



“Zaggle Prepaid Ocean Services Limited Q2 & H1 FY ‘26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Zaggle Prepaid Ocean Services Limited Q2 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchstone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements do not guarantee future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Dr. Raj Narayanam – Founder and Executive Chairman, for opening remarks. Thank you, and over to you, sir.

Raj Narayanam: Thank you. A very good evening to everyone. Thank you for joining the Earnings Call for Zaggle Prepaid Ocean Services Limited for Q2 and H1 of Fiscal Year 2026. On behalf of the company, I extend a very warm welcome to all of you.

On this call, we are joined by Mr. Avinash Godkhindi – Managing Director and CEO, Mr. Aditya Kumar – our CFO, and SGA, our Investor Relation Advisors.

The Financial Results, Press Release, and Investor Presentation are uploaded on the Stock Exchange and on the Company website. I hope everybody has had a chance to look at it.

This quarter marks our best-ever half-yearly and quarterly performance, marked by strong progress and continued innovation across our businesses. Talking about the quarterly performance, comparing Q2 FY '26 to Q2 of FY '25, the company reported the revenue at INR 431 crores, growing at around 42% on a year-on-year basis.

Our adjusted EBITDA increased to INR 44 crores, growing at about 48% on a Y-o-Y basis. The PAT surged to INR 33 crores, growing significantly at around 79% on a year-on-year basis.

If we look at half-yearly numbers, comparing H1 FY '26 to H1 FY '25, the company reported revenues at around INR 762 crores, growing at around 37% Y-o-Y. Our adjusted EBITDA stood at around INR 77 crores, a 39% Y-o-Y increase. PAT surged to INR 59 crores, growing significantly at about 68%.

Now, I would like to give an update on our acquisitions and investments so far:

Our existing acquisitions and investments continue to perform extremely well. Mobileware, now rebranded as 86400, has generated a revenue of around INR 24 crores in Q2 FY '26, with an

EBITDA of around INR 7 crores and a PAT of around INR 4.8 crores. This is against a revenue of INR 33 crores in the entire FY '25.

Mobileware has also partnered with Suryoday Vega Pay for a successful launch of the credit line on UPI product.

ForTaxSpanner, I am happy to share that we have signed up one of the largest private sector staffing companies for tax filings for their gig workers, leveraging the ZUGS, which is Zaggle Unified Gig Worker Savings Platform, as we continue to onboard marquee corporates for TDS and GST modules across platforms.

We have also strengthened our presence in HCL, one of our key accounts, by upselling our TDS reconciliation module.

Now, I would like to give an update on the ongoing acquisitions:

We have made significant progress on these, as committed earlier in the AGM. For Greenedge, I am happy to announce that we have completed the signing of the transaction documents.

We should sign these transaction documents for the two out of the remaining three acquisitions, which are already been announced, which should be done very, very quickly. In addition to this, we are at an advanced stage of evaluation and commercial discussions with a set of targets.

But I also want to inform you that we have already started working as a team with these three acquisitions, which we had announced, closely working with them on multiple projects as well as multiple accounts. We will keep you updated on the progress over the coming quarters.

One thing which we wanted to make it very clear is that while there is pressure internally, externally to do some large acquisitions, we want to make sure that we do the right acquisition, acquisition where there is some color or some paint we want to stay away from. And in some of our earlier announcements, we have looked at it. We have looked at them. And in the diligence process, something has come up which we have not liked. We have abandoned one of those large acquisitions because we did not feel that it is the right acquisition for the company.

Along with this, I would also want to inform that we are preparing to expand globally with a focus on the MENA and the U.S. markets, positioning the company for global scale and diversification. As a part of this expansion plan, we will be setting up an office in GIFT City, giving us easier access to the international markets to cater a holistic cross-border spend management solution and follow it up with an office in the MENA region in the next few weeks.

Now, I would like to give you a few updates on the business:

At the Global Fintech Fest 2025, we launched two innovative products to further enhance our comprehensive payment suite, each strengthening our dedication to delivering intelligent, secure, and customer-focused spend management solutions.

- First, the Zaggle GlobalPay FOREX Card is a co-branded partnership with GlobalPay, earlier Wall Street FOREX, to streamline FOREX spending for businesses and global travelers, offering greater control, enhanced security, and intelligent automation.
- The second, a prepaid card in partnership with Mastercard and NSDL, designed to simplify channel partner payouts in tandem with our Propel offering.

Now, coming to the most exciting update of all, we have entered into a retail co-branded partnership with AU Bank:

This further solidifies our position in the retail co-branded credit card segment, in addition to our acquisition of Rio, which already has been an ongoing partnership with YES Bank. While we build scale with AU and Yes Bank, we are actively seeking to add two to three more banks on the retail co-brand side as we look to deliver a strong value proposition to our user base.

What we think is that with an estimated INR 500 crore to INR 600 crore of revenue and EBITDA of about INR 50 crore to INR 60 crore over the next four to five years, this will be a completely new line of business, of which today the contribution out of this line of business is zero. So, this will be a great addition to our ever-growing top line and bottom line.

Across all these developments, one theme remains consistent: our focus on building a strong ecosystem rather than standalone products and platforms. The strength of our partnership, the speed of our innovation, including the AI initiative, and the breadth of our global ambition are driving us towards the next phase of transformation. With deep roots in India and a vision that spans across markets, we are bringing together technology, innovation, and collaboration to create enduring value.

Lastly, the company has recently issued warrants at INR 567 per share to Bennett Coleman and Company Limited. This is a brand equity transaction giving us access to marquee media brands such as Times of India, Economic Times, etc. Very pleased to announce that the promoter entity, RAN Ventures, which is the short form for Raj Narayanam Ventures, has also subscribed warrants at the rate of INR 567 per share, which they think that is a very appropriate price.

In light of our strong performance and the momentum we are witnessing across our business segments, we recently upped our revenue guidance to 40% to 45%. Our EBITDA guidance continues to remain in the range of 10% to 11%.

Now, with this, I would like now to hand over to our CEO – Mr. Avinash Godkhindi, to take you through the business and operational highlights in more detail. Thank you. Over to you, Avinash.

Avinash Godkhindi: Thank you, Dr. Raj, for your comments. A very warm welcome to everyone joining us on the call today.

I am very happy to share that today, around 3.5 million users use the Zaggle-powered cards and software, a strong testament to the scale and adoption of our platform. We now serve more than 3,600 customers across a wide spectrum of industries and sectors.

During this quarter, our SaaS platform fees contributed to around INR 10.5 crores. Our program fees contributed to around INR 174 crores, and our Propel points revenue contributed to around INR 247 crores.

While our current businesses are doing extremely well, some of our new businesses are also shaping up very well. I am happy to share that we signed up with Adani Total Gas and Megha Gas for our fleet management solutions.

Adani Total Gas is India's largest CGD company, encompassing 53 geographical areas, operating around 700 CNG stations. Megha Gas is a fast-growing CGD company, covering 22 geographical areas across 62 districts in 10 states, operating around 200 CNG stations. We will be providing fleet loyalty module as well as rewards module for their incentives for both these accounts.

During this period, we also signed up several marquee clients, including SMC Global, Pernod Ricard, Ultratech Cement, DTDC Express, Suryoday Small Finance Bank, Nuziveedu Seeds, amongst others.

To provide a brief overview of one of our clients:

Our client was dealing with an entirely manual process on the procure-to-pay site. The client was facing multiple challenges on managing data sets originating from multiple ERP systems, along with a complex hierarchical approval process leading to a very high turnaround time for even simple orders that were placed.

We addressed these issues by deploying our Zoyer platform, which streamlined the complex approval process into an automated AI-driven policy layer, along with giving them an entirely digital procure-to-pay journey, reducing the order TAT and reinforcing compliance through our digital platform.

Another one of our clients, a leading agricultural company, was facing the challenge of creating a reward incentive structure across the 10,000-plus retailers in a highly fragmented sales chain. We addressed these issues by deploying the Propel platform, which brought these retailers onto a single platform, which further digitized, automated, and streamlined the incentivization and redemption process.

As we advance our platform-based strategy, we expect accelerated growth driven not only from our strong pipeline of new clients, but also from continued cross-selling success. In Q2 2026, we further strengthened this momentum by expanding our cross-sell wins across a wider client base, including Bharat Dynamics Limited, Apollo Health, Siyaram Silk, OfBusiness, amongst others.

I will take an opportunity to elaborate on a few of these:

Apollo Health is an existing customer of the Propel solution. We recognize the potential to further collaborate and successfully offered our Save and Zoyer platform solutions. The Save offering is to help Apollo Health streamline employee expenses across board. Zoyer, we offered the BROME module, which will streamline their spends across the retail outlets as well as the procure-to-pay platform to manage spends centrally.

OfBusiness Group, Oxyzo Financial Services and OFP Tech is an existing customer of our Save solution. We have identified an opportunity to strengthen our partnership by implementing the Zoyer solution to drive greater efficiency in their procurement process.

Now, I would like to give an overview of our partnerships and the progress we are making:

I am very happy to share that we have onboarded and partnered with three banks: AU Bank, Standard Chartered Bank, and IDFC Bank. Our banking partners now stand at 19.

As Dr. Raj has already spoken earlier about the retail co-brand partnership with AU, I would like to add that we also have partnered with the AU Bank for corporate credit cards as well as co-branded prepaid cards to be provided to our customer base, establishing a truly strategic alliance that we are committed to leveraging and scaling it further.

We have also entered into a strategic partnership with IDFC First Bank. IDFC will take the Zaggle's spend management suite of solutions to their extensive corporate base while we aim to leverage the IDFC First FOREX solutions and offer it to our customer base.

Similarly, we entered into a partnership with Standard Chartered Bank, our third major international bank partnership after HSBC and DBS, where we aim to introduce our spend management suite to their existing corporate customers.

Lastly, we further strengthened our partnership with Mastercard by signing a five-year customer business agreement for co-branded domestic prepaid card, which offers launch and spend linked incentives to Zaggle.

I will now touch upon brand and recognition:

I am happy to announce that we have onboarded Mr. Ayush Mhatre as our new brand ambassador. Ayush, as you would know, is the captain of the India Under-19 cricket team, an India A player, as well as representing Chennai Super Kings in the IPL and Mumbai in the Ranji Trophy and other first-class teams.

I am extremely proud to share that Zaggle has been also, I want to touch upon what we have done in terms of recognition. Very happy to share that we have been awarded multiple industry recognitions this quarter. Some of them are FinTech Disruptor Award and Best Use of Content Marketing by FINIXX, Best Team Project in FinTech Category at the India DevOps Show 2025.

I would also like to take this opportunity to congratulate Dr. Raj for winning the MSME Leader of the Year at the Bharat Digital Excellence Awards 2025.

With this, now I hand over to our CFO, Aditya, to take you through a financial update. Thank you.

Aditya Kumar:

Thank you, Avinash, and a very warm welcome to everyone on this call.

I am delighted to report that the company has delivered strong performance with the highest-ever quarterly and half-yearly revenue and significant margin expansion. In Q2 FY '26, the company reported record revenue of INR 431 crore, up by 42.4% on Y-o-Y basis.

This was on the back of strong growth across our all-revenue lines, program fee, Propel Points, and SaaS fee. The substantial increase in the incentive and cashback is in line with the business growth. Employee expenses and other expenses increased to support business operations. ESOP costs declined due to the forfeiture of few shares.

Our adjusted EBITDA grew by 48.1% to INR 44 crore in the quarter compared to INR 30 crore in the same period last year. Our PAT reported INR 33 crore compared to INR 19 crore in the previous year.

Our Cash PAT, which includes net profit depreciation and ESOP expenses, has surged by an impressive 70% Y-o-Y to INR 40 crore, the highest ever.

For H1 FY26, our revenue from operations surged 37.4% Y-o-Y to INR 762 crore. Our adjusted EBITDA has increased 38.8% to INR 76 crore.

Notably, our Cash PAT surged to 63.9% to INR 75 crore. As of 30 September 2025, our cash balances is around INR 573 crore.

Our operating cash flow before taxes stands at a negative INR 19 crore for H1 FY '26. We are actively taking measures to normalize this, and it is expected to stabilize in the upcoming periods.

With that, I would like to conclude my update, and we are happy to open the floor for questions.
Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Hi, Raj and Avinash. Congratulations on a great set of results. I had three questions. The first one is we will love to understand the ramp-up that we are seeing in the newer products, especially in the existing customer base, either ZatiX Fleet Management and ZIP sort of products. And how are those ramping up? If you can talk about any cross-sell sort of penetration that you have seen, what number of customers are adopting to these products, right? If you can give any sort of customer-level visibility on this, that will be helpful.

Avinash Godkhindi: Yes, Sachin. So, we have seen great momentum overall for cross-sell. We are seeing cross-sell momentum in BROME, which is our branch recurring operating monthly expenses, and there, we have seen tremendous traction. We are also now seeing great cross-sell opportunities emerge for our fleet programs. I spoke of what we are doing with Adani Total Gas, Megha Gas. A whole host of these opportunities are opening up, and the conversations are turning out to be a lot more holistic because we are solving deeper problems for our customers.

Sachin Dixit: Any numbers around that? Like, if you can talk about, or this is the sort of disclosure that we have got now?

Avinash Godkhindi: So, overall, Sachin, our cross-sell percentage around IPO was about 16%, and now we have upped it to about 21%. And we are trying to increase penetration. So, our cross-sell definition is a single customer taking more than one product.

Now we are seeing a lot of customers are taking not just two, but three, four products. And that is, again, increasing our penetration in these companies. A lot of sales that is also happening to new customers is where a full bundle is being offered to the customer and not just a single product.

Sachin Dixit: That's great to hear. My second question is on program fee side, right. So, program fee obviously was seeing relatively more mid-teen sort of a growth until last quarter, has picked up quite sharply this quarter. If you can talk about what drove this rise, if there is any seasonality impact there. I also see incentives and cashbacks have gone up quite sharply as a percentage of program fees revenue. So, if you can give what is driving the faster growth in program fees, and how do you see it progressing further?

Avinash Godkhindi: The program fees growth quarter-on-quarter has grown a lot. It is going to continue to grow very strongly in the coming quarters. It is not so much about seasonality. Seasonality, of course, is there, but there is also the adoption of newer customers where we are cross-selling, upselling, and adding new customers, new use cases.

We are seeing a lot of customers also broad-base their use cases from earlier, which used to be a lot around your marketing spend, etc. From there, it has broad-based to vendor payments, their tax payments. So, we have broad-based it to a much more holistic OpEx sort of a play, and that is showing in the revenues. That is how I would describe it.

Sachin Dixit: Should we be expecting this similar sort of growth rate in the coming quarters as well?

Avinash Godkhindi: Yes.

Sachin Dixit: Y-o-Y level growth rates?

Avinash Godkhindi: The growth rates are going to pick up further in the coming quarters.

Sachin Dixit: That's, again, good to hear. Finally coming to our OCF, as also highlighted over the call as well, right? So, while our cashback continues to grow very, very handsomely, our OCF has still dipped, right? If you look at your H1 last year versus this year, there is a sharp dip of almost like INR 33 crore on the OCF side. What is driving this dip? If you can talk about, I mean, you did mention that you are working on OCF. What will change for you to turn OCF and then finally FCF positive?

Aditya Kumar: Basically, Sachin, if you look at it, right, the growth, what we have anticipated in the current H1, despite the denominator is being very high, so that resulted onto the TR base, a little bit on the recovery, and deployment happened on the other asset side by considering the festive period, etc. So, once this gets normalized in the upcoming quarters, we should be able to comfortably break even. So, even right now, before taxes, if you see, that is only INR 19 crore. And possibly we will get this sorted, and end of next year or so, we will be able to generate the positive cash flows.

Sachin Dixit: You said next year or this year?

Aditya Kumar: This year, we will break even, and OCF will be turning properly the cash flow generation.

Avinash Godkhindi: So, just to add as Aditya has said, the festive season has a very significant impact on this because ultimately we need to support our corporate customers during the Dussehra Diwali season. And that is something which always has a certain impact, and that sort of also stabilizes in the coming weeks and months.

Moderator: The next question comes from the line of Pkeday Advisors. Please go ahead.

Parikshit Kabra: Hi, Avinash. Congratulations on a great set of numbers. The one question I keep asking every quarter, this time I will avoid that. Instead, let me ask following up on the previous question on the cash flows.

The other line item in your balance sheet that is inflating quickly is the intangible assets and the working progress intangible assets, right? And that is increasing quite quickly, and I am guessing that is also creating a stress on your cash flows. So, number one, should we think about this as only manpower expense, which is basically your R&D expense? And number two, how is this going to trend going forward?

Aditya Kumar:

Intangible assets, one is the manpower, definitely. Along with this, the external AI consultants, what we are appointing, that includes these both comprises. Like I mentioned, like Avinash has mentioned very clearly, this is one-time kind of thing which we have given. So, as we said, we are working towards normalizing the TR and other improvements, which should get some time end of, like I said, we will break even in this year. And possibly next year, the operational cash flow can turn positive.

Parikshit Kabra:

I understand that you are saying you will turn positive next year. I am trying to understand the intangible assets in particular. Are they going to be going up going forward, or are they now going to stabilize and you will start depreciating those intangible assets quickly, faster now? How do we see that number going forward?

Aditya Kumar:

As we said here also, the significance of our investment is happening on the AI side to scale up on a global level product. So, at least for the next one more year, we will start to have to invest on the AI piece and the other products in order to make it competitive at a global level. So then later, obviously that will get streamlined to a normal depreciation, which is as per the company's policy, depending upon the three- to five-year tenure. So, at least you will see investment in intangible assets next one more year, end of FY '26.

Parikshit Kabra:

Clear. The other question I have is in terms of understanding your revenue bifurcation. Currently, we still give our revenues in terms of program fees, Propel, and I forget the last one, but yes, the three levels. With all these new acquisitions coming in, where are we reporting their revenue? And this quarter's revenue that we have seen in program fees of whatever, 38%, how much of that is organic growth, and how much of that is from acquisitions and inorganic that is there in this quarter and wasn't there last year, same quarter?

Avinash Godkhindi:

I will take the second part first. The growth that you are seeing is entirely organic. The impact of the acquisitions on the program fees is not yet visible. The overall philosophy for Zaggle would be that there are certain acquisitions where the revenue lines would fall under the SaaS piece, like Dice. Other acquisitions would go into the Propel points, like Greenedge and others. And there will be others which will come into the program fees. So, that is how we split it. We don't anticipate the breakup or expand. We have always looked at these acquisitions as something that fits into one of these three buckets.

Parikshit Kabra:

Right, Avinash. For example, I think Raj sir mentioned earlier today that Mobileware is already contributing xx crores. I forget the number. And that is an inorganic acquisition that is sitting in one of these line items, right?

- Raj Narayanam:** No, no. That is not sitting in this line. This is just standalone numbers which we have told. That will come in the consolidated.
- Aditya Kumar:** So, basically, if you see Mobileware is an associated entity. So, we will consolidate only the share of profit and not the entire P&L. We have 38% of the stake in Mobileware.
- Parikshit Kabra:** Lastly, is that the other expenses, both this quarter and last quarter, we have stabilized at around INR 20 crore, and that has been a massive fall from the INR 30 crore number. Is this number now a sustainable number? Is this already built-in whatever marketing expenses we need to continue growing at this rate, or is this currently crunched in a couple of quarters? We might have to reinvest in marketing.
- Avinash Godkhindi:** The marketing expense, especially with the retail card, is going to increase in the short term, just given the scale and size of opportunity there and how retail card businesses are for banks and other issuers. We see that as a great opportunity. Partly, the warrants issue to Bennett Coleman is also linked to this because we see that as a great support that comes in for us as we expand on the retail card business and our businesses across board.
- Moderator:** The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir, I wanted to understand now you touched upon your acquisition planning. So, you said about two of the three targets that will be signing document in the near term. So, any timeline we have set for this acquisition, and what is the tentative size? If you can throw some light on that, that would be very helpful.
- Avinash Godkhindi:** I think these are acquisitions that we are talking of, which we have already announced, right? So, we have acquisitions that we have announced recently which are yet to be closed are Rio Money, Dice, and EffiaSoft. So, we are talking about two of those getting closed very soon.
- Deepak Poddar:** And what is the revenue size of these acquisitions?
- Avinash Godkhindi:** The different companies have different revenue sizes. So, Dice this year would probably be about INR 20 crores, INR 22 crores. Rio.Money is fairly small in terms of revenue because it is a B2C player on the retail card and TPAP side. And EffiaSoft would be about INR 28 crores to INR 30 crores.
- Deepak Poddar:** And all these are profitable companies?
- Avinash Godkhindi:** No. EffiaSoft is profitable while Dice and Rio.Money are in an investment growth phase.
- Deepak Poddar:** And Rio.Money has a very minuscule revenue kind of a thing, right?

- Avinash Godkhindi:** Yes. It is fairly small.
- Deepak Poddar:** And secondly, just wanted to understand on your margin trajectory. I mean, we are talking about 10% to 11% for this year, right? So, if I have to look next three to four years, how should one look at your margin trajectory given the scale-up you are talking about?
- Avinash Godkhindi:** See, we have already given a guidance that in the next 5-odd years, we will hit about 14% to 15% of adjusted EBITDA, right? That is something that we are sticking with.
- Deepak Poddar:** What next five years you are mentioning?
- Avinash Godkhindi:** Four to five years, we are looking at about 14% to 15% EBITDA.
- Avinash Godkhindi:** Next four to five years.
- Avinash Godkhindi:** Yes.
- Deepak Poddar:** And just data point, you mentioned this retail card that you are tied up with AU Small Finance Bank and looking for two or more three banks tie up. So, this segment can give you INR 500 crore of revenue with an EBITDA of INR 50 crore to INR 60 crore in next four to five years cumulative. Would that be a right understanding?
- Raj Narayanam:** Not cumulative. At the end of the fourth or the fifth year, you will be able to see about a revenue of INR 500 crore. Cumulatively, if you do, it could be about INR 1,200 crore. And EBITDA could be about INR 120-odd crores cumulatively. But standalone on that particular year in that line of business, we aim to hit about INR 500 crore with about INR 50 crore to INR 60 crore of EBITDA.
- Deepak Poddar:** Per annum. So, in the next five years, maybe INR 500 crore of revenue with incremental INR 50 crore, INR 60 crore EBITDA can come from this segment, right?
- Avinash Godkhindi:** Correct.
- Deepak Poddar:** I think that would be it from my side.
- Moderator:** The next question comes from the line of Devesh from Antique Stock Broking. Please go ahead.
- Devesh Kasliwal:** The first question was on the acquisition side. You said these three acquisitions will be closed. So, can you quantify how much of the cash that we have will be left after that? Are we planning additional acquisitions going ahead?

Raj Narayanam: Thank you, Devesh, for the question. Yes. We roughly would have about INR 430 crore to INR 440 crore of money left after this acquisition. And we are looking at another maybe two to three acquisitions in the near future is how we are planning to do.

Devesh Kasliwal: So, this will be to expand the overall portfolio like we were doing previously?

Raj Narayanam: Yes. Absolutely. If you just look at our fleet management solution, which we started about a year, year and a half back, and compare those to giants like Corpay as well as WEX, both of them, their market cap is in billions of dollars.

India is a very burgeoning market in terms of fleet management, and we are making very, very good inroads into the fleet management. And as Avinash mentioned that we have done Adani Total Gas, Mahanagar Gas. Like this, we are now expanding into OMCs, which is the oil marketing companies like HPCL, BPCL, IOCL, etc.

What we see is that over a period of time with our suite of products, with the underlying theme of software and payments, we are going to become a very, very significant player in the OMC space with the OMCs for fleet management. And accordingly, now, if you see, we have done the gas distribution business. We are probably monopoly out there in terms of our software and our card getting used. Similarly, in the OMCs, we also feel that we will be able to do a major, major leg up in the coming years.

So, on all fronts, while we are increasing our TAM, the total addressable market, we are also looking at expanding the product range so that as the years go by, we should grow organically from our existing product suite. And adding to the product suite, we should grow from that. Overall, we should be able to maintain a healthy growth rate of about 40%-45%-50% over the coming years.

Devesh Kasliwal: Second question, sir, on the retail side that we have done the tie-up, we expect around INR 500 crore of revenue at the end of the fifth year from now. So, when will it start showing in revenue? What is the overall process pre that for, like can there be any risks to that not going forward?

Raj Narayanam: See, risk is something business second nature is risk. But we are taking all appropriate measures to see that there is not risk on us because we don't take the credit risk. So, we partner with the bank, and we are the program managers for the retail card as well. So, we are not going to take any credit risk per se. I think first year of full operations would be from FY '26-'27. So, April '26 is what you can take as the start date for the operations. And the first year would be March '27.

Moderator: The next question comes from the line of Piyush from Narang Family Office. Please go ahead.

Piyush: I have first request starting. So, in case if we can add one slide on acquisitions in our deck that shows that which acquisitions fill in which white spaces. That would be helpful because some

are on the product side, and then we have some acquisitions that are lined up within other white spaces. So, that is a request from my side if you can do that.

The first question was that I wanted to understand a workflow or a payment flow for something like BROME. So, if we deploy on the customer end, is it mandatory for a customer to use our payment mechanism, our prepaid cards or credit cards, or how do they make the payments to the end vendor?

Avinash Godkhindi: Yes. So, the BROME use case, we support multiple payment methodologies, but of course, this has to go through our software, our platform. So, either you can make a payment through a credit card issued by us or a prepaid card issued by us, or we also have the ability to be able to directly work with the current account of the corporate, right?

So, the corporate itself has the current account, and we have the ability to give virtual sort of accounts to individuals who are linked to that current account. And that is how the whole solutioning has been done so that all three possibilities are there: prepaid card, credit card, as well as a direct UPI on the current account of the corporate, whereas there are individual balances maintained for each user, and they are able to make the payment through UPI.

Piyush: Right, Avinash. So, the follow-up on this is that if the customer uses their own payment mechanism, how do we make money on that? Or with Mobileware, we are doing something on UPI there?

Avinash Godkhindi: See, ultimately, if they are using a credit card or a prepaid card, it has to be a Zaggle-issued prepaid card or a credit card in partnership with our partner banks. If they are using the direct solution, there as well, we charge a fee to the corporate because the savings that they make on the BROME solution is about 20% to 30% of their current expenses. That is the amount of leakage, and that is the amount of savings that we are able to generate. So, from that, for a corporate to share a small amount is not a big issue at all.

Piyush: And in future, if we integrate the UPI, do we intend to make money through that? Or given there are no MDR right now, how do we intend to go forward with this?

Avinash Godkhindi: We are fully integrated with UPI today as well. And this whole solution works largely on the UPI rails powered by Mobileware. And there, we charge the software fees or the fees to the corporate. Because the savings are so significant for the corporate, the corporate is more than happy to pay this fee.

Piyush: The second question was on Propel side. We are continuously seeing that Propel growing much faster than Zoyer. Do we understand that Propel is like a foot in the door and then we try to cross-sell? Why am I putting this question is I want to understand the stickiness of a customer on a Propel or a value proposition of a Propel versus a Zoyer or a Save.

Avinash Godkhindi: See, the Propel points growth obviously is very strong because this is also the festive season for Propel. Overall, if you see the growth, you will see a lot of growth coming in on the program fees.

Also, keep in mind that a lot of the Propel spends itself come on a prepaid card. The Propel points revenue that you see is only the gift voucher redemptions. And that is a gross number, right? So, that is how I would explain this.

There is a lot of momentum that we have overall in Propel. Propel itself is very sticky because you have a platform solution there. And in some cases, it acts as a foot in the door. In some cases, it is the other way around.

Raj Narayanam: But if you have to really say that which one is the foot in the door, you could say that Save is something which is foot in the door. And it is like very sticky. It is like those are multi-year relationships which stick in there. And Propel and Zoyer are the cross-sells once we have acquired the customer through Save.

Piyush: And where do we see the business mix moving? Like, in future, are we banging more on Zoyer, and Propel takes a back seat later on? Or you think Propel will be again the star hero product?

Raj Narayanam: Just look at the use case. See, Zoyer, pretty much can be used by anybody for that matter. Any company which is doing business will probably go ahead and use Zoyer. Propel is basically where sales and marketing are required, where you have channel partners or you have IT companies where you have a huge employee base. There is where you go ahead and use something called Propel. Okay. So, from that sense, Zoyer definitely has got a much, much brighter, wider use case. And eventually, over a period of time, you will see that Zoyer will overtake all other businesses.

Piyush: Just the last one, if I can pitch in. Probably I missed this one, that do we have any other acquisition, large acquisition that we are looking at, or not for now, given there is a couple of them fallen through?

Raj Narayanam: No. At the end of the day, what we want to do is what is right for the company. There has been, see, internally also we feel the pressure that we have to do a large acquisition. But when we see, when we look at them, and there are some red flags and some gray zones, we have taken a step back. But we are continuously okay. So, we have an M&A team which is continuously evaluating targets.

And as we speak, we are looking at two, three, but we don't want to announce anything till we have a very, very decent handle on as to what the company is. So, going forward, we will also want to see that diligence is done, like a small pre-diligence is done before we sign the term sheet. So, that is the thought which we are having right now, and we are continuously looking

for acquisitions, and we can't tell you that, okay, this month or next month, but should come soon.

Piyush: Sure, Dr. Raj. I think that was helpful and very appreciable.

Moderator: The next question is from the line of Angad from MIPL. Please go ahead.

Angad: So, my question was regarding you had mentioned that you have signed a large retail chain in India. So, have the revenues already started kicking in from them, or are we supposed to expect in the future quarters?

Avinash Godkhindi: Very small portion has started to come in, but as we are seeing that whole process grow, we expect large number of revenues, large significant revenues to come in the coming quarters.

Moderator: The next question comes from the line of Akash Jain from Narnolia Financial Services. Please go ahead. The line for the current participant seems to have disconnected. We will take the next question coming from the line of Amit Jawade from Jawade Partners. Please go ahead.

Amit Jawade: Sir, regarding the fleet management, what was the revenue contribution in rupee crores this quarter vis-à-vis last time?

Avinash Godkhindi: See, last time there was no revenue from fleet, because that business was nascent. Even currently, the revenue from fleet as of now is fairly small. But in the coming years, we see this to be potentially a very large business for us. If you look at it from an oil marketing company perspective or even some of the CGD companies that we mentioned, like the Adani Total Gas, as those go live, the volumes can be very, very significant.

Amit Jawade: Significant, would you want to put some idea to it, sir, or how should we look at it? Because from your commentary, it sounds like a fairly big market. And maybe a ballpark percentage of the total number of our business, any idea that you can put it for that?

Raj Narayanam: The way we would want to do it is that look at a quarter or two, okay, as to how they are shaping up, and then comment on the revenue. Overall, looking at the market size, it is just humongous means unbelievably huge market. But let us go ahead now. We have done some tie-ups. Revenue has started kicking in. But to give you a correct estimate within plus minus 10%-15% of what we will actually do, we will probably take a quarter or two to give you a correct picture.

Amit Jawade: I have two more. Sir, you have touched upon this. Regarding the cash flow from operations, as investors, forgive me for being too simplistic, but we would want that CFO should be in tandem with your PAT year-on-year. So, I understand it will not match to the last decimal, but it should have the same cadence. So, when do you think that happening?

- Aditya Kumar:** Like we mentioned, this year, we will break even. And FY '27 onwards, you will see positive OCF.
- Amit Jawade:** But sir, positive, will it be matching to, will it be in tune with our profit after tax, or how?
- Aditya Kumar:** OCF, like I mentioned, operating cash flows will turn positive, and we will generate cash from FY '27 onwards. Like, if you see FY '26, we are broke even. And the business growth of the current H1, if you see the growth aspect, needed some kind of investment into this, considering the festive season and the corporate requirements as such. And in H2, we will break even for the FY '26 as such. And the actual growth of operating cash flows, which turns positive, will be resulting in the PAT resumption in FY '27 onwards.
- Amit Jawade:** And lastly, sir, regarding the acquisitions, there have been multiple acquisitions which are going on. Is there a thought that maybe if you have acquired something, get hold of it and completely let it bloom before we get on to the next acquisition, or rather you are thinking that whatever you can get right now to acquire as much as possible? How do you think about acquisitions per se?
- Raj Narayanam:** First of all, thank you so much for that question. If you really look at it, anything which comes our way, we would look at that. No. So, we have very clear-cut guidelines as to how we would like to look at acquisition. A, either it should be part of our current product suite which is there. So, if it is adding either customers to us, adding revenue profitability to us, or it is strategic in nature, that is one.
- The second, when we look at all these acquisitions, we also want to see that the TAM in these acquisitions is high. Like, for example, on the retail credit card side, we are looking at a company which is already running a credit card linked to UPI. So, now this will fasten our time to market. So, we look at that okay, we are acquiring this company, maybe a small company, but this will help us save a lot of dollars overall.
- The third thing you look at is if it is a strategic fit. Strategic fit means geographically it is present in a place where we are not there, and we think that the initial investment would be higher than what is the cost of acquisition we are paying. It is another leg up which we will get that, okay, now this is something which is comforting to us.
- But all acquisitions per se, what we look at is that they should be EBITDA accretive, either strategic or EBITDA accretive, or definitely revenue-generating exercise. And geographically, if it makes sense to us, we will go ahead and do it.
- Amit Jawade:** Lastly, sir, the partnerships which you are doing with multiple companies on multiple verticals, we read about them a lot from your disclosures, and we feel very happy about it. But I was just hoping that if we can see something like the pharmaceutical companies come, the first stage is done, the second stage, and then revenue started flowing. is it possible to have something like a

step-by-step chart which partnership is where in this stage? You have partners, then you have started generating revenue, in between there can be a certain step, and after that, it becomes positive, operating profit becomes positive. Is there something that we can see in your deck, sir?

Avinash Godkhindi: See, the way partnerships work, sir, is that some of these partnerships really add a lot of revenue over time. But for us to be able to predict that how which partnership will start adding value for us at which stage is hard simply because there is a partner dependency, sir. So, let us say I have partnered with a particular bank. I need to also make sure that I am understanding their constraints or their priorities or their focus areas and then navigate through the partnership accordingly.

So, it is a little hard for us to be able to predict exactly how each partnership will pan out. And that is the nature of our business. We are also fairly cognizant of our efforts when we go ahead with these partnerships. Some of these partnerships are bringing phenomenal success and revenues and profits for us. Others are yet to really scale up. And we let each of these partnerships play out a little bit basis the comfort of the partner as well.

Moderator: The next question comes from the line of Rohan Advant from Prad Capital. Please go ahead.

Rohan Advant: Sir, my question is on other current assets in your balance sheet, which has gone up from INR 174 crore end of March to INR 264 crore as of end of September. When I look at the annual report, the largest item there is prepaid cards with loading. So, can you just explain what this item really constitutes? Because that is a drag in terms of your working capital and cash flow convergence. What does this constitute? If you could just elaborate on this, sir?

Avinash Godkhindi: This is basically a scenario where, especially with the festive season kicking in, there are a certain amount of cards that we load because the demand peaks at that time, and we can't insist that the corporate make sure that they are actually paying us. Sometimes the corporate requests support, and hence we keep a stock given the holidays, etc., that we are able to fulfill the demand during that season.

This also has a certain degree of vouchers that we keep in stock for orders. So, that is where that prepaid card loading overall captures the stock that we keep both on the cards as well as the voucher side. And this is something which goes up because of the seasonality and the festive period that kicks in.

Rohan Advant: Sir, is there a way to optimize this to reduce this so that working capital is released, or this has been the very nature of your business?

Avinash Godkhindi: Sir, as I said, this is very specific to Dussehra Diwali kicking in, right? And that is a time where everybody expects a little bit of flexibility as a partner to these corporates. And many of these customers have been with us for years, and they give us a lot of business, and we feel that we should support them.

- Moderator:** The next question comes from the line of Vivek Lakhani from Karuna Investments. Please go ahead.
- Vivek Lakhani:** Congratulations for managing investors' expectations through good numbers. And I have a few questions starting from cross-selling rate. So, the last numbers on cross-selling rate was 20% in September 2024, where Mr. Avinash said that we are planning to achieve 50% in three years. And now we are just at 21%, where our corporates are growing at 15%. So, may I know why no substantial growth momentum in cross-selling rate? Any issues in adoption?
- Avinash Godkhindi:** It was 16% during the IPO, right? And there are three or four factors here. It is a great question. Thank you for your question. One is the way we define cross-sellers, any customer who has taken more than one of our products. And I alluded to this in the call as well.
- There are customers where we have sold two products where we are going back now and selling three, four, five products, right? That doesn't really help our cross-sell percentage per se, but it adds to our revenue and profits. So, that is what we are focusing on. And especially what we have found is once a customer has taken more than one of our products, has added one more product, the likelihood of them adding further products goes up because the relationship thickens. It becomes a deeper relationship. The number of corporates that we are adding also, that also increases the base, right? So, that is also another factor that we need to keep in mind.
- Vivek Lakhani:** On your new acquisitions, on Greenedge and Rio Money, first on Greenedge, is this acquisition margin accretive and revenue accretive? If yes, what numbers can we expect and starting from when?
- Raj Narayanam:** It is currently, as of today, it is revenue accretive as well as margin accretive, and it will continue to grow. They are having like 100% growth over last year. Also it is 100%. It is very, very accretive to us.
- Vivek Lakhani:** And for Rio Money, if I am not wrong, then you are stepping into B2C segment and starting to provide retail credit cards, right?
- Raj Narayanam:** Yes.
- Vivek Lakhani:** So, the question on deadline is that how are you going to manage the higher credit risk, non-payments, and rising delinquencies? Usually, we associate with retail credit cards, like non-payments and everything.
- Avinash Godkhindi:** So, one thing here is that the credit risk is taken by the bank, right? We don't take any credit risk or balance sheet risk of any kind. We are the partner which is helping them reach to a larger customer base. We are also taking a B2B2C strategy here, dipping into our 3.5 plus million users. So, that is our first port of entry where we want to go deeper in our user base.

As well as, please understand, we have 3,600 plus corporate customers. Not all of their employees are on our base today, right, as much as we would have wished for. So, there is a much larger universe of users that we can reach out to digitally as well as through kiosks, interesting activities that we intend to do with our corporate customers where we will be able to reach to the safest segment in the retail card business.

COVID has shown that a salaried person tends to repay no matter what, right? The delinquency rates have always been the lowest in the salaried segment, and that is the segment which is our strong suit. And that is why a lot of banks are looking to partner with us also. Having said that, we don't participate in the credit risk or the balance sheet risk side at all.

Vivek Lakhani: So, it is safe to assume that you won't generate any NPAs and GNPA's or credit risk for the same, right, for Rio Money credit card?

Avinash Godkhindi: Yes, that is not part of our partnership contract at all. Interest income also sits with the bank. The NPAs also sits with the bank. The underwriting is done by the bank. The whole lending part of the business is completely looked at by the bank. We are program managers. We co-create the products. We help in sales and marketing of the product and first-level customer support.

Moderator: Thank you. Due to time constraints, this was the last question for today's conference call. I now hand the conference over to the management of Zaggle for closing comments. Over to you, sir.

Raj Narayanam: Thank you all for participating in today's call. We hope we have addressed all your queries and provided valuable insights. We remain optimistic and focused on the future growth of the company, and we are excited about the opportunities ahead. For any other further information, we request you to get in touch with SGA, our Investor Relations Advisor. Thank you and have a nice day.

Moderator: Thank you, sir. Thank you, everyone. On behalf of Zaggle Prepaid Ocean Services Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.