected soon. RML added 300 plus new customers in H1 FY25 across all products.
- Guidance:** RML is reasonably confident of meeting the guidance given earlier, which is revenue growth of 18%-22% with around 13% EBITDA margin in FY 25. RML Focuses on maintaining an asset-light business model with minimal capex, primarily directed towards R&D for new products and technologies.

Company Data

Enterprise Value (EV)	₹ 8,358 Crores
Market Cap.	₹ 8,908 Crores
Total Debt	₹ 564 Crores
Cash Equivalents	₹ 1,114 Crores
Shares Outstanding	6.3 Crore shares
Beta	0.37
EPS (TTM)	₹ 59.5
D/E Ratio	0.24
Div Yield	0.78%

Key Ratios

PE Ratio (TTM)	25
Industry PE Ratio	41
PB Ratio	3.8
PEG Ratio	0.55

Price Performance

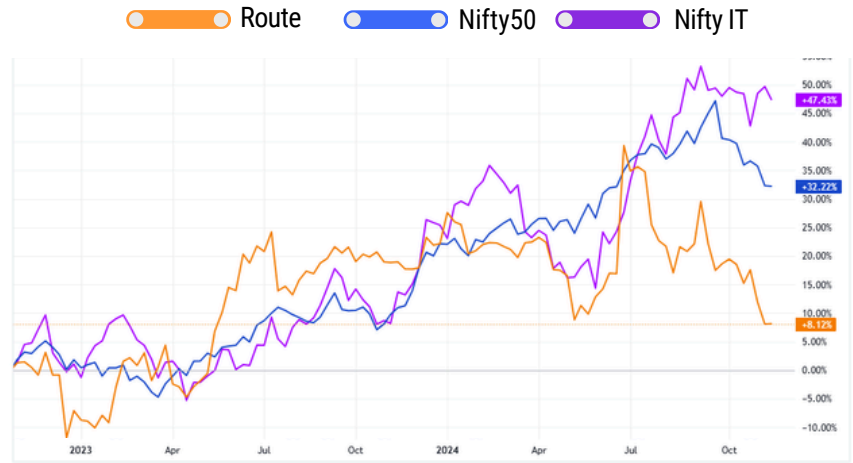
3 months	-9.7%
6 months	-1.5%
1 Year	-8.9%
NIFTY50 1 Year Returns	19%



Business Segements

- **Enterprise and OTT:** Provides cloud based communication platform to enterprises to enable digital communication through multiple channels including RCS, A2P / P2A messaging, 2Way Messaging, etc.,.
- **Mobile Operator:** Main service offerings in this segment include SMS analytics, firewall, filtering, monetization and CPaaS and hubbing solutions
- **Business Process Outsourcing:** They provide client support, technical support, booking and collection services
- **Digital Identity & Security Services:** Co. launched TruSense, a digital identity and security suite that secures digital transactions through a reliable ecosystem, enabling businesses to authenticate the end user in a frictionless way.

Stock Performance



One Year Performance

Key Developments

- RML Implemented WhatsApp based utility communication services for IRCTC. and WhatsApp ticket booking system for Mumbai and Delhi Metro.
- RML hosted its flagship event, "Route Amplify 2.0" featuring Meta, Google, and key customers.
- Disseminated Secondary School Certificate and Higher Secondary Certificate results for Gujarat State Board on WhatsApp.

Key Triggers

- Signed a major deal with a global e-commerce company, with traffic already starting to ramp up.
- Participation in a Large global RFP with potential to drive significant long-term growth if secured.
- RML is aspiring to double its revenue and achieve \$1 billion in revenue in the next 2-3 years.

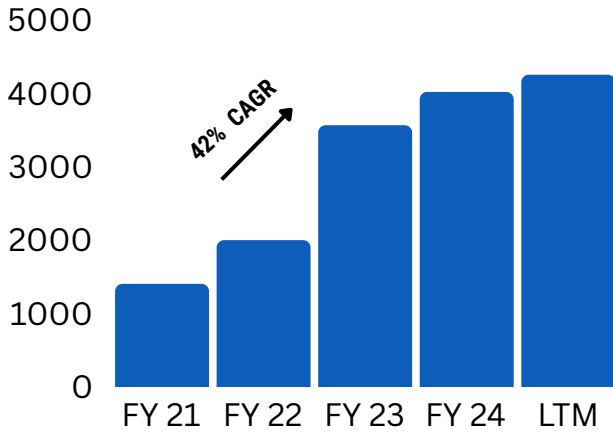
Shareholding Pattern (%)

Category	Mar-22	Mar-23	Mar-24	Sep-24
Promoter and Promoter Group	59.82%	58.32%	57.99%	74.90%
Foreign Institutional Investors (FIIs)	20.15%	20.30%	15.83%	6.65%
Domestic Institutional Investors (DIIs)	5.80%	8.15%	5.83%	6.14%
Other Public Shareholders	13.95%	13.25%	20.35%	12.29%

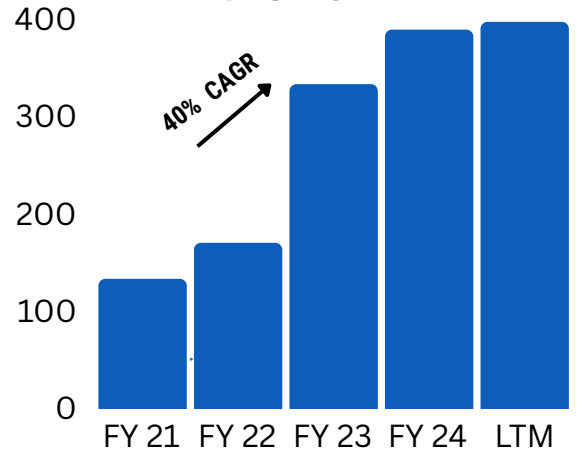


Key Ratios

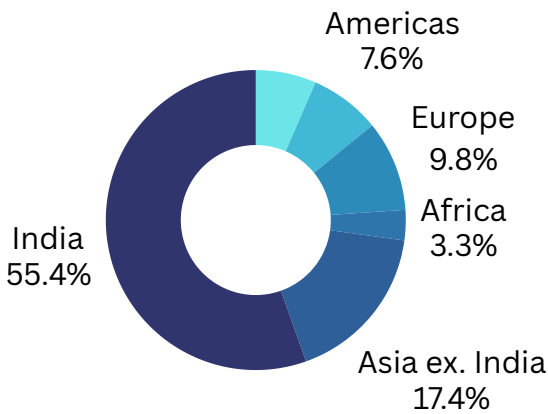
Revenue Growth



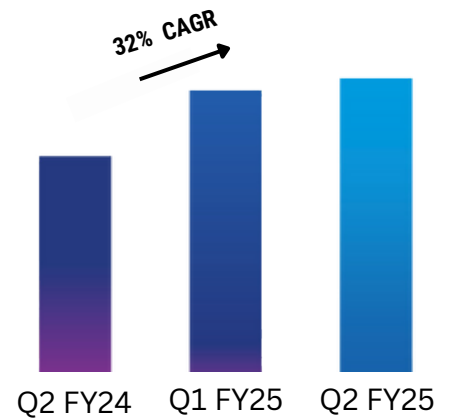
PAT Growth



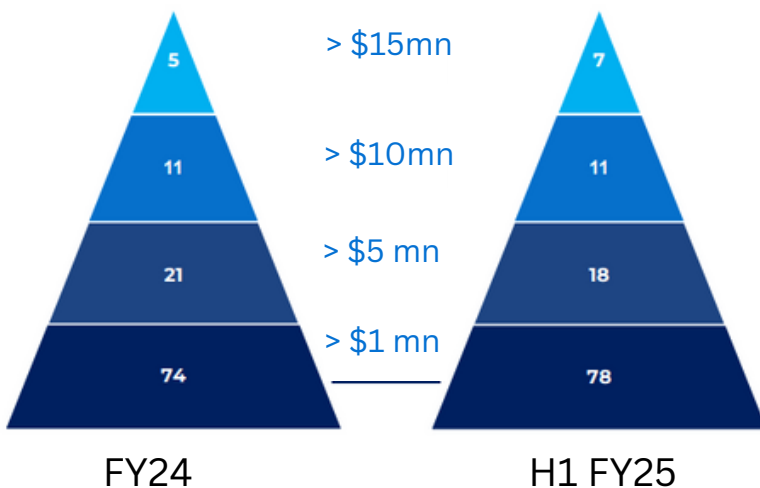
Geography wise Revenue of Top 50 Clients



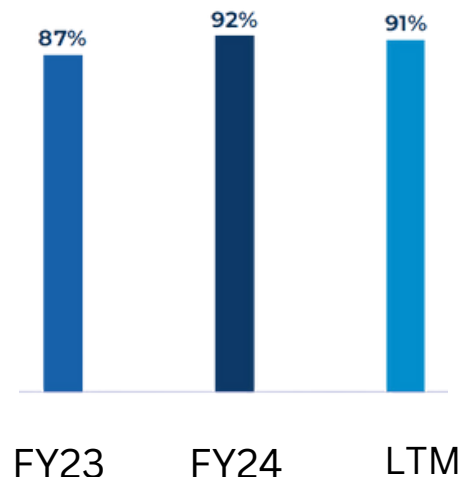
New Products Revenue



Clients by Accounts Size

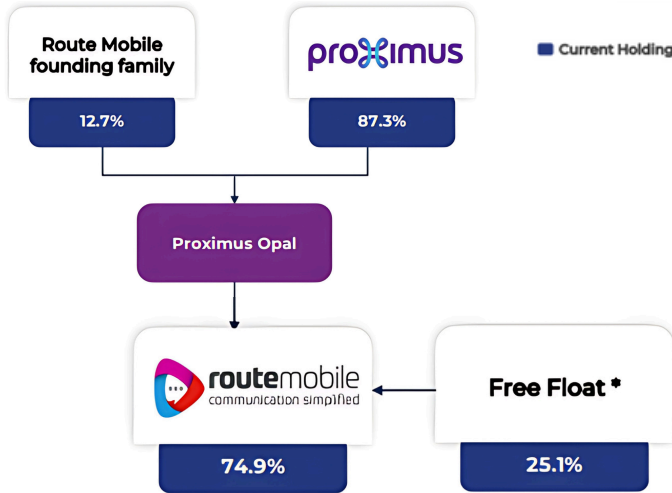


Recurring Revenue as % of Operating Revenue



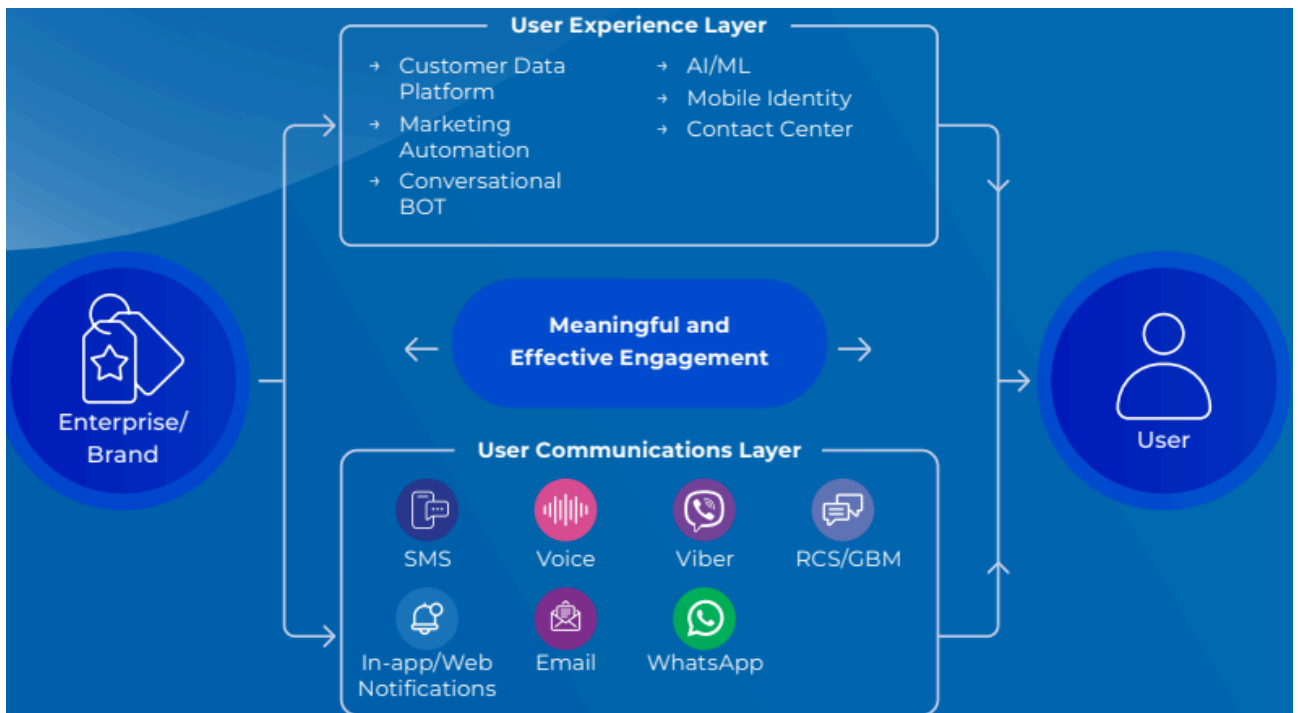


Company's Shareholding Structure Post Acquisition by Proximus Group



- Belgium based Proximus Group, acquired majority stake in Route Mobile Ltd., in June 2024.
- This transaction marked a strategic alignment, enabling Route Mobile to expand into mature markets like Europe and the U.S., leveraging Proximus' global footprint.
- Before the acquisition, Proximus held no stake in Route Mobile. Currently Proximus holds 74.9% stake in RML.

Enterprise and User - Effective Engagement



Company's Valued Clientele



Bank of Maharashtra





Profit & Loss Summary

Particulars	Q2 FY25	Q1 FY25	Q2 FY24	FY 24	FY 23
	Sep-24	Jun-24	Sep-23		
Sales	1,113	1,103	1,015	3569	4023
Expenses	978	980	886	3124	3510
Operating Profit	135	123	129	445	513
OPM %	12%	11%	13%	12%	13%
Other Income	39	11	4	39	57
Depreciation	22	22	21	79	82
Profit before Interest and Tax	152	112	112	405	488
Interest	14	9	7	22	30
Profit before tax	138	103	105	383	458
Tax Expense	31	22	17	50	69
Net Profit fo the period	107	81	88	333	389

Cash Flow Statement

Particulars	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	222	134	74	-98
Profit from operations	184	245	484	526
Working capital changes	55	-66	-377	-549
Taxes paid	-17	-45	-33	-75
Cash from Investing Activity	-225	-821	111	-2
Cash from Financing Activity	211	824	-108	158
Net Cash Inflow/ Outflow	208	137	76	59



Balance Sheet

Particulars	Mar-21	Mar-22	Mar-23	Mar-24
EQUITY & LIABILITY				
Equity Capital	58	63	62	63
Reserves	594	1610	1758	2087
Shareholder's Funds	652	1673	1820	2150
Long term Borrowings	3	0	44	135
Other Borrowings	17	16	96	243
Total Borrowings	20	16	140	378
Trade Payables	238	477	467	673
Advance from Customers	4	10	13	8
Current Liability	242	487	480	681
Other liability items	108	477	437	253
Total Liabilities	1022	2653	2877	3462
ASSETS				
Fixed Assets	193	952	953	898
CWIP	1	0	15	26
Investments	13	13	20	15
Other Assets	130	143	307	694
Non Current Assets	337	1108	1295	1633
Inventories	0	0	0	0
Trade receivables	217	517	702	1072
Cash Equivalent	468	1026	880	757
Short term loans	0	2	0	0
Current Assets	685	1545	1582	1829
Total Assets	1022	2653	2877	3462



Investor Outlook

Growth Expectations: In FY25, Route Mobile has guided for a growth rate of 18-22%, which provides a foundation for achieving \$1 billion target, although they acknowledge that reaching this level will require a steep climb in subsequent years. This goal is supported by strategic partnerships, and large deals like the five-year Microsoft partnership. The company has also underscored its commitment to product and geographical expansion, along with cross-selling opportunities through Telesign (associate Company), which is expected to drive significant revenue.

In summary, Route Mobile appears well-positioned for growth in the CPaaS market. The company is focusing on higher-margin products. However, it must navigate operational and geopolitical challenges to maintain its growth trajectory.

Valuations : We evaluated Route Mobile Ltd's economic value using an earnings approach, based on managements future guidance. To be conservative in our approach we have assumed that the company will achieve its guided revenue in Fiscal year ending March 2028 instead of March 2027 in our projections.

Particulars	Mar-24 (Actual)	Mar-25 (Estimated)	Mar-26 (Estimated)	Mar-27 (Estimated)	Mar-28 (Estimated)
Sales	4023	4747	5697	6836	8271
EBITDA	514	607	728	873	1057
Net Profit	389	459	551	661	800
EPS	59.74	70	85	102	123
PE (TTM)	24.8X				

Assuming the Current PE Multiple of 24.8X and discount rate of 9-10%, The Target Price of Route Mobile Ltd is conservatively estimated to be in the range of Rs. 2100-2200.

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