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CIN No: L72900MH2004PLC146323

Ref No: RML/2024-25/557

Date: February 4, 2025

To,

BSE Limited
Scrip Code: 543228

National Stock Exchange of India Limited
Symbol: ROUTE

Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and nine months ended December 31, 2024

We are enclosing herewith copy of the transcript of the Company's Q3 FY25 earnings conference call dated Tuesday, January 28, 2025.

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

www.routemobile.com/compliance/2025/Route-Mobile-Ltd-Q3-FY25-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Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.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
Yours truly,
For **Route Mobile Limited**

RATHINDRA DAS
Digitally signed by RATHINDRA DAS
Date: 2025.02.04 16:07:13 +05'30'

Rathindra Das
Group Head-Legal, Company Secretary & Compliance Officer
M. No. F12663

Encl: as above

Route Mobile Limited

Q3 & 9M FY25 Earnings Conference Call

28th January, 2025

Management:

1. Mr. Rajdipkumar Gupta, Managing Director
2. Mr. Gautam Badalia, Chief Executive Officer
3. Mr. Raj Gill, Group Chief Financial Officer
4. Mr. Vinay Binyala, Chief Strategy Officer

Route Mobile Limited
Q3 & 9M FY25
28th January, 2025

Moderator: Good evening, ladies and gentlemen. I am Rio, moderator for this Conference. Welcome to the Conference Call of Route Mobile Limited, arranged by Concept Investor Relations, to discuss its Q3 & 9M FY25 Results.

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

At this moment, all participants 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. Thank you, and over to you, sir.

Rajdipkumar Gupta: Thanks, Rio. Good evening, everyone. I hope you are doing well. I would like to share an important update about our evolving organizational structure and what it means for Route Mobile.

As you may have seen in the recent announcement, Proximus Group has created Proximus Global, which brings together BICS, Telesign, and Route Mobile under a single umbrella. We believe this marks the beginning of an exciting phase of growth for all of us. For us at Route Mobile, this organization represents both an affirmation to our firm, and significant opportunity to leverage the combined capabilities of our sister organizations on a much larger scale.

Within this new structure, our leadership has evolved to position us for maximum impact. I have now assumed the role of Managing Director, and I will focus my expertise on accelerating our business across international market and tapping into the remarkable product diversity across Proximus Global. Gautam Badalia has now taken on the role of Chief Executive Officer of RML and will guide our day-to-day operations and strategic vision, continuing to build on the momentum you have already seen. Gautam and I will closely collaborate to ensure that our long-term strategic initiatives align seamlessly with all our operational activities.

It's essential to note that this expanded group structure will discern how our clients or our partners interact with Route Mobile. In fact, the new set-up promises to enrich our offerings by drawing on BICS' global connectivity footprint, and Telesign's strong hold in digital identity. All of these blends seamlessly with Route Mobile's strengthening customer engagement solutions. We believe that together, under Proximus Global, we can move more swiftly on innovation and streamline decision-making across the board. That synergy should directly benefit our enterprise customers, OTT clients, mobile network operators, and partners worldwide.

We are also excited about the far-reaching potential of having access to an established footprint in more than 100 countries. This type of coverage creates an avenue for faster product rollout, stronger collaborative solutions, and far deeper global support network ultimately. That should translate into tangible advantages to investors, not just in terms of operational resilience, but also because it gives us the kind of skills needed to solidify our market leadership in the CPaaS space.

As always, our commitment remains to drive sustainable profitable growth. We will keep you updated on how the changes at Proximus Global impact Route Mobile, including any new product strategies or regional expansions that results from this collaboration. I am confident that these steps we are taking now positions us for long-term success, and I look forward to sharing more details as we continue on this path.

Now, I hand over the call to Gautam.

Gautam Badalia: Thank you, Rajdip. Good evening, everyone. Wishing all a very happy new year. So, we have uploaded our quarterly earnings presentation, hope you have the chance to go through the same.

It gives me immense pleasure in stating that Route Mobile has yet again delivered industry-leading growth, both on revenue and profitability, despite the festive season being not so buoyant. In an environment where most of our regional and global competitors are demonstrating flattish to single-digit growth, Route Mobile's performance definitely stands out.

Since H2 FY 2024, the CPaaS industry has been going through a structural shift in terms of the overall market dynamics. The industry has been grappling with issues like artificially inflated traffic, overall macro headwinds, and trust deficit issues with large global enterprises, which has coerced them to evaluate alternate channels for communication. We believe Route Mobile, along with Proximus Global, is best poised to capitalize on these adversities by virtue of the following three factors.

As a trusted partner to the enterprises globally with 450+ mobile network connects, Route Mobile continues to have the widest reach with the telcos globally. Route Mobile also has been the biggest proponent of curbing grey routes by deploying firewalls on the networks. Additionally, Route Mobile has also started deploying anti-spam filters with leading telcos globally.

In terms of the second factor, we today follow the sun approach. So, Route Mobile, along with Proximus Global, has an unparalleled reach across the globe, which definitely helps us render the best quality of service, and plus, be the partner of choice for all large global enterprises.

In terms of the third factor, we leverage the diversified portfolio across the group to cross-sell, up-sell, and become one of the most integrated and comprehensive service providers across the connect, engage, and protect layer of the communication value chain. While we continue to leverage these strengths, we have also started our journey to move up the value chain by drawing actionable insights from the first-party data models, using LLMs and machine learning tools to render more effective and personalized communication.

In terms of some of the developments for the quarter gone by, we have demonstrated an industry-leading revenue and gross profit growth of over 15% on a Y-o-Y basis. Gross margin continues to be stable. Operating margins were impacted marginally, owing to the impact of Rs. 57.1 million of long-term incentive plan which pertained to the period July to December 2024. We shall continue to have an impact of Rs. 120 million during CY '25.

However, about Rs. 10 crores of operating cost is non-recurring on a quarterly reported basis. Adjusted for that, reported EBITDA would have been Rs. 40.72 crores in Q3 FY '25, which is 11.9% EBITDA margin. And some of the related party transactions that are happening across the group actually are happening at a lower markup than the portfolio operating margins. And hence adjusted for that, I mean, EBITDA margin for nine months FY '25 would pan out to be 12.33% EBITDA.

Other income during the quarter gone by reduced significantly owing to Forex loss in Q3 FY '25 as against gain of Rs. 250 million in Q2 FY '25 and gain of Rs. 147 million in Q3 FY '24. This impacted the PAT margins, and hence the PAT margins were slightly lower.

One area where we have done exceedingly well has been the free cash generation capability of the business. During the nine months gone by, our CFO to EBITDA conversion was a staggering 102%. Considering the superlative performance, the Board has recommended an interim dividend of Rs. 3 per share.

With these updates, I also welcome Raj Gill as the Group CFO and would request him to quickly introduce himself and highlight his key areas of trust. Over to you Raj.

Raj Gill: Yes. Thank you, Gautam, and good day, everybody. So firstly, let me introduce myself. My name is Raj Gill, the newly appointed Group CFO of Route Mobile. And I am terribly excited to be here and work with you all.

In terms of kind of focus areas, clearly we are very much focused on driving value. The key pillars of that will be clearly driving synergies and focusing on revenue opportunities through strategic partnerships, but also cross-sell/up-sell, and driving efficiencies across the Proximus Global family. And to that end, I will be working very closely with Proximus Global to unlock key areas of growth for the next phase of our growth journey. So, again, looking forward to working with you all and excited to be here.

So, I will now hand over to Vinay for the next phase.

Vinay Binyala: Thank you, Raj. Good afternoon, everyone. It's a pleasure to speak to all of you. Wishing you a very happy new year. We have already uploaded our quarterly earnings presentation on our website as well as on the stock exchange websites. Hope you had a chance to go through the presentation. Adding to the overview shared by Gautam, I will run you through the highlights of our financial and operating performance during Q3 FY '25 and nine months FY '25.

Despite the industry headwinds, as highlighted by Gautam, we have delivered industry-leading Y-o-Y growth of 13.1% in the nine months FY '25. Revenue from operations grew from Rs. 30,063 million in nine months FY '24 to Rs. 34,006 million in nine months FY '25. We have delivered 150% growth in the new product revenue, 60% growth in revenue excluding new products over the last 11 quarters.

EBITDA has grown by 60% over the same period. This translates to a CAGR of 40% in the quarterly new product revenue, 18% in the quarterly revenue excluding new products, and 19% in the quarterly EBITDA. This reflects our consistent business performance over the recent past, despite evolving industry dynamics. You may refer to Slide 13 of the earnings presentation to see more details on this.

Now, we will discuss some of the key business metrics. In volume terms, we processed 116.6 billion billable transactions in the nine months FY '25. Compared to this, we processed 38.9 billion billable transactions in Q3 FY '25 versus 31.2 billion in Q3 FY '24 and 40.5 billion in Q2 FY '25. Average realization per billable transaction marginally increased from Rs. 0.275 in Q2 FY '25 to Rs. 0.304 in Q3 FY '25. This was driven by a change in the mix of domestic and ILD traffic volumes in India. In nine months FY '25, we had net revenue retention of 105% with 90% recurring revenue. The same is discussed on Slide 11 of the earnings presentation.

Another key aspect is the geographic mix of our business. In terms of geography, India continues to be our largest market by termination, accounting for 51% of our revenue by termination. The details on other geographies which we focus on are available on Slide 9 of the deck. We continue to witness strong momentum on the next-generation products which grew by 21% on a Y-o-Y basis. You can see the details on Slide 7.

Gross profit margin was sustained at 21.1% in Q3 FY '25. EBITDA grew by 9.1% on a Y-o-Y basis. EBITDA margin though contracted marginally from 12.5% in nine months FY '24 to 12% in nine months FY '25. Effective tax rate for the nine months FY '25 was 21.2% against 15.1% in nine months FY '24. PAT in nine months FY '25 declined by 4% versus the same period in FY '24.

Cash and cash equivalents stood at Rs. 9,303 million and net cash was Rs. 7,457 million as on December 31, 2024. Cash flow conversion, which Gautam highlighted, in the nine months FY '25 was very strong at 102%. We on boarded 60 new employees during the quarter. Unfortunately, 57 left us. So, net addition was three employees during the quarter. This is a very quick summary of the quarter and nine months gone by.

Thank you and with that, we will open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: Sir, if you can guide us on the guidance trend going forward?

Gautam Badalia: Yes. Hi, Jyoti. So I think we continue to drive industry-leading growth. I mean, few things, I mean, which are kind of outside our control, I mean, are external factors, macro headwinds, right But despite that, I think we will continue to maintain, I mean, the kind of growth trajectory that we are talking about. And the endeavor will be to do better than what we have done in Q4. And then going forward on a three-year basis, I think we already had kind of indicated about a 15% CAGR growth. So largely, I think we will try to kind of embark on that kind of a trajectory. And in terms of margins, I think as I said, I mean, there were a few one-offs. Adjusted for that, I think we will be in the vicinity of our current operating margins run rate.

Jyoti Singh: Sir, is there another question on the shifting on the messaging side? So like earlier, we were getting through message and now we are getting only WhatsApp message. So, obviously, it is impacting the margin. So if you can guide us, what kind of opportunity we are seeing going forward?

Gautam Badalia: Yes. So I think -- yeah, Rajdip go ahead.

Rajdipkumar Gupta: Yes, let me start and probably you can talk about other areas. Jyoti, if you see, we as a company are probably the first Indian company who have deployed the RCS map server with Robi Axiata in Bangladesh. And RCS is evolving very big in various markets as we speak right now. So we definitely see I know there is an impact of traffic shifting from SMS to WhatsApp, but there are many use cases which is still there on SMS. And as a company I think we are not only focusing on one channel of communication, but we are focusing on RCS in a big way and in coming days, we believe that RCS is definitely going to be more impactful, I think more value creation than SMS, but I think both the products will have their market.

And as far as WhatsApp is concerned, we are also supporting lots of customers where the customers are shifting from SMS to WhatsApp. We are also getting those kinds of customers on board. So I think it's definitely a channel shift from SMS to WhatsApp, but in that case also, we are fairly well-planned and we already have a platform and technology where we are serving customers for WhatsApp as well. Gautam, if you want to add?

Gautam Badalia: Yes, just adding to what Rajdip is saying, I think a lot of conversational use cases are definitely moving to the OTT platforms and that's where I think differentiated, I mean, and kind of a lot of thought leadership needs to go in and some of the examples that we have done in terms of the metro ticketing use cases, we are trying to replicate that for various other industries. And hopefully, I think by the time we do the next quarterly earnings presentation, we will come back to the wider audience with a few unique use-cases that we will be able to coin on the conversational platforms. So, I think we are working and creating more and more such unique use cases across the platforms. And I think seemingly, it seems very, very exciting to kind of drive the SMS leg of the business which continues to be a cash cow and also capture the conversational pie of the business through such unique use cases.

Rajdipkumar Gupta: Just to add, our metro ticketing solution which we have deployed in India, we have deployed the same solution in Indonesia for their metro ticketing. And that is a kind of opportunity we believe that is possible due to Proximus global business set up in almost 100 countries, we have a larger market now where we can use all the use cases in those markets and a classic example is of deploying this ticketing solution in Indonesia.

Jyoti Singh: Yes, sure. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Pritesh from Lucky Securities. Please go ahead.

Pritesh: Yes sir, between your commentary in H2 and what growth has been come in Q3, can you tell where are those misses if any?

Gautam Badalia: Sorry, Pritesh, can you please repeat that query?

Pritesh: I said between the commentary of your quarter two, if you check your commentary in the quarter two, and the growth that is coming in quarter three now, so you had a clear situation where H2, you had said that the growth will be far, far higher than H1. So, I am just wondering if there are any areas of slippage that you'd note?

Gautam Badalia: Fair point, Pritesh. So yeah, I mean, that's a very, very fair observation, though we have demonstrated a higher growth than Q2 in Q3, but I think one thing, I think, in terms of the domestic volumes, I think the domestic volumes have come off a little bit. That's largely because I think till Q2, I mean for a particular bank, we were getting their entire share of traffic while there were two CPaaS players empaneled with the bank, because of I think some issues with the platform of the competition.

Unfortunately, in Q3, the platform of the competition started working fine, so we lost that volume, so that actually led to a little bit of an impact in terms of the domestic NLD business, but for that, I think we have witnessed almost close to mid-teen kind of a growth in terms of volume on ILD and rest of the world.

So, from that perspective, I think it was a very strong quarter. It was only on the domestic front, I think where because we were getting that opportunistic traffic, we lost the traffic in Q3, so that was only the slippage if I were to kind of call it out. And a little bit of impact on the new products front, largely driven by the change in pricing strategy, that played out by WhatsApp, but for that, I think it was a pretty strong quarter from our perspective.

Pritesh: And is there any other, say on a nine months basis, where you can tell us how much is the Telesign's revenue?

Gautam Badalia: Yes, so on a nine-month basis, I think with Telesign, we have done close to about Rs. 298 crores-odd of business.

Pritesh: So, let's say Rs. 300 crores of business coming from Telesign, and then you had the Vodafone deal execution this year, right?

Gautam Badalia: That's correct.

Pritesh: So, if you could then tell us, which are the pieces of business which have declined, and how much is the pricing decline?

Gautam Badalia: No. So, this Rs. 300 crores also have, I mean on a like-to-like basis, last year also we had a decent amount of business with Telesign, because they were our existing client. So, not this entire Rs. 300 crores --

Pritesh: That was just Rs. 100 crores last year, last full year was Rs. 100 crores.

Gautam Badalia: Come again, Pritesh, sorry, I missed your voice there.

Pritesh: Last full year was Rs. 100 crores, right?

Gautam Badalia: No, no, no. Last full year was Rs. 150 crores.

Pritesh: Rs. 150 crores, okay.

Gautam Badalia: Yes.

Pritesh: And Vodafone?

Gautam Badalia: So, Vodafone, again, I am kind of trying to highlight. Vodafone actually is a supplier, so we are getting the volumes from the enterprises. So, across all enterprises, we have seen growth. I think where the growth has kind of been a little muted has largely been with the aggregator business of ours, where because of issues around AIT, the artificially inflated traffic, I think that's where I think the business has kind of got a little impacted. But for that, I think on the enterprise side of things, business continues to be rock solid.

Pritesh: Any areas of pricing decline?

Gautam Badalia: So, this quarter, I think we have on an overall basis, we have seen pricing, I think, pretty much stable and marginally increase. So, there isn't any much significant decline.

Pritesh: On a nine months basis, sir?

Gautam Badalia: On a nine months basis?

Pritesh: And the ILD pricing adjustment would have slowed in this year, right, nine months?

Gautam Badalia: Yes. So, essentially, I think you are right. In the first half, I think there were certain adjustments. So, we have seen, I mean, growth happening both on volume as well as on price per transaction. On nine months, so Pritesh, I can come back to you on the nine months. I do not have it off hand, but I can share that perspective.

Moderator: Thank you. Next question is from Yash Darak from RSPN Ventures. Please go ahead.

Yash Darak: Yes. Few book-keeping questions. So, as you rightly said, employee cost has increased by quite a bit while the net additional employees are only three employees. Could you please explain how has the employee cost increased so much?

Gautam Badalia: So, I think in the employee cost base, there is a long-term incentive plan, I think, which is there, which is almost to the tune of about Rs. 5.77 crores, which was not there and that pertains to July to December in 2024. So essentially, I mean, the entire impact was taken in the quarter gone by. And as I mentioned, I think the total operating overheads, if you were to look at it for the last quarter, I think that was Rs. 10 crores of the operating overheads is non-recurring. So you can pretty much, I mean, on a run rate basis going forward, adjust that Rs. 10 crores into the operating cost run rate.

Yash Darak: So are we expecting the employee cost trajectory to be going on or is it going to be reduced by Rs. 10 crores?

Gautam Badalia: No, no, it would not reduce. So, I think if you add up the employee cost plus the other expenses, which includes exchange loss, so what we are saying is about Rs. 10 crores of that pie is non-recurring. So, going forward about Rs. 110 crores would be the running base.

Yash Darak: Yes, got it. And what about the employee cost? Is it going to run in the same trajectory or is it going to decrease from there since the incentive plan would not be there?

Gautam Badalia: Yes, incentive plan would be there for the calendar year as well. So, as I said, I think last quarter had an impact of two quarters. So, it will reduce to about Rs. 3 crores per quarter, which was about Rs. 5.77 crores for, I mean, which got booked in Q3 FY '25. Going forward on a quarterly basis, that run rate will be about Rs. 3 crores till the end of the calendar year.

Yash Darak: And secondly, if you could explain why has the interest cost decreased a bit and effective tax rate guidance for the year?

Gautam Badalia: Yes, so the interest cost has reduced because we have retired a loan that we had during the month of December, early December. I think we retired a loan that we had. And in terms of the effective tax rate, I think it is fair to assume it to be in the vicinity of 20%.

Yash Darak: And the final question, in the beginning, you said that there is an issue of inflated traffic, artificially inflated traffic. Can you explain what that is and how does it affect your business?

Gautam Badalia: So essentially, what has happened is, I think, globally if you remember maybe a year and a half back, I think, when the Twitter deal was happening at that point in time, Elon Musk had called out about a lot of, about 5% to 10% of the traffic coming onto the Twitter's platform was actually fake bot traffic. And this was kind of an issue that I think all large global enterprises were grappling with. And it led to a larger introspection by a lot of large global enterprises. And since then, I think a lot of these artificially generated traffic, which enterprises were paying for, it wasn't yielding them any ROI, per se, that has completely kind of been shaved off from the industry growth. So this is one area I think that I think the overall CPaaS industry kind of grappled with over the course of the last one, one and a half years.

Yash Darak: And any guidance for the further full-year FY '26 going forward?

Gautam Badalia: I think let us try and kind of close the next quarter and kind of demonstrate a stronger performance than Q3. And I think then, we will reassess and come back to you with the guidance for the subsequent year. But on a three-year trajectory basis, I think we are talking about a 15% CAGR growth.

Moderator: Thank you. The next question is from Nikhil Choudhary from Nuvama. Please go ahead.

Nikhil Choudhary: Thanks for the opportunity. First, Gautam, just want to understand some bit on guidance part. How we are thinking the exit run rate for us will be in Q4 FY '25? Earlier, the guidance for 18% to 22%. So how we should think about Q4?

Gautam Badalia: Yes. So, Nikhil, I think the endeavor will definitely be to do better than Q3 that we have performed. I think the run rate also kind of is kind of depicting the same. So, the endeavor will be to kind of really push the ante in terms of the growth there. So yeah, I think we will endeavor to do better than what we have done in Q3.

Nikhil Choudhary: Sure, Gautam. Second thing, your comment that related party volumes are coming at a lower margin. Why there will be lower margin on related party volume?

Gautam Badalia: Essentially, the related party approvals and the mechanism that's been kind of validated by a large accounting firm as well, has been at EBIT margin level, most of these transactions are happening close to in and around our EBIT margin levels and hence, which is lower than our operating margins. So, to that extent, it is dilutive at the operating margin level.

Nikhil Choudhary: But any reason for that to happen, let's say, going forward, if volume keeps on increasing from Telesign, then that should be margin dilutive, is it fair understanding?

Gautam Badalia: So, this is governed by a very detailed exercise done by one of the large big four firms and I think they do this assessment on a periodic basis. So whenever, there is any material change, we will definitely call it out. But today, some of these related party transactions are happening in and around our EBIT margin level.

Nikhil Choudhary: Sure, Gautam. The last one, just wants some clarity on the contingent liability for one of the contracts we created. Any details and updates there?

Gautam Badalia: Yes. So, I think this is the contract I think where, so this is actually an exclusive firewall contract in Southeast Asia, where what has actually happened is there have been challenges in terms of, I think, increased sanction conditions where a lot of social media apps have been banned and there are some structural shifts happening in that market. So, we are in the midst of a renegotiation with the partner, invoking the contractual rights under the signed agreement, where some of these structural shifts or any change in their existing conditions gives us the right to negotiate or renegotiate the terms of the agreement.

So, we have already triggered that. There have been a couple of rounds of negotiation there. So hopefully, we should be able to kind of come to an amicable solution there. Since this is an ongoing discussion and we have not been able to close that discussion and considering the materiality of the contract value, I think the auditors deemed fit. And even from a management standpoint, we thought it would be prudent and pertinent to kind of get this captured as an emphasis of matter.

Moderator: Thank you. Next question is from Sarvesh from Maximal Capital. Please go ahead.

Sarvesh : So this is Sarvesh here. So, I have two queries. One is just from my understanding, so now we are moving in terms of channels, moving from SMS to, let's say, WhatsApp and other communication modes. So, in terms of the pricing, how do they differ? Are we getting a lower price per transaction? And in a sense, then there is a revenue gap that we will have to fill. So that is one.

And second is, you have that edge that you, so from a client's perspective, you will be having tie-ups with all telecom operators, etcetera. So, you can provide that sort of a single solution, which the client would be finding very difficult to do it himself. Now in this mode where basically, things are being done over Internet rather than SMS, so does that edge go the way for you?

Rajdipkumar Gupta: Yes, hi. It's a very good question. Let's just start with this. We need to also understand the opportunity as a group we bring on table. Let's take an example of Telesign products, which are all computer-assisted security-based products, like this is identity and this is security product. And these products are, we have a direct access of all the product works they have built, and we can bring all these products to the markets where we operate, we will create more value Route Mobile.

Along with that, we need to also understand BICS is one of the largest social voice players in the world, and they are providing voice solutions to the global operator as well. We will also get a direct access to all operators where BICS is supporting them to sell our product as well as a part of our commission. So, it is not just SMS as a one-solution offering or WhatsApp or RCS one-solution offering. We are now talking about Engage, which is a customer engagement program platform, along with that security, which is our Secure products, and then the Connect, which is our connectivity piece. So, all these capabilities we have now in-house as part of one team.

Before when we go to a single operator, we only issue our, like firewalls. Along with that firewall, we have a digital security product; along with that we have SMS, RCS, and other channels. So, our portfolio has grown multifold, and we can actually offer multiple solutions to the same customer or a new customer. I think that is the advantage of being on table as one single group. And I think one need to look at Route Mobile as a company where we have a solution which is a combined solution of BICS as well as Telesign. Yes, Gautam, you can add to this.

Gautam Badalia: So, yes, I mean, does that answer your query or you want anything, any other additional clarification?

Sarvesh : Just on the revenue that we realize for a transaction, so I understand now you have a broader suite of products, but now if the transactions were to move from SMS to, let's say, WhatsApp, do you realize similar or lesser, and to what extent lesser, sort of a revenue per transaction?

Rajdipkumar Gupta: It's more than SMS for sure, I can tell you.

Gautam Badalia: And just to highlight, I mean, the use cases are different. So, per se, one is not cannibalizing others. So, there are different use cases, where SMS is being used and conversational messaging is used for a differentiated use case.

Sarvesh Gupta: And given that, where we are seeing some shift also, the new product revenue, which is where we have grown at 20%-odd, which was probably the aspiration for the entire company, isn't it too low a growth number for something which is at a nascent stage and where we are also getting the benefits of synergy from the group as a whole?

Gautam Badalia: No, it has a little bit of an impact because of the WhatsApp pricing. I think overall, I think, it got adjusted southwards. So, it also has that effect, I mean, as part of the overall kind of revenue number, growth that we have garnered there.

Rajdipkumar Gupta: But I think, what I want to add out here is, this whole merger and everything we have announced in the month of January itself or mid-December. But now we have access of all the customers of Telesign and BICS as well. And here we can go and sell RCS, WhatsApp as one solution to all the existing customers of these two companies as well. And that is a big opportunity we see in the coming days for Route Mobile.

Gautam Badalia: Yes, fair point. I think some of those cross-sell synergies, I think; it's more a timing effect. It is a matter of time that we will start to kind of now block those cross-sell synergies. So, I think the entire Proximus Global team is kind of very, very optimistic and very kind of excited about the new product opportunity. And we are creating some big tickets out of this.

Sarvesh : And sir, earlier we had a vision of reaching $1 billion in revenue in three, four years from now. And now I think our guidance is more like 15%, so, more like a 50% growth over three years. So, have we revised down our sort of aspiration to reach in three, four years, meaningfully?

Gautam Badalia: So, I think right now, I think the industry is going through a little bit of a structural shift. Let things stabilize. What we can kind of always definitely call out is when the industry today is growing at kind of about a 10%, 11% kind of a growth. As I said, most of our competitors are growing, a flattish or single-digit growth. We are definitely outperforming the industry. So, once there is a little bit of more confidence in the market, the sentiments improve, I think we will definitely increase our growth trajectory.

So, at this point in time, we do not want to be very, very overambitious in terms of calling out a very high number. But that aspiration of $1 billion definitely is an aspiration that we want to achieve sooner than later. But looking at the current market conditions, we want to stick to that 15% kind of a growth guidance for the next three years. 15% CAGR, yeah.

Sarvesh : And finally, on your attrition rate, now, this looks to be much higher than any of the IT services company also. And since there generally, the job profile is a little bit different than what is expected out of a tech-focused company. So, how do we see this, do we see this 20%, 25% attrition rate to be lowering and what are the regret attrition rate in this? How do we see this entire situation?

Gautam Badalia: No, no. So, I think let's look at it holistically right now. Let's look at, because we are talking about Proximus Global as an integrated framework, right? And, where we are looking at drawing kind of generating synergies. And those synergies, will entail a little bit of cost optimization as well, so that we remove redundancies in the system. So, historically, our attrition rates have been kind of at par with the industry. And then for this quarter, a little bit that has happened, it's a function of a wider integration initiative I think across the group.

Moderator: Thank you. The next question is from Kaustav Bubna from BMSPL Capital. Please go ahead.

Kaustav Bubna: Yes, thank you for taking my question. So, you spoke about Proximus Global and Route, BICS, and Telesign is grouped under one umbrella now, but could you speak more about currently, in the current formation, if Route accesses Telesign's client, what is Route paying for? I mean, is there some sort of a transaction? Is Telesign getting a certain percentage of the financial gain from that transaction? That's the first question.

And the second question is, where do we go from here? We've spoken previous calls about, because I think Telesign first had, a few years ago, had tried for an IPO, and then that did not happen, and now Proximus has bought into Route. So, could you give some sort of direction on where do we go from here? Is there a potential of Telesign merging, like getting listed through Route, or speak a little bit about both these things?

Gautam Badalia: Yes. So, in terms of the first question that you had, yeah, so all the related party transactions that we do, largely they are on a cost plus markup basis. The markup, as I said, it's closer to the EBIT margin levels. So, that's the broad framework of transactions that we do and it applies both sides of the equation.

In terms of Telesign, with Proximus Global, the broader strategy around there, so Telesign, they've been doing phenomenally well in terms of growth. I think where they were kind of looking at was a lot of cost offshoring, and that's where India today continues to be one of the key markets from a GCC standpoint. And then considering Route Mobile, we were always functional, where we were able to demonstrate high growth with -- by driving profitability as well.

So, some of that, I think, as part of these integration synergy exercises, which even Raj alluded to, will be the cornerstone to kind of drive going forward. And in terms of merging integrations and all, right now, all the options are open, nothing is kind of -- everything is at the drawing board level. There is nothing concrete that has kind of been kind of discussed, finalized. So, it will be difficult to call out, or very premature to call it out right now.

Kaustav Bubna: When you say how much revenue is Route right now doing in the digital identity business?

Gautam Badalia: So currently, what we are doing, we were already doing this with Masivian, which is our wholly-owned subsidiary. We were doing close to $1 million, already with them. And as I think we have highlighted, I think TeleSign has a significantly more evolved digital identity stack. So, we will leverage their strengths of the stack and then take it to customers. But a lot of these digital identity solutions need governance from the data privacy regulations and stuff. So, it requires a little bit of approval process in India, in particularly with the DPDP law, I think recently, I think kind of being involved. So, some of these things are being navigated, discussions are ongoing with regulators, we are doing sandbox testing for some of those solutions with enterprises and telcos. So, I think it's moving in the right direction, but we have not seen any significant revenue from that coming through right now, because it will entail, it's a little longer sales cycle, but once you are able to demonstrate the value prop to an enterprise in terms of helping them curb the digital fraud, I think we believe it has humongous potential.

Kaustav Bubna: And when you say Telesign is Rs. 300 crores business in nine months, what business is this?

Gautam Badalia: For a destination where we have better cost economics, they are using our routes to terminate their enterprise traffic.

Moderator: Thank you. The next question is from Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Hi, thanks for the opportunity. So, we have been always guiding for a 13% EBITDA margin, and I mean, even in the previous call, you were mentioning that a 13% EBITDA margin is our endeavor to reach, but for the nine months, we are still at 12%. So, are we facing severe competition, and would you like to revise our guidance?

Gautam Badalia: No, so I will tell you. So, as I said, I think, the nine months gone by had few cost elements, which are one-offs. A large integration kind of happened; there were a few incentive schemes that were rolled out. When we were giving that guidance, I think some of those things were not baked into it.

And particularly, I think the most important thing is the related party transaction that's happening, that's happening today, at a margin, which is lesser than the operating margin for the company. So, if you adjust for that, I think we are already at a 12.33% kind of EBITDA margin trajectory. And we still maintain that we will be closer to 12.5%, 13%.

Saumil Shah: For this year?

Gautam Badalia: For this year, yeah, adjusted basis, we will be closer to that 12.5%, 13%. So, non-GAAP basis, yes.

Saumil Shah: And the related party transaction, what you mentioned, so that is the Rs. 300 crores, which we are doing, which we did for nine months.

Gautam Badalia: That's correct.

Saumil Shah: So as the scale increases, then I mean, what do you expect for coming years?

Gautam Badalia: So, I think we are constantly kind of looking at all avenues where we could maximize this. I think now, a decent amount of run rate is already kind of baked into in terms of monthly throughput. And I think the market's also very dynamic. So, this needs to be kind of looked into on a real-time basis regularly. So, at this point in time, I think there are some additional routes that we have been able to identify during the course of this month. We're looking at increasing the throughput there, but it will be a minor kind of an increase. We're not looking at a very major increase from the current run rate.

Saumil Shah: So as of now, for three quarters, we are seeing, we had a Rs. 300 crores run rate for three quarters. So, it's Rs. 100 crores per quarter?

Gautam Badalia: A little more than that, because the throughput started from June 18 onwards. And one other thing I think, essentially, what's not played out yet is the cross-selling synergy where, I mean, Proximus Global selling our omni channel solutions, and we are kind of selling solutions around digital identity and some of the pieces that BICS has in terms of their platform capabilities. So, some of those things, I think, we have not seen revenue traction yet, but I think we have already made a few pitches and submitted our proposals. So, as and when we have it, some of these opportunities could be big and these are high in terms of margins.

Moderator: Thank you. Next question is from the line of Meet Rachchh from Equirus Portfolio Management. Please go ahead.

Meet Rachchh: Yes. Thanks for the opportunity. Gautam sir, any update on large deal wins apart from the metro ticketing solution? Any large RFPs, in which we have been participating organically as well as in synergy with the parent company?

Gautam Badalia: Yes. So there are some large deals I think in the offering. I mean, offhand, we know, we stand very good chance some of them. But till this is kind of officially kind of there in black and white, we will not want to call it out. But I think there is some good momentum there.

Meet Rachchh: And what could be the average size for a large deal win for CPaaS industry?

Gautam Badalia: It depends, but it is difficult to call that number out yet. Let us first sign it. We'll definitely kind of make it public.

Meet Rachchh: Sure, sir. Thanks.

Rajdipkumar Gupta: Yes. But the only thing that we can tell you is it's large in size.

Meet Rachchh: And in terms of tenure, it will be, like, three or five years, seven year-deal or one year and then renewal will happen?

Rajdipkumar Gupta: It will definitely be a long-term deal. Tenure, we can't mention right now, but yeah, it is long-term deal.

Moderator: Thank you. Next question is from Kartik, who is an individual investor. Please go ahead.

Kartik: Thank you for the opportunity. So I have two questions. First is more on the, maybe my understanding and based on what participants had spoken. And essentially, when you move from OTP-based authentication to digital identity solution that you are talking about, I was under the impression that every time an OTP gets created, you get some revenue on that, right? So obviously, you are losing some revenue when you move to digital solution, right? And I know you talked about, trying to see how you can tap more revenue based on digital identity solutions. First of all, is my understanding right? And second, how much revenue loss are we looking at when we move away from OTP-based solutions to non-OTP?

Rajdipkumar Gupta: I think you need to also understand that digital adoption is having also different use cases also, right? There are many use cases of customer support moving out to WhatsApp, which is not the SMS piece of it, right? You need to understand that the entire omni channel feed is an opportunity for the entire ecosystem. It is not just moving from SMS channel to WhatsApp channel. It is a use case which has been created because of the OTT channel. That is a potential we see in the long term, I mean, years to come.

RCS has its own potential as compared to WhatsApp along with the different products which we have, like, digital identity has a different market itself, right? Because we know the digital adoption is increasing, digital fraud will also increase. But right now, we probably have that unique solution for this market, like, market where we operate. We can definitely get more value out of that. So, I think we should not think that SMS is below then these channels will. No, there are different use cases which are going to remain there. And WhatsApp or even through RCS, there are different use cases and we will see the growth in those channels because of the new use cases arising right now. Gautam?

Gautam Badalia: Yes, and just adding to what Rajdip is saying, the biggest reason for digital fraud today, is because with OTP, you have something to phish, right? And with digital identity solution, you pretty much make it silent. So, if you do not have anything to phish and the entire two-factor authentication happens at your backyard with an algorithm that I think we will be able to kind of, that the digital identity solution is able to provide. So, we would make the same money. It would be better in terms of margins. But it would not reduce the TAM from our perspective. The TAM will only increase and it will only increase our stickiness with enterprises.

Kartik: Excellent, that's heartening to know. Thank you, sir. So, the next question is more on. I think you talked about using LLMs for better customer service. And I was looking at your presentation. You also mentioned you have about 20 data centers. And with the recent DeepSeek news that is running around, do you foresee using DeepSeek model and potentially that's reducing your cost and something? I assume you used some sort of a NVIDIA GPUs for these LLM-based solutions. And what are your thoughts on the recent DeepSeek model?

Gautam Badalia: Yes. So, in terms of the LLM models, I think definitely, there is a lot of disruption around it. And we believe, I think, these LLM models from a communication standpoint could really kind of be a big differentiator for the world of communication. And within that, I think we are already looking at kind of adopting some of these models for internal optimization, in terms of the ticketing systems, in terms of creating intelligent data insights, data models, which we can then kind of, through AI/ML, make it more and more robust. I think some of these things are already kind of happening as we speak. So, we believe with LLM models, I think the opportunity, and essentially, the personalization and effectiveness for any campaign that an enterprise runs can significantly improve. And that is what I think we are already kind of working on internally.

Kartik: Do you use NVIDIA GPUs, or do you use accelerators, or just GPUs? Do you know that?

Gautam Badalia: Sorry, can you please repeat your query?

Kartik: So, for the LLMs, do you use NVIDIA GPUs, or Intel GPUs, do you know that? Can you throw some light on the infrastructure use for LLM inference here, or?

Rajdipkumar Gupta: Probably that could be a different discussion we can have. We can add more technical people in this call. So, is better to have a one-on-one call with you to know more about our strategy on that side.

Moderator: Thank you very much. We'll take that as the last question. I would now like to hand the conference over to Mr. Rajdipkumar Gupta for closing comments.

Rajdipkumar Gupta: Thank you, everyone. Thank you for joining, and have a nice evening. Take care. Thank you.

Moderator: Thank you very much. On behalf of Route Mobile Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.