



“Zaggle Prepaid Ocean Services Limited Q3 FY26 Earnings Conference Call”

February 12, 2026

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Moderator: Ladies and gentlemen, good day and welcome to Q3 FY '26 Earnings Conference Call of Zaggle Prepaid Ocean Services Limited.

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 are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I would like to hand the conference over to Dr. Raj Narayanam, Executive Chairman, Zaggle Prepaid Ocean Services Limited. Thank you and over to you sir.

Raj Narayanam: Thank you so much. A very good evening to everyone. Thank you for joining the earnings call for Zaggle Prepaid Ocean Services Limited for Q3 and 9 months 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; Mr. Rajesh Tummalaganti – our Deputy CFO; and SGA, our Investor Relations Advisors.

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

This quarter marks our best ever quarterly and 9 months performance with a very strong performance across all key metrics.

Talking about the quarterly performance comparing Q3 FY '26 to Q3 FY '25:

The company reported revenue of INR 498 crores, missing the INR 500 crores mark by INR 2 crores, growing at around 48% on a Y-o-Y basis.

Our quarterly adjusted EBITDA crossed the mark of INR 50 crores for the first time in our history. We achieved INR 51 crores of adjusted EBITDA, growing at around 63% on a Y-o-Y basis. The PAT profit after tax surged to INR 36 crores, growing significantly at around 78% on a Y-o-Y basis.

Our 9-month FY '26 performance:

I am delighted to report that we have surpassed last full year's profitability levels, driven by margin expansion at both EBITDA and PAT levels. The company reported revenues at around INR 1,260 crores, growing at around 41% on a Y-o-Y basis.

Our adjusted EBITDA stood at around INR 128 crores, a 48% Y-o-Y increase. Our PAT surged to INR 95 crores, growing significantly at about 71%. The achievement highlights our relentless bottom line discipline and flawless execution that are powering robust growth across the board through cost efficiencies, revenue optimization and operational agility.

I also want to take this opportunity to talk about our AI journey so far as a SaaS fintech company. Over the past year, we have shared our vision for how AI would reshape the spend management ecosystem. Today, that vision is becoming an operational reality. You would know that as to how IT stocks are being written down.

Moving from aspiration to integration:

We have transitioned from discussing AI's potential to validating its power in real-world scenarios. We are currently in the process of launching our Agentic AI workflows. Unlike basic automation, these agents are designed to independently execute complex tasks such as automating vendor reconciliation, flagging tax compliance anomalies and streamlining end-to-end spend approvals.

The impact on our agility and efficiency is already very, very clear to us. For example, to develop and deploy a new product feature traditionally took us about 75-plus days. Now the same can be rolled out, and I am talking conservatively here in less than 30 days. By significantly reducing our production time and time to market, we are just not working faster, we are becoming more responsive to our customer needs and accelerating our path to a full-scale rollout.

So by cutting our development cycles by more than half, we have turned speed to market from a goal into our greatest competitive mode. One thing which is very clear to us is R&D will always help the company to stay ahead and remain competitive and ahead of competition.

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

Our existing acquisitions and investments continue to deliver exceptional performance. For Greenedge, we saw a very strong Q3 FY '26 performance, achieving a revenue of INR 29 crores with healthy margins.



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Since our engagement began, Greenedge has been able to leverage the Zaggle's network extremely well in scaling up their revenues for 9 months FY '26 to INR 65 crores as compared to entire FY '25 revenue of around INR 36 crores, already showcasing that how our synergies kick in.

Greenedge has also strengthened its partnership with Amex by extending its domestic and international golf programs by another 3 years. Concurrently, Greenedge has strengthened its partnership with NPCI to enhance their existing benefits platform while also developing our new suite of innovative programs.

Before we go to TaxSpanner, I am pleased to announce that as per the draft and these are draft income tax rules 2026, employee tax benefits have been extended to the new tax regime, which is a huge kicker to us in terms of not only adding more corporates to our kitty, but also to be able to enhance the entire consumer base.

In addition, the proposed rules also indicate higher permissible values for meal benefits, gifts and certain other allowances, creating great opportunities for us. We see this to be a significantly positive development not only for TaxSpanner, but also for our Save business in the years to come.

For TaxSpanner, this year has been focused on building solid enterprise pipeline and building out products on salary structuring, TDS, GST and ZUGS, which is for gig workers wellness, which has worked very well in tandem with our existing Save, Propel, and Zoyer proposition.

With a strong client base, including Accenture, Novo Nordisk, Bosch, HCL amongst others, we expect TaxSpanner to deliver significant growth in FY '27.

Now I will come to Mobileware:

Now Mobileware is rebranded as 86400. Since our engagement began in 2024, we have seen a massive growth journey being unleashed at Mobileware. Harnessing Zaggle's network and credibility, 86400 has secured 11 new partnerships with banks and fintechs to date.

With Zaggle's support, 86400 has also onboarded several banks as customers throughout the entire period. Fueled by these partners and clients, 86400 is seeing a massive surge in its revenue from INR 17 crores in FY '24 to have already surpassed INR 50 crores in YTD FY '26, and we are hoping that they would cross about INR 65-odd crores this year.

We saw great traction last quarter with the launch of the credit line on UPI products with Suryoday Small Finance Bank, already seeing about 30 lakh plus transactions with more than INR 50 crores being lent through the product in the 1st Quarter itself, and this will only increase in the future.

Now I would like to give you an update on the ongoing acquisition:

We have made considerable progress on some of these as committed earlier. I am pleased to announce the completion of our acquisition for Rio.money, now rebranded as ZAGG.money. This is a pivotal milestone that completes our strategic architecture.

One of the questions our investors have asked us constantly is, how are you going to monetize the existing base of customers and consumers. Historically, our growth has been fuelled by 3 distinct pillars: enterprise clients, banking and network partners along with the merchant ecosystem. Today, ZAG.money establishes our 4th monetization pillar, a captive high-intent base of 3.7 million salaried users.

Over the past several quarters, we have meticulously stitched together a wider ecosystem of retail financial products to ensure we are ready to cross-sell into this base immediately. To accelerate our revenue uptick and as we had mentioned in our last con call to reach our target of INR 500 crores for this segment within the next 4 to 5 years, we have earmarked a primary capital infusion of about INR 100-plus crores.

Now I would like to give a update on our international expansion plan:

During this quarter, I am happy to inform you that the Board has approved the incorporation of a wholly-owned subsidiary in GIFT City, Zaggle Payments IFSC Limited. This initiative aligns with our broader vision of expanding our global cross-border payments and financial services capabilities, leveraging the GIFT City ecosystem.

As guided earlier, we are in the final stages of forming an entity in UAE with a view to expand in the MENA region. We have narrowed down on Abu Dhabi as a base to set up operations from where we will build out our global journey.

Our confidence in this market is bolstered by the direct engagement with key business leaders of Abu Dhabi as well as the select stakeholders across the UAE government, including the Minister of State for Artificial Intelligence.

Last but not the least, I would like to take a moment to congratulate our CEO and MD – Mr. Avinash Godkhindi, who has been recognized with “**India's Most Influential CEO Award**” and “**The Impactful Soonicorn CEO Award**”. His commitment, vision and relentless focus on execution continues to inspire the entire Zaggle team.

Also, our investment in Ayush Mhatre, taking him as a brand ambassador has proven to be one of the best choices we have made. India brought home the U19 World Cup and under the fantastic and dynamic leadership of Ayush Mhatre and what was very, very heart touching was when he raised his bat, the Zaggle sticker was right there for everybody to see.

Now I would hand it over to Avinash.

Avinash Godkhindi:

Thank you, Dr. Raj, for your kind words and appreciation. It's truly an honor to be part of this journey. A very warm welcome to everyone joining us on the call today.

I would like to give an overview of a few key metrics:

I am very happy to share that today, around 3.7 million active users use the Zaggle cards and software, a strong testament to the scalability and adoption of our platform.

We now serve more than 3,700 customers across a wide spectrum of industries and sectors. During this quarter, our SaaS platform fees contributed to around INR 12 crores, Program fees contributed to around INR 211 crores and Propel points contributed to around INR 275 crores.

Now let me talk about a few business highlights:

On our Fleet Program, I am happy to share that we have signed up with IRM Energy, a leading India City Gas Distribution company with more than 120 gas stations across Gujarat, Punjab and Tamil Nadu.

With this, we have gained market leadership in the CGD space with our fleet program solution as we set our targets on the larger oil marketing companies, where we have been engaging for the past few months, and we hope to see positive traction very soon.

I am also happy to announce that we are seeing extremely positive traction on our Smart Employee Purchase Program, Smart EPP. And we have signed contracts with multiple customers already this quarter, including Cubastion Consulting, Hexalog and Forever New amongst others.



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During this period, we also signed several other marquee clients like Senco Gold, BIBA Fashion, Capital Small Finance Bank, Sesa Care, Mahindra Holidays, Rashi Chemicals and Fertilizers amongst others.

To provide a brief overview of one of our clients, a leading retail chain with more than 150 stores pan-India was facing significant delays on vendor onboarding as well as a complex manual process of raising procurement requests and invoices centrally and at the store level. The client also faced significant difficulty in managing audit trails and approval workflows. We addressed these issues by deploying our Zoyer platform to streamline and digitize the entire procurement workflow, while strengthening policy enforcement across the organization.

Building on our platform-based strategy, we have seen excellent cross-sell momentum across the organization. In Q3 FY '26, with enhanced cross-sell efforts and vigor, we were able to cross-sell to multiple customers, including House of Hiranandani, CK Birla Healthcare and HT Media amongst others.

I would like to take an opportunity to elaborate further on these:

House of Hiranandani was an existing customer for our SAVE solution. We recognize the potential for further collaboration and successfully introduced our Zoyer offering. Within Zoyer, we offered the BROME module to streamline their spends across their retail outlets.

CK Birla is again an existing customer for our Save and Zoyer solution. We identified an opportunity to strengthen our partnership here by implementing our ZatiX solution, which is an analytics platform to drive greater efficiency for their spends.

I am also happy to share that we have deepened our partnership further with Visa and Mastercard. We have signed a 7-year agreement with Visa for co-branded domestic prepaid cards, which offer spend-linked incentives. Similarly, we have also signed a 5-year contract with Mastercard for credit cards offering spend-linked incentives along with referral bonuses. In addition, we partnered with Euronet Services India for co-branded prepaid card solutions for the corporates.

With continued momentum across our core offerings, expanding partnerships and the strategic integration of our acquisitions, we believe we are well positioned to sustain our profitable growth.

With that, I will now hand over the call to our CFO, Aditya, who will walk you through some financial updates in more detail. Thank you.

Aditya Kumar:

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

On quarterly performance, in Q3 FY '26, we delivered a record revenue of INR 498 crores, reflecting a strong 47.9% Y-o-Y growth and 15.5 percentage quarter-on-quarter growth. This was largely driven by an increase in program fee, followed by a strong contribution from the total platform revenues.

The increase in incentives and cashback expenses is aligned with business expansion and higher transaction volumes. ESOP costs are being rationalized as majority of the expense has already been accrued. We expect that ESOP charge for the next year to be in the range of INR 3 crores to INR 4 crores.

Adjusted EBITDA grew by 62.9% to INR 51 crore compared to INR 31 crore in the corresponding quarter last year. PAT increased by an impressive 77.7% Y-o-Y to INR 36 crores, our highest ever with margins improving to 7.2 %.

Cash PAT, which includes net profit along with depreciation, amortization and ESOP expenses stood at INR 46 crore, marking a 76% Y-o-Y growth.

Regarding the recent labor code changes as notified under the law, we expect only minimal impact on our operations.

Talking about our 9-month performance:

For the 9-month period, revenues from operations grew 41.4% to INR 1,260 crore. Our adjusted EBITDA has increased by 47.5% Y-o-Y to INR 128 crore. Notably, our cash PAT has already surpassed full-year FY '25 cash PAT with a strong 68.3% Y-o-Y growth, reaching to INR 121 crore. On working capital, we are well on track and as guided, we will see breakeven for FY '26 and OCF turning positive in FY '27.

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 is from the line of Devesh Kasliwal from Antique Stock Broking. Please go ahead.

- Devesh Kasliwal:** Thank you. Congratulations, sir, on a good set of numbers. Just wanted to check in the consolidated segmental revenue, we have our platform fees as around INR 79 crores. So that is a substantial jump from INR 12 crores. So I just wanted to understand why that jump is and bifurcation between organic and inorganic in that.
- Aditya Kumar:** Pretty small change in regrouping. The new updated financials have been updated in the stock exchanges.
- Devesh Kasliwal:** Okay. Okay. Not a problem. Second thing was I wanted to understand the business as well as economics of the lease, the procure and lease mobile phone, that Smart EPP that you are talking about. Just how does it work? And how are we making money, the overall economics on that front?
- Avinash Godkhindi:** Yes. Thank you for that. I think there's substantial margins there simply because there's a lot of benefits that you get in terms of savings, both on the income tax as well as the GST. And our commissions are also fairly thick, if I may say that, on that program. It's a highly profitable program for us.
- Devesh Kasliwal:** So the working capital is used by us in this or like we are procuring them on our books, will these be as assets, and then we will be leasing it out to the employees of the company that we have signed the contract with? Am I right in that?
- Avinash Godkhindi:** No, no, there's no working capital deployed from our end. The leasing partners are partners like Tata Capital. We just signed up and we announced in the investor deck as well, Jio Finance. So this leasing would be done by leasing companies, and we have 0 working capital that gets deployed in this solution whatsoever.
- Devesh Kasliwal:** Okay. Okay. Got it. And last question from my side. I know you don't disclose the cash flow from operations at the end of 3rd quarter, but given last quarter was festive and we were giving points to our customers, just wanted to understand how much of that has already converted into cash in the current quarter, if you could give some numbers on that front?
- Avinash Godkhindi:** Yes, we are back on track, and we are on track with our guidance that Aditya also shared that we will break even for sure by the end of this year. And next year, we hope to be significantly OCF positive.
- Devesh Kasliwal:** Okay. Okay. Got it, sir. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir, thank you very much for this opportunity. Sir, I just wanted to understand the employee cost in this quarter, quarter-on-quarter, it was higher by about INR 3.2 crores. Is there any one-off there? What led to the increase?
- Aditya Kumar:** So there are some one-off payments which were given to certain employees in terms of the regrouping of the structure, but this is not linked to the new labor code impact, et cetera.
- Deepak Poddar:** So what is the amount?
- Aditya Kumar:** The amount is around INR 2.1 crores.
- Deepak Poddar:** INR 2.1 crores. So going into next quarter...
- Aditya Kumar:** This will not be there, yes.
- Deepak Poddar:** Yes, INR 2.1 crores will not be there. Okay. Understood.. And in terms of free cash flow generation, you mentioned 4th quarter will cash breakeven and from FY '27, we will have cash positive, right?
- Aditya Kumar:** Absolutely. That's what we have communicated, yes.
- Deepak Poddar:** Understood. And in terms of, margins, we have iterated in the past as well, a 1% quarter Y-o-Y increase for next 3 to 4 years to have eventual target of 14% to 15%. So this year, if you exclude ESOP cost, we are not looking at 100 basis point improvement, right? So where do we see it?
- Avinash Godkhindi:** See, the 100 basis points was never going to be a linear step-up function and that we sort of clarified as well. So there will be some years where the growth is much higher, like right now, we are seeing on a much higher base. But overall, our guidance has been that we would be in the adjusted EBITDA of about 14% to 15% in about 5 to 7 years is what we have guided, along with \$1 billion of revenue. That's been our guidance. So let's see where we land at the end of the year, but the margin expansion is quite significant as we are seeing and the momentum is strong there.
- Deepak Poddar:** Okay. So you are saying 5 to 7 years, \$1 billion revenue with 14% to 15% margin, right?



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Avinash Godkhindi: Correct.

Deepak Poddar: Okay. Okay. And in terms of revenue CAGR, this 40%, 50% that we are expecting for this year, right, FY '26. So that's the CAGR we should look at over the next 3, 4 years?

Avinash Godkhindi: See, the guidance that we have given of 40% to 45% growth for this year is all organic, all domestic. This doesn't include the growth that we are seeing in our acquisitions like Greenedge, but I wouldn't hazard a guess whether the next year growth would be the same, higher, lower. Right now, our guidance stands for this year. But as I mentioned, it's only domestic and it's only organic. So there's a lot of, hopefully, upside that comes in from both the international opportunities as well as the acquisitions in the coming years.

Deepak Poddar: Correct, correct. I got it. I got it. I think that's very helpful, sir. I wish you all the very best. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Hi, Avinash and team. Congratulations on a great set of results. My first question was on this customer wins, right? So you guys do highlight number of customer wins happening during the quarter in multiple press releases. Is there a way for us to read this? Is there a way for us to think of it in numbers? If you can provide any color on that piece, will be really helpful.

Avinash Godkhindi: Yes. I think customer wins, the ones that we speak of are typically the ones where we see significant growth potential in those accounts in the coming years, right? So these are larger contracts, more important contracts for us strategically as well, where there could be more cross-sell and upsell.

Beyond that, Sachin, it's very hard for us to give a rupee or a dollar number on our contracts, because the nature of the business being SaaS, it's very dynamic as to how much is the usage of the platform.

And similarly, on the transaction side, we cannot necessarily predict how the spends of the company would be for the coming month or quarter or year. And that's where a lot of the upside also comes, because many times the buoyancy is there in the customers' business, and that reflects in our numbers. So there's an upside to that as well.



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Sachin Dixit: And just a request, if it's possible, maybe if you can do some sort of quantization data on customers and start sharing that in a quarterly PBT for people to see how the existing customers and new customers are ramping up on the platform might be helpful.

My second question is on the Rio.money side and the acquisition side. Any update there on where we stand in terms of ramping up those businesses?

Avinash Godkhindi: So on Rio, the transaction is closed. The company has now been rebranded as ZAG.money from Rio.money. So the cards are now in the market, co-branded cards with Yes Bank are now branded with ZAG. The whole idea is to be able to leverage the large employee base, about 3.7 million active users on the Zaggle platform, which keeps growing and our access to a much larger employee base through our corporate customers.

As we have clarified multiple times in the past, it's very rare that if a company has 100 employees, all 100 employees are on the Zaggle platform and using it, because all of them may not be filing their reimbursements, et cetera. But we have access to that entire base of employees through our strong relationships with these corporates. And we will leverage that to be able to reach out to a much larger audience in a much more cost-effective manner, right?

And the draft IT guidelines and regulations, again, provide a great fillip to that because now with the new tax regime also, including the meal allowance, the gift allowance, and fuel allowance and all the other allowances, obviously, a lot more employees from our marquee customers would sign up to be part of the Zaggle platform.

And that we believe we can translate into a retail card customer as well, in addition to the TPAP capability that we bring. So that's the thesis, and this has been a very fortuitous break with the NTR, New Tax Regime also including these wallets now.

Sachin Dixit: And then monetization-wise, this will again be an MDR-led monetization or we also have some extra fees arrangement with our partners?

Avinash Godkhindi: We have both fees as well as spend linked interchange-linked to income here.

Sachin Dixit: Got it. Thank you and all the best.

Raj Narayanam: Thank you.

Moderator: Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Yes. Hi. Thank you for taking my question. So just going back to the first question that was asked around consolidated software fee being around INR 79 crores. What did you clarify on that?

Aditya Kumar: No. Like I said, it's a numerical error. The revised financials are being uploaded to stock exchanges.

Ankush Agrawal: Okay. Okay. Got it. Secondly, if I look at our incentive cost as a proportion of program fee, that number has broadly been around 66%, 67%. So like how are we looking at that number changing in the long run? Do you believe it will stabilize at this number or over time the growth will sort of moderate on the program fee, we can expect some kind of leverage on that number?

Avinash Godkhindi: Yes, absolutely. There is a lot of opportunity there for that number to come down in the coming years. And we estimate the steady state in about 5 years would be in the range of about 50% there or thereabouts as a percentage of program fees.

Ankush Agrawal: Okay. But if that is going to happen, like if that is going to come down from 67% to 50%, should not be our margin outlook be much higher, because that is the biggest part of, say, if I look at net revenues, that's like 58%, 59% of our overall cost now?

Avinash Godkhindi: See, look, we always try to give you a conservative view on our projections. You are absolutely right that there is a potential much higher upside, but there is also the possibility that some of our other costs would also over time increase, right? So we do not want to give you a view which is very overly optimistic, but yes.

Ankush Agrawal: Okay. Got it. That was all. Thank you.

Moderator: Thank you. The next question is from the line of Shrenik Mehta from Indo Wealth. Please go ahead.

Shrenik Mehta: Good afternoon. So I wanted to check on a little bit of a longer-term view. So we have fantastic growth in the last few years. But in spite of this growth, we are probably looking at a negative or a very low cash from operating activities. And we still have a fairly low number as far as the ROE of the company is concerned.

So if you want to have a situation where we can get a compounder, which is, say, 30%, 35% kind of a compounder over the long run, which certainly looks to be the case here, you would need to raise this ROE closer to 25%, 30% and also have a very high ratio of the operating cash. So I know it's a very rapid growth phase. But do you see a situation where we are able to see these numbers over the next few years? What's the glide path that you look at?

Avinash Godkhindi: Point very well taken, sir. I think you are absolutely right. These are metrics that we internally focus on, whether it's operating cash flow or the ROE. Some of that obviously will improve with the deployment of capital that we raised. Some of the investments have been extremely successful like Greenedge, where we are seeing a fabulous performance by the company and spectacular returns. And we hope to deploy that capital sooner than later, to be able to generate outsized returns in the coming years. So we are acutely aware of the need to deploy that capital in a very effective manner, and we are at it.

Shrenik Mehta: Okay. You want to put some frame to it, like 4 years, 5 years or more than 5 years, something in that range or?

Avinash Godkhindi: No, I think all these metrics go hand in hand. So whether it's a top line growth, whether it's margin expansion, whether it's improvement in ROE, ROCE and cash flow, all of these over the course of that 5-year horizon would improve substantially because the business right now is in a hyper growth, high-growth phase. And as the business captures more market share and we become much more established, not just domestically, but across markets, a lot of this operating leverage and those sort of things start to kick in, in a big way.

Shrenik Mehta: Yes. Okay. And the second question was about the use of AI. So you have mentioned this in your presentation as well. Any specific one major use case that you could share, which could demonstrate a significant benefit to the company already, which is getting approved?

Avinash Godkhindi: So a lot of work is happening in reconciliation to automate reconciliations. Reconciliations are most painful in this spend management universe. And in general, typically, if you talk to any CFO, she is likely to say recon is a major concern or headache.

And especially when you are a large enterprise, which is the case with a lot of our customers, there are multiple systems and platforms that they have and those generate

outsized amount of data, and to make sure that they are all in sync and recon is a fairly elaborate process.

So the amount of manpower that gets deployed in doing it is also outsized. And there are a lot of reconciliations that you have with your payment systems, with the ERP data, some other data that you might be getting from your CRM, et cetera. So all of those recons in the coming years, we will be able to get it done through the Agentic AI platform and the AI capabilities.

Shrenik Mehta: Okay. Wonderful. So congratulations again for great set of results. Keep up the great work.

Avinash Godkhindi: Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Rohan M. from Equirus Securities. Please go ahead.

Rohan M: Good evening, sir. Thanks and congrats on a good set of numbers. Just to reconfirm the disclosure that you are changing that consol numbers for Propel revenues is also getting updated?

Aditya Kumar: Yes. Yes. So that Propel numbers are getting updated. As from this quarter onwards, there will be consolidation from Greenedge numbers too.

Rohan M: Sure. And I just want to understand what is the take rate in the Greenedge Gift Card business? And what proportion of the revenues coming from gift cards?

Avinash Godkhindi: So basically, in Greenedge, the business is golf privileges and NPCI privileges, right? So that's a lot of redemptions that the Plat and SELECT credit cards and debit cards base of RuPay, which is growing rapidly. These are points given to cardholders, linked to their spend and they redeem it for vouchers and other privileges like golf, et cetera. So within this, there's not too much of the gift card part of it, Rohan. But of course, there is some consumers still try to redeem it for a gift card.

Rohan M: Sure. So I was just trying to understand if you consider these golf provision and other costs, what will the net take rate in that business? Just trying to understand on a consol basis, how should we look at the net revenue in the Propel business, adjusted for the cost of acquisition or servicing of these incentives or the benefits to the customers?

Aditya Kumar: (39:05) Yes. So as you are aware, as per Ind AS, we have to do the similar accounting, whatever we have to do it in Zaggle, gross revenue basis. But what we have done is we have started to give to investors and retailers on net numbers basis in our investor presentation as well. So we will do the similar thing to Greenedge numbers, too.

Rohan M: But the presentation is on stand-alone, I believe.

Avinash Godkhindi: Yes, yes. So to answer the question, Rohan, the margins there are higher because golf is a very super premium category, higher than the Propel points margin that we make on vouchers. There the margins are much higher.

Rohan M: Got it. And like last year in 4Q, do we expect volume incentives also to come in? So this year, the take rates in gift card has been around 4.8% in 9 months versus 4.1% last year. So I just wanted to check there.

Avinash Godkhindi: Yes, yes, yes. Some of the ORCs have started to kick in this quarter, this quarter as in Q3, overriding commissions that we get for hitting thresholds with the merchant brands. And some of them will come in, in the next quarter.

Rohan M: Got it. And just want to understand your thought process on branding and what kind of annual budgets to be done, because as I understand probably, we are also advertising in World Cup also. So this may have an impact on 4Q OpEx. So just want to get a thought. And next year, how should one think on this cost?

Avinash Godkhindi: No, I think the branding as an investment is something which we see us doing in a very calibrated manner, Rohan. And any of these opportunities that we tap into are done with extreme care to make sure that the return on investment is outsized. We are very particular that this, and the overall size of investment is very reasonable; and, the returns are outsized.

Rohan M: Sure. And lastly, the increase in depreciation, there's no one-off. This will be the steady state incrementally?

Avinash Godkhindi: Correct.

Rohan M: Okay. Sure. Thanks.

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

- Piyush:** Hi team. Congrats on the great set. The first one is on acquisitions. So anything nearing term sheet? And what's the update on the other ones, Dice and other ones?
- Avinash Godkhindi:** So as we mentioned, Dice, we are on the cusp of closure. So we should be closing that transaction very soon. And other term sheets, et cetera, we will let you know as things play out, you will hear from us.
- Piyush:** So anything in this year or it's going to be next financial year?
- Avinash Godkhindi:** I wouldn't want to make any commitments on the call here. But as soon as we sign, of course.
- Piyush:** Sure. The second one is on any qualitative commentary you want to give on current take rates, where are they moving? And what kind of a growth do we see in the GTV spends on our platform? So any color you want to give there that how we are seeing the payments on UPI from our platform?
- Avinash Godkhindi:** Yes, I think the good part about UPI payments is that overall, there's a realization in the ecosystem that UPI cannot be subsidized by the government forever, right? So already, there's interchange on credit cards, which is a full interchange for transactions above INR 2,000. In prepaid, there's an interchange for 1.1% for transactions above 2,000.
- And our belief is that in the coming years, as UPI becomes more and more ubiquitous, we are only going to see that take rates go up across board, because this has to be ultimately self-sustaining and not based on subsidies from the government. So that's something which we are seeing the trend as well in the ecosystem.
- Piyush:** And what would be the current take rate? Are they at par to previous 1.85 is what I understand?
- Avinash Godkhindi:** Yes. So that's where we are.
- Piyush:** Okay. The next one would be on cash flows again. So when we say we will be operating cash positive next year, what would be our EBITDA to OCF conversion next year? Will it be north of 50%? Or would it be lower?
- Avinash Godkhindi:** Too early for us to say, sir, right now, but our endeavor would be to be in that space. But too early for us to commit and comment anything.

Piyush: Sure, sure. The last one would be on, again, the TAM. Do you see newer areas opening up besides for your BROME or something more on Zoyer, new markets, new sectors opening up for that? Or you think the current itself is big enough for you to keep penetrating?

Avinash Godkhindi: Yes, I think for Zoyer, there's always a massive market because the number of vendors keep growing, right? And the payouts that happen from corporates to vendors keeps growing. So that's obviously there. We have already spoken of our aspirations and work that we are doing to enter into the GCC and our establishment of our setup in UAE with Abu Dhabi as the base.

So those would be newer markets opening for us. And GCC is the start. We will obviously, once we are able to do a good job there, expand into other markets as well, right? So TAM has never been a problem for the space, neither for us nor in other global markets. It's just about capturing the market and doing it in a profitable manner, in a rapid pace.

Piyush: Sorry, if I can squeeze in one more. Anything on competitive intensity you want to call out? Or this is a new market being created by Zaggle?

Avinash Godkhindi: No, I think see, competition has always been there. We are solving a set of problems which are deep and hard, and we are doing it in a tech-first, AI-first manner. And I think scale is critical, because that scale gives you efficiencies, scale gives you institutional knowledge, and learning of the kind of problems that customers face. And you are able to solve that using AI even before those problems occur to the customer, you have already preempted those leakages from happening, right?

And that's something where customer delight comes from. So those are things which we stand out. And when we see a particular problem that comes up with a customer, because of the scale of the business and the number of customers that we have, when we solve it for one, we are able to take it back to the remaining 3,700 customers and say, hey, without naming that customer, we said one of our customers had this problem. This is how we solved it. Do you think you also potentially see this as something useful? And many, many adopt it because they don't want to have the same leakages and problems as others do.

Piyush: Sure. That was helpful. Thank you.

Moderator: Thank you. The next question is from the line of Daksh Malhotra from Aadriv Global. Please go ahead.

Daksh Malhotra: Good evening, and congratulations on a good set of numbers, definitely met the expectations on various fronts. So I just wanted to ask, as Mr. Raj in his opening comments mentioned the way IT industry has gotten beaten down, especially in the last few days given the anthropic AI model and Jefferies turning it as a SaaSocalypse.

And they are saying that even the software, the SaaS model can entirely be done by AI and different plug-ins. Just your view on the overall scenario, while we are using AI and you mentioned about how it can be used in reconciliation activities in bigger companies. But how are we sort of placing ourselves against these things? That would be the first question.

Raj Narayanam: Thank you so much for the question. So my opening comment was basically in relation to the services. India has always been a services mindset and not a product mindset, okay? If you look at say this versus Agentic, let's say, that's an intellectual discussion we are doing right now. What does SaaS do? SaaS builds workflows, makes rules, workflows and then a decision tree. This is what SaaS does in any of the applications. Now all of those possibly can be done by the Agentic AI, okay, where you train the agent to do these activities basis certain parameters.

Now then what will happen? The application will remain as it is, except all the coding, which has been done, has moved to an agent, okay? So if you are able to build an agent, you have been able to solve the problem. So they will be able to do the workflows, they will be able to do the hierarchy, they will be able to do the decision tree making, and also build the solid logic, okay? Logic is what today differentiates an application from a SaaS application, because SaaS application has a lot of logic in it, okay?

Now from tomorrow, you are transforming that logic into an agent, okay? Agent is doing the workflow hierarchy, decision tree, et cetera, and plus the logic part of it. So that's the change which we are seeing.

For Zaggle, the product would remain as it is, okay? And in the product, the work will be done by the agent. So for us, because we are a SaaS and Fintech company, this is hugely beneficial.

I will give you a very small and a quick example that today, any feature which we have to do, which is, let's say, for example, doing 18 workflows, okay, one single feature.

That typically would take about 75 to 80 days to develop, then deploy and test and then deploy. Today, we are able to do it in less than 30 days.

And to be very candid with you, as we improve, we should be able to do it in less than 10 days, okay? So that's the efficiency, which is from 80 days, if it comes down to 10 days, you are able to reach to the customer faster; b., you are able to also see that the cost of production of that particular feature is much lower. So there are benefits both ways.

And if you see, we have considerably downsized our IT team, okay, keeping in mind that more and more AI we are using, the better results we are seeing. And today, with Claude Code, which has just been released or Anthropic developers, it's on the plateau for you now.

And it will only improve, it will not go back. This is what we have been saying for the last one year or so, that R&D, we will have to spend a little bit money, but this would help us in becoming better in the future. And what I see in next 6 to 9 months, this will only accelerate.

Daksh Malhotra: Okay. So basically, for us, this will be more of a tailwind, given our nature of a Fintech business also, we can reduce our headcount.

Raj Narayanam: 200%.

Daksh Malhotra: It is not a threat in any way for our organization, for Zaggle.

Raj Narayanam: No, no. In fact if I have to very candidly tell you that entry-level jobs, we used to do, let's say, a form we had to build, we will tell a programmer, okay, build this developer, build this form. To build one form he will take about 4 days. Today, we do it under 10 minutes.

Daksh Malhotra: Right, right. Very helpful, sir. Just one more question. I understand people have asked the cash flow question and working capital question, but given the rapid growth we are seeing and we have relatively raised cash by diluting a little bit of equity in the past. Are we planning to dilute any more in the time to come?

Raj Narayanam: Not really, not looking at diluting any equity right now. We have enough cash in the bank and the deals which we are looking. We just want to do a good deal as we have done in the case of Mobileware or Greenedge or TaxSpanner, just want accretive deals for us.

Looking at their growth rates we are amazed that they had the propensity to grow at that pace and they were not growing with that help and support they have been. So right now, not looking at diluting any equity. We have raised enough money, in fact, more than what we wanted to raise at that point of time and self-sufficient right now.

Daksh Malhotra: So because I saw that we had some INR 400-odd INR 445 crores odd cash in our hands from the previous raise. So yes, that's, I think, a big concern at the Street that we are not getting enough positive operating cash flow and raising equity to get our cash flow needs met, which probably is acting negative.

Raj Narayanam: See we have raised money, which was in the December a year back, roughly 14 months. And post that, we are only looking at great opportunities, that money was also raised purely for acquisition purposes. And that's what we have been constantly looking and it's a process.

See now operating leverage will kick in. We will again reach one stage where we may use some of this INR 445 crores there. And then again, we will reach one more level. Imagine we were INR 371 crores when we went to in 2023. Today, we roughly will close at about INR 1,700 crores, INR 1,800 crores. That's like 5x jump, which has happened in less than 3 years.

Daksh Malhotra: No, commendable, sir. On growth, it is commendable, just that we don't press the brake, but we press the clutch on the growth and just press the pedal on the cash flow so that the whole economics looks better, just that. Thank you very much.

Raj Narayanam: It is that, the idea and thought is that, and we will work each process. It's not like one shot will solve everything. We just need to play it a little bit neatly and deeply. And then we are very, very much aware of the concerns on positive cash flow. And every day, trust me, we are working on it to make it happen.

Daksh Malhotra: Thank you so much, sir. Wish you guys all the very best. Thank you.

Moderator: Thank you. The next question is from the line of Rudraksh Kalra from MB Investments. Please go ahead.

Rudraksh Kalra: Hi, good evening. Firstly, I would like to congratulate the Management for posting a good set of numbers. I did a comparison and the top line is up 15% Q-on-Q, but the PAT is only up in the ballpark of 9% to 10%.

We have also seen a sharp uptick in cash back and incentive spends. Can you explain this, what drove this and whether it's a one-off or a continued trend? And if it's a one-off trend, when do we expect it to normalize?

Avinash Godkhindi: So we look at our business from a Y-o-Y basis, because there is seasonality. So the Q-on-Q numbers do not necessarily educate that much, to be very honest. Having said that, there is seasonality, Q3 being a critical quarter for us does include some significant incentivization as well. And I would urge you to look at the incentives, in line with what the historic numbers have been.

Rudraksh Kalra: So going forward, is it a continued trend? Or even on a Y-on-Y basis?

Avinash Godkhindi: Gradually, of course, as I answered in the previous question, we see in the medium term, this coming and stabilizing at about 50% as a percentage of the program fees, right? That's where we are headed towards. But right now, this is a space where we are growing rapidly. So that's why we are seeing this to be at these levels of about 67%, right?

Rudraksh Kalra: All right. Also, could you share an update on collection and cash inflows from already realized business deals, particularly contracts where work is completed? And what is the cash conversion? Or are we expecting it in the next quarter or not?

Avinash Godkhindi: See, work done, we are not a services company. So that work done approach, work is never done for us because we are constantly enhancing our products. So there are, of course, customers who are going live every day. And that's a cycle that completely depends on the nature of the complexity of the product and what product they choose from our platform.

Rudraksh Kalra: Fair enough. Thank you so much. Wish you guys the very best for your future endeavours. Thank you so much.

Avinash Godkhindi: Thank you.

Moderator: Thank you. As that was the last question for the day, I would now hand the conference over to the Management 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 and the profitability of the company, and we are excited about the opportunities



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ahead. For any further information, we request you to get in touch with SGA, our Investor Relations Advisor. Thank you, and have a nice evening.

Moderator:

Thank you. On behalf of Zaggle Prepaid Ocean Service Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.