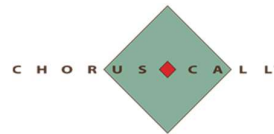




“Zaggle Prepaid Ocean Services Limited
Q4 & FY26 Earnings Conference Call”

May 13, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 13, 2026, will prevail.



**MANAGEMENT: DR. RAJ NARAYANAM – EXECUTIVE CHAIRMAN –
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Moderator: Ladies and gentlemen, good day, and welcome to Zaggle Prepaid Ocean Services Limited Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in 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 touch-tone telephone.

This conference call may contain certain forward-looking statements about the company, which are based on 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.

I now 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 the fourth quarter 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; Rajesh Tummalaganti, our Interim CFO; and SGA, our Investor Relations Advisors.

The financial results, press release and the investor presentation are uploaded on the stock exchange and on the company website. I hope everybody has had a chance to look at it. Now ready for the Zaggle business update.

FY26 marked a historic milestone for Zaggle as we delivered our strongest annual financial performance to date. Talking about our stand-alone quarterly performance comparing Q4 FY26 to Q4 FY25, the company reported a healthy growth in revenues at about INR593 crores, growing at around 44%. Our adjusted EBITDA increased to INR55 crores, growing at about 45%. The PAT surged to around INR38 crores, growing at 18%.

Talking about our consolidated quarterly performance comparing Q4 FY26 to Q4 FY25, the company reported a healthy growth in revenues at about INR618 crores, growing at around 50%. Our adjusted EBITDA increased to around INR60 crores, growing at around 62%. And the PAT surged to around INR41 crores, growing at about 30%.

Talking about our stand-alone annual performance comparing FY26 to FY25. The company reported a very healthy growth in revenues at INR1,853 crores, growing at around 42%. Our adjusted EBITDA increased to INR183 crores, growing at around 47%. The PAT surged to INR133 crores, growing at about 52%.

Talking about our consolidated annual performance comparing FY26 to FY25. The company reported a healthy growth in revenues at INR1,908 crores, growing at around 46%. Our adjusted EBITDA increasing to INR192 crores, growing at around 51% and the PAT surged at around INR139 crores, growing significantly at around 52%.

I want to further give an overview of Zaggle investments and acquisitions as the part of the Zaggle update. In FY26, we completed 2 strategic acquisitions, GreenEdge Enterprises and more recently, Rio.Money, which has now been rebranded as Zagg.money, which adds to our existing portfolio of 86400 and TaxSpanner, which continue to deliver a strong and consistent performance. On 86400, earlier Mobileware, revenues grew from about INR34 crores in 2025 to INR74 crores in FY26, represented a remarkable year-on-year growth of 118%.

EBITDA grew from around INR5.4 crores in FY25 to around INR18 crores in FY26, and PAT grew around from INR1.6 crores to INR11 crores in FY26. This remarkable performance is driven by healthy growing UPI volumes across all partners, along with new partnerships like Thane Janata Sahakari Bank, ftcash, Fino Payments and some of the other banks.

On TaxSpanner, while we are not very stoked about the performance through the financial -- last financial year, we have taken the following calculated steps. We have appointed new members on the Board of TaxSpanner, which is Mr. Avinash and Nilesh Dharpe.

We are in the process of rebranding TaxSpanner as Z.tax, and we will look to time it somewhere in the quarter 2 this financial year, along with the launch of our new Tax AI copilot backed by our entire unified platform strategy, which will cater not only to individual returns -- individual return filers, but also deeply integrated into the TDS and GST filings, which will get embedded into our product suite.

We are also looking to leverage cross-sell of our Zagg.money retail credit cards on the larger customer base of TaxSpanner. The tailwinds from the new tax regulations provides a perfect entry point for AI-driven disruption. While competitors remain tethered to outdated offline workflows, we look to leverage AI automation to capture market share and render traditional models absolutely obsolete.

Our partnership with Quesscorp, which has got a 5 lakh plus user base is shaping up very well, and we are hopeful of multiple such contracts in this year to add to our corporate base. Net-net, we see a very, good year coming for TaxSpanner this year. And I think our overall focus on making tax as an integral part of our entire fintech suite will go a long way.

On GreenEdge, which runs the golf privileges program for various banks and networks like ICICI, Amex and others, along with the entire reward program for NPCI, revenues grew significantly from around INR36.54 crores in FY25 to around INR103.7 crores in FY26, so which is like roughly about 300% jump. (300% was said erroneously. To be read as 184%)

EBITDA grew from around INR3.4 crores to about INR11 crores in FY26 and the PAT grew from INR2.1 crores in FY25 to around INR8.1 crores in FY26, which is like a 4x jump in the net profit. In '27, we project stand-alone revenue growth from GreenEdge to range anywhere between 40% to 50%.

Our focus this year will be on adding new clients within the banking sector as well as cross-selling to existing customers, and we look to continue to engage deeply with NPCI on running

their entire benefits program, which is growing in tandem with growing UPI spend. On Zagg.money, the traction within the entire credit card on UPI and TPAP ecosystem has surpassed our initial expectations.

Our strategy involved leveraging data-driven insights from the existing about 25,000 cardholder base and the larger UPI base into a targeted pilot framework for our established corporate base. With this, I'm happy to announce that we have accelerated to an annualized run rate of new acquisition of about 36,000 to 40,000 cards with just an 8-week window.

While this trajectory signals a significant market fit, our execution remains grounded in our broader financial commitments. We are prioritizing these early wins as supplement to rather than a distraction from our 5-year goal, which we have also said multiple times of INR500 crores revenue and a INR65 crores EBITDA milestone.

Regarding EffiaSoft, we have reassessed the strategic need for our proposed acquisition of EffiaSoft. And in this entire world when AI is taking over, we have decided not to proceed ahead with the transaction. Lastly, I am very pleased to announce the signing of definitive documents for the acquisition of DICE, transitioning to an asset purchase from our erstwhile share purchase, we have secured the complete spend management product suite and intellectual property, along with their entire enterprise contract portfolio for approximately INR68 crores, excluding GST, a significant optimization from the initial INR123 crores valuation.

This acquisition integrates advanced AI capabilities into our ecosystem, positioning us to lead and dominate the travel and expense and procure-to-pay markets. I would like to take this opportunity to welcome around 100-plus talented AI skilled professionals from the DICE team. We are super excited about this acquisition, primarily on account of the existing AI-enabled SaaS revenue which is a high-margin revenue, as all of us know. The margins range about 95-odd percent. Gross margin is about 95-odd percent, okay, along with immediate synergy of capturing transaction spends of a larger corporate base.

Looking ahead, we remain committed to identifying high-level, high-impact M&A opportunities across domestic and international markets with a focus on adjacent sectors. We intend to strategically deploy our QIP proceeds over the coming quarters to further accelerate our growth trajectory.

Now I would like to give you a brief update on our product development. I hope you have all -- you would have gone through the note on our AI developments, and we will also publish another note on it in the near future, could be a couple of quarters so that you could also see the results of some of the innovation which we have done.

In FY27, we continue to focus on our dual engine strategy designed to accelerate product delivery and deploy autonomous agents across our entire ecosystem. We are leveraging AI to reduce feature launch times by up to 50%, shifting from manual development to an AI accelerated life cycle that optimizes workforce efficiency.

For our enterprise clients, the roadmap emphasizes the transition from traditional software to agentic solutions, where AI autonomously handles complex tasks like invoice mapping, tax optimization, real-time policy enforcement. We will continue to follow our model of human in the loop until AI develops to a stage where it doesn't require humans.

Leveraging the timely asset purchase of DICE, we are planning to invest in deep vertical AI and small language models specifically trained on compliance frameworks. This technical foundation is expected to act as a launch pad for our global expansion into global markets, allowing for highly accurate localized financial intelligence.

Now I would like to give an update on our international expansion plans. We remain committed to our global expansion plans for the UAE as our primary growth pillar, recognizing the massive demand for sophisticated spend management solutions within the region's public and private sectors.

We are just -- we remain mindful of the regional volatility which is there and this war, which is taking a little bit more time to subside. We are continuously engaging with the government, banking and commercial partners in the region while maintaining go-live readiness once peace are restored.

Our expansion into U.S. market is moving at a rapid pace, fueled by our vision to redefine global spend management. We are on track to kick start our U.S. operations by financial year-end. Earlier, we had thought that we will do it by June 2026.

But looking at the war and a lot of uncertainty around, we have just pushed it by a couple of quarters. And we want to leverage the significant momentum, which we have gained from the DICE acquisition. And with this, the deployment of our next-generation AI-powered suite, a comprehensive solution designed to handle the multicurrency, high compliance demands of the American enterprise landscape. And we are excited to bring this level of automated intelligence to one of the world's most dynamic financial markets.

As guided in our earlier filings, we are currently projecting our -- and this is on guidance. We are projecting our stand-alone FY27 growth to be around 25% to 30% with our consolidated growth for FY27 to be around 40%. On EBITDA guidance, due to the change in structure of the DICE acquisition from 100% share acquisition to an asset purchase agreement, along with the onboarding of employees, which will effectively sit on the stand-alone P&L, we would like to give guidance on EBITDA over the next few months once the entire integration effort completes.

On cash flows, we have significantly improved our performance on the operating cash flow metric as compared to what it was back in Q2 FY26. We are minutely focused on improving the cash flow and bringing it to a high positive level. Currently, if you look at it, we are just about minus INR6 crores on negative cash flow, and we will look forward to improving it to a positive cash flow in the coming quarters. As highlighted, this remains the metric which we continuously

track extremely closely, and we would want to prioritize along with driving enhanced revenue growth and expanding our margin profile.

Lastly, I want to take this opportunity to thank Mr. Aditya Kumar Grandhi for his valuable contribution to Zaggle's journey as CFO. Further, the Board has approved the appointment of Mr. Rajesh as Interim CFO till the time a new Chief Financial Officer is appointed by the Board, which should happen very, very soon.

I now hand over to our CEO, Mr. Avinash Godkhindi, to carry on.

Avinash Godkhindi:

Thank you, Dr. Raj. A very warm welcome to everyone joining us on the call today. Before I begin with the company details, I would like to congratulate Dr. Raj on receiving the Star of the Year Award FinTech Industry at the Hurun India Stars of A.P. & Telangana 2026. Under his leadership, Zaggle has scaled new milestones year-after-year. So thank you so much, Dr. Raj.

I would like to give a few -- give an overview of a few key metrics. I'm happy to share today that we have around 3.9 million active users who use Zaggle powered cards and software, a strong testament to the scalability and adoption of our platform. We now serve more than 3,900 corporate customers across a wide spectrum of industries and sectors.

Talking about our stand-alone revenue mix for the quarter. SaaS platform fees contributed to around INR13.1 crores, program fees contributed to about INR222 crores, and Propel Points contributed to around INR358 crores. As you can see, our SaaS platform contributes to around 2.2% of our overall revenue.

So when you think about the impact of AI on our business, it is important to note that our core monetization is driven majorly by transaction-based revenues, which is program fees and Propel Points. In fact, the integration of AI has helped improve our efficiency tremendously. For instance, product customization timelines have reduced. And as highlighted by Dr. Raj earlier, our inward AI approach has enabled meaningful time savings for our employees.

Now to talk of a few business highlights. During the quarter, we have signed multiple marquee clients, including Rebel Foods, Saurashtra Cement, Blue Star, CNG International, Fanuc, Generali Central Insurance, TrustWealth, Impresario Entertainment and Federal Bank, among others.

To further illustrate this with a specific use case, one of our clients in the real estate industry was struggling with significant operational friction caused by high usage of cash and manual treatment of more than 2,500 expense vouchers per month. Also, the lack of a versatile digital payment instrument and central control system led to persistent spend leakage and frequent delays in insight operations. To resolve these inefficiencies, we deployed the BROME module of the Zaggle Zoyer platform. BROME stands for branch recurring operating monthly expenses.

To implement the established QR/UPI-based central payment hub that entirely eliminated the need for cash, related reconciliation and manual handling of the vouchers, along with a mobile-

first workflow and real-time visibility into property level spending effectively plugged the leakages. I also want to highlight one of our existing clients who operates in the retail sector, managing expenses across 200-plus branches largely led to delays.

Manual follow-ups and complex reconciliations. To resolve this, we implemented the BROME module of our Zaggle Zoyer solution. The on-ground measurable impact seen was absolutely phenomenal. Almost 200-plus are saved every month across the branches, along with 90% better visibility and control over branch utility spend.

An added benefit which the client saw was around 3 lakh saving per month in avoiding late payment penalty fees that major billing payments -- major billers levy on these payments wherein you do it -- when you delay the payments.

Our platform-first strategy remains a primary growth driver with a healthy pipeline of new wins and deepening account penetration set to accelerate our momentum. In Q4, we were able to cross-sell to a large number of clients, including Hexalog, GMR, CNH International, amongst others.

With that, I would now like to hand over the call to our Interim CFO, Rajesh, who will take you through the financial update in more detail. Thank you.

Rajesh Tummalaganti:

Thank you, Avinash. Good evening, everyone. I would like to take this opportunity by giving the quarterly update first as our reported EBITDA at a stand-alone basis stood at around INR55 crores with a year-on-year growth of around 50%, and this was mainly driven by improved operating leverage and the process improvements. On the similar lines, reported EBITDA margin expanded to 9.3%. Quarterly PAT recorded around INR38 crores with a margin of 6.4%.

Reported EBITDA at a consolidated basis stood at around INR60 crores with Y-o-Y growth of 68%, with reported EBITDA margin expanding to 9.7%. Quarterly PAT recorded is around INR41 crores with a margin of 6.6%.

Now coming to FY26 update. Reported EBITDA at a stand-alone basis stood at around INR181 crores with a Y-o-Y growth of around 57% with reported EBITDA margin expanding to 9.7%. Annual PAT recorded is around INR133 crores with a margin of 7.2%

Reported EBITDA at a consolidated basis stood at around INR189 crores with year-on-year growth of around 61%, with reported EBITDA margin expanding to 9.9%. Annual PAT recorded is around INR138 crores with a margin of 7.3%. I also wanted to give you an update on some of the other points. Employee costs have reduced mostly on account of adoption of AI initiatives in the business, increase in depreciation and amortization driven by capitalization of new technology and product developments, reflecting our continued investment in innovation.

On segmental performance, our Propel platform revenue surpassed the mark of INR1,000 crores for the first time. This was mainly driven by demand across the product. Program fee contributed 41% to the revenue with a SaaS fee contributing around 2% to the revenue.

We have observed significant increase in interchange fee, largely driven by performance of our Zoyer and BROME solutions, along with organic growth in the Save and Propel businesses. Also, I'll take this opportunity to reiterate our focus on the 3 key metrics, which we will look forward at the upcoming year, operating cash flow, revenue growth and margin expansion.

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

Moderator: First question is from the line of Astha Jain from PKD Advisors.

Astha Jain: I wanted to ask you that your capitalized development costs have nearly doubled from INR30 crores in H1 to INR56 crores in H2 FY26. So, sir, doesn't this make free cash flow a more meaningful metric to track true earnings power?

Avinash Godkhindi: Thank you for your question. See, ultimately, we are a tech company, right? So, there is capitalization that has to be done. And we are -- as we are investing more and more in tech, we are also capitalizing some of that. Just to clarify, we capitalize only those costs, which are related to new product development.

Any maintenance work is not capitalized. See, all the metrics are there for all of us to track, and we can always optimize on operating cash flow, free cash flow. We are continuously focused on improving those metrics. And as long as we are able to move in the right direction, we are -- we believe sooner than later, we'll be able to sort of meet the market expectations and go beyond that for all these metrics.

Astha Jain: Okay. Sir, my second question is that our Propel margins have declined from 10% to 4%, like 10% in Q4 FY25 to 4% in Q4 FY26. So, sir, didn't we achieve the overriding commission this quarter? Like what was the reason for this fall?

Avinash Godkhindi: See, I think the right metric is to look at about 6% that we did for the year last time. And some of the margins have come down because we've also explained previously that we have been very focused on the cash flow. And some of the models like the redemption model on Propel Points do take a lot of our cash flows, absorb a lot of cash.

And we have started to move away from those models. That has consequently meant that we have had to sacrifice in the interim some margins. But we believe we are going to be able to come back to around 5.5% margins in the coming years while we improve on the cash flow.

Moderator: Next question is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora: Congrats on a good set of numbers. So just with respect to your guidance for next year on the stand-alone business, where we are guiding for 25% to 30% growth. So, this year, we have delivered around 42% growth. So, is there any business where we are trying to go slow next year for guiding 25% to 30%? Just trying to understand that.

Avinash Godkhindi: Thanks, Rohan, for your question and kind words. As you are aware, the base has grown significantly from the time when we were going IPO, where the revenues were INR373 crores, you'll remember. Today, on a stand-alone basis, we are at INR1,852 crores and consol is INR1,907 crores, right? So, the base itself has grown almost 5x, 6x, right? And consequently, obviously, the percentage growth would come down.

The other point also is, as I mentioned in the previous questions, our focus is cash flow improvement. And if that means that some of the Propel Points growth comes down, a little bit. We are open to that as long as it's helping us on the cash flow. There also, now we have crossed INR1,000 crores in terms of volume. So, it's a sizable volume. And any growth there would be very meaningful because you have talked to a high base.

Rohan Mandora: Sure. And sir, secondly, if you look at the trade receivables, they have gone up from INR40 crores to INR129 crores year-on-year. So, if you can explain what has happened here and which -- if you can give the split of receives between the 3 businesses, Save Propel Zoyer?

Avinash Godkhindi: So, Rohan, we don't generally give the split because there's a lot of cross-sell that happens. You're aware of it. And the same customer might end up having a payable on their books, which is a receivable for us across products, right? But again, the thing that I want to highlight is we were at about INR33 crores, INR34 crores negative at end of September.

And from there, our goal was to at least come to a breakeven. We are close to breakeven. We are at 6. And that has been the focus, while the trade receivables is one of the levers. But if you look at it as a percentage of our revenue from end of Q2, it has more or less remained and we'll try and improve on that in the coming quarters.

Rohan Mandora: Sure, sir. And sir, lastly, the INR6 crores, INR7 crores of cash -- free cash from operations that you're talking about on a stand-alone basis, on a consol, that is almost INR52 crores negative. So, what's the difference? Like what's happening in the other part of the businesses that is leading to the high negative cash flow?

Avinash Godkhindi: So many of these other businesses are nascent businesses, right, Rohan, which are -- we've just taken over those businesses. So, we will obviously bring in much more efficiency and streamline the operations in the coming quarters. And also, we have had to make some investments in some of those businesses. So, as we go along in the coming quarters, we'll be able to streamline the cash flows in those businesses as well.

Moderator: Next question is from the line of Ankush Agrawal from Surge Capital.

Ankush Agrawal: So firstly, this difference in revenue growth that we're targeting between the consol and stand-alone, which is about 10%, 15%. So which recent acquisition will drive this 10%, 15% of delta in revenue growth if you can highlight?

Avinash Godkhindi: So, it's not going to be a single acquisition, sir. It's going to be all engines firing. But obviously, some of these businesses will probably grow faster. Right now, GreenEdge is growing very, very

well. And -- but we expect Zagg.money also to pick up a lot of pace. There, of course, the lead would be with the card-outs and card activations and then the revenues follow in terms of spends. That's the typical pattern of a card portfolio, retail card portfolio. And of course, we'll see a marked improvement this year in Taxspanner as well.

Ankush Agrawal: Okay. So, the consumer credit card business, that is -- that will get a reference fee is what you're saying and then share of MDR on spend, right?

Avinash Godkhindi: Correct Share of interchange and referral fee from the banks. We take no balance sheet risk.

Ankush Agrawal: Right. The second question is around the expenses that has come down both, say, quarter-on-quarter and even Y-o-Y, I see other expenses around INR24 crores versus INR28 crores last year. So, on the employee front, AI initiatives, what the CFO highlighted. But other than that, also, I think quite a sharp sort of reduction in overall cost base versus past many few quarters wherein the cost base was growing quite fast. So just trying to understand if you can talk a bit more about what is happening over here? And how do you see this cost base going into the coming year?

Avinash Godkhindi: So, we are obviously trying to optimize. We are trying to save every penny to be very honest and openly. Having said that, I also want to highlight that as we have acquired the DICE corporate portfolio. And it's an asset purchase with about 100-plus DICE team members coming on board. So, some of these employee costs and other costs are in the next quarter likely to go up.

So, we just want to highlight that. But our effort to be able to bring in more efficiency optimization, not just in Zaggle, but across the group is continuous.

Ankush Agrawal: Okay. But like with this DICE, are we going back on our earlier sort of guidance within, say, around 11%, 12% kind of margins were expected in the coming years versus 10% this year. I think 100 bps is what was sort of a guidance that every year, 100 bps sort of margin expansion you could expect?

Avinash Godkhindi: See, you're right. On DICE, our original plan was to have a 100% share acquisition. So that would be a subsidiary. Now the structure has changed to an asset purchase. And that means that cost comes on to the Zaggle as a company, right? It's a much more efficient structure, if you look at the price, which was earlier INR123 crores plus today to INR68 crores.

So, it's a very significant improvement in terms of the cost per se for us. But it does mean that this money -- this cost comes on to our P&L as a stand-alone as well as consolidated. Consolidated in any case, that cost would have come, right? So, we'll come back with the EBITDA guidance in the next few months once we are able to complete the integration process.

Ankush Agrawal: Okay. Got it. And lastly, any update on any other M&A that you're pursuing that might be on advanced stages, the larger ones?

Avinash Godkhindi: So, we will update you, sir, as we make progress and we hit some milestones, we will keep you posted. Thank you.

Moderator: Next question is from the line of Siva from ithoughtPMS.

Siva: My question is regarding the cash back and incentives metric. So, we are roughly at around 68% right now. And I think previous call, we had guided for around 50% over the span of next 4 to 5 years. So how are we planning to do this? Like will there be any impact on our customer usage or retention if we're going to reduce this cash back and incentive?

Avinash Godkhindi: Thank you for your question. I think as we have seen in a variety of businesses, as habits get formed, both on a consumer and the corporate side, ability to levy additional fees and to take scale back cash backs, et cetera, is a very common phenomenon. I mean, just go back to the original initial years of e-commerce in India or even your food delivery, etcetera, versus where it is today and travel being a great example where all of us are paying happily convenience fees to various OTAs. So, we believe spend management is a growing category. We have spoken of this a number of times that 30 years ago, ERPs were unknown or lesser known.

20 years ago, it was HRMS, 10 years ago, it was CRM in India. We believe in 10 years' time, spend management will be a very established category, at least with the CFOs of corporates and in the ecosystem. And with that coming in, in the coming years, we believe the cash backs will automatically come down.

Siva: Right, sir. And sir, so this cash back and incentive, we're giving it for both -- I mean, all 3 prepaid cards, Propel and credit cards, right?

Avinash Godkhindi: Sir, it's largely for credit cards and prepaid cards. On Propel Points per se, we don't necessarily give any cash backs as such.

Siva: But again, for prepaid cards, like why would we want to give out a cash back. So, if I'm using my prepaid card, I'll be wanting to finish off the balance either way, right? So why would you incentivize them on finishing off the balance?

Avinash Godkhindi: Sir, you're absolutely right. We don't want to give any incentive or cash back on prepaid and credit. Absolutely, we don't want to, but consumer behavior is such that they have got habituated to a certain degree of cash back, starting with the wallet business. So, everybody has that -- at least there are -- let me rephrase that. There are a certain set of consumers who transact basis on the cash back coming through.

So, for those select customers, we still give some cash back. But believe you me, we don't want to give that cash back. It's just the nature of the industry that exists today. And as the base of our customers, both on the corporate and the consumer side grows, we will start dialing down these cash backs.

- Siva:** Sure, -- and so my next question is regarding our GTV. So how much of our GTV is being contributed by, say, Zoyer, Save and Propel?
- Avinash Godkhindi:** It's a great question. It's a tricky one because there are many customers where they are taking both Zoyer and Save. Many cards are used for both modules or both products. And then there are sub modules inside. So, it's very hard for us to bifurcate the GTV -- and generally, we don't -- that's why we don't publish the GTV in that sense. The metric that we focus on is the program fees in this case.
- Siva:** Right. But what I was thinking was that Zoyer, so it deals with vendor payments. So, it kind of angles -- the payment value is higher compared to, say, or Propel. So, could we assume that Zoyer is like 50% or greater than the other 2 segments?
- Avinash Godkhindi:** Zoyer is growing very well. It started off when we did our IPO in September 2023, there were zero revenues from Zoyer. From there, it's really taken off in a very big way. And we see that to be a very big driver of growth in the coming years for our business.
- Siva:** Right, sir. And one last question. So, we're planning to acquire DICE now. So, I think DICE, it's entirely SaaS revenue for them till now. So, once we finish our acquisition, are we planning to cross-sell our credit cards with them? And if you're planning to do that, how much of incremental GTV can we expect from DICE's existing client base?
- Avinash Godkhindi:** So, we signed the 3 contracts of IP purchase and asset purchase agreements today. So, the DICE deal has now moved from 100% acquisition of the shares to an asset purchase and an IP purchase agreement. So that has been completed today. The definitive documents are signed. But yes, to your larger question, absolutely, we look to cross-sell payments, whether it's corporate credit cards, whether it's prepaid cards, whether it's QR payments onto that base.
- A little early for us to come back to you with specific numbers as to how much we'll be able to get in terms of revenues in the coming years. But if you do a like-for-like in terms of what the Zaggle SaaS revenue is and what the program fees are and what the DICE SaaS revenue is, you can do a simple calculation and estimate what's the potential of program fees coming in from there.
- Moderator:** Next question is from the line of Prakshal Jain from Lucky Investment Managers.
- Prakshal Jain:** My first question is, sir, this tech spends of about INR107 crores that you have capitalized, is it fair to assume that this is mostly manpower cost? Or there is some expenditure on tech infrastructure as well in this?
- Avinash Godkhindi:** Sir, it's a combination. A lot of it is manpower as I clarified in the previous call as well. We capitalize our new product development, not our ongoing maintenance. but largely, it's people cost.
- Prakshal Jain:** Okay. And sir, how much do we plan to spend in a similar way next year and the year after that?

- Avinash Godkhindi:** It's difficult to give a specific estimate on a cost line item. But this is a phase with AI coming in where there is a certain amount of investment that we will need to do to build a product which we'll be able to take not just in the Indian markets, but global markets.
- And then if you look at the kind of investments that the global players make on tech and product, we are a fraction of that cost, an absolute fraction of a fraction of that cost. So, we will invest prudently. We will invest wisely while protecting our margins and our cash flows. But that investment is critical for building market leadership in other markets and to grow the market leadership that we have in India.
- Prakshal Jain:** So fair to assume that expenditure would continue at a similar rate for the next 2, 3 years?
- Avinash Godkhindi:** Difficult to give specifics, sir. I don't want to get tied down into.
- Prakshal Jain:** Ballpark is fine, sir.
- Avinash Godkhindi:** Please let me not tie myself into any knots here by giving you any specifics, sir.
- Prakshal Jain:** No problem. Sir, my next question pertains to a couple of balance sheet items. So, one is why this INR40 crores, INR50 crores short-term borrowing has come up, despite we already having cash?
- Avinash Godkhindi:** So, this is basically to be able to quickly deploy the capital and grow the business. This is a short-term borrowing that we sometimes need to do to be able to drive traction. That's the whole thing. It's very short term in nature.
- Prakshal Jain:** Understood. Okay. And there is INR10 crores loan given to others. So, what is that?
- Avinash Godkhindi:** INR10 crores loan to others. Are you talking about the loan that we gave to DICE? Yes, that should be the one, sir. So, we gave a loan to the company to keep it functional. And that has been adjusted completely against the INR68 crores payout.
- Moderator:** Next question is from the line of Akshat Mehta from Seven Rivers Holdings.
- Akshat Mehta:** Am I audible?
- Avinash Godkhindi:** Yes, sir.
- Akshat Mehta:** Yes, sir. So, I just wanted to ask you on your other -- your top 3 products, except for Save, Propel and Zoyer, the other products are fleet management and your ForEx solutions, sir, how are they doing?
- Avinash Godkhindi:** So those are products which are doing very well. They will start generating revenue in the coming quarters. Some of these products like fleet are already generating some revenue. We have some very good customers like Adani. We have Think Gas, AGP Pratham, that is, and many others in the CDG side.

We are hopeful that we'll crack some OMCs, oil marketing companies in the coming quarters. Coming to the international payments as well, we are seeing some traction there. But as you would agree, a lot of these businesses being B2B in nature have gestation periods. It's very hard to crack into an IOCL, HPCL or BPCL. There is some business that we do with some of them, but sizable would take some time.

Similarly, ZatiX is a high-margin business. It's a straight pure software business for card analytics, and that's all bottom-line income. And as that business grows in the coming years, -- it will add a lot to our bottom line, very little to the top line per se, but it's straight bottom line income, very similar to SaaS. It's like SaaS income. So there also, we'll see traction in the coming quarters.

Akshat Mehta: My second question is on the Middle East expansion that we are doing. Can you just help us elaborate on what is the exact road map strategy to go there? Where are we going to expand? What are we going to kind of offer first, etcetera?

Avinash Godkhindi: On a lighter note, if we knew that, then we would have been very, very happy, but it's a very volatile situation, as you would agree. And every day, we hear a different piece of news. So, what we are doing is we are continuing to engage with all the stakeholders in that region virtually. But that's also a region or a market which requires a fair degree of in-person engagement. It's a relationship-based market, much more than many others.

And as you would agree, relationships are built by spending time in person much better than virtually. So, we are just keeping the conversation going and the relationships warm. And as soon as the war or war-like situation finishes, we would want to spend significant time there in those markets to be able to start getting traction. Those conversations are ongoing. But to be able to close anything substantial in terms of a partnership, it would require us to spend some time in the market.

Akshat Mehta: So currently, we don't have any on-ground presence there?

Avinash Godkhindi: Currently, we don't have any on-ground there. So, you're absolutely right. Through the APA that we did with DICE, we get some basic contracts with some customers and some ongoing conversations. But again, that is pretty nascent.

Moderator: Next question is from the line of Kiran Gadge from Knightstone Capital Management LLP.

Kiran Gadge: Could you please split the other current asset between prepaid cards and voucher for FY'26?

Avinash Godkhindi: Sorry, I didn't get that question, sir.

Kiran Gadge: Could you please split the other current asset between prepaid cards and vouchers for FY26?

Avinash Godkhindi: So, there are multiple line items in the other current assets. So, I wouldn't want to go into specific line items on this call. That's the information that the company publishes.

- Kiran Gadge:** No, I mean because it's a major item, prepaid cards and vouchers. If you could give a sense how much was it for this year?
- Avinash Godkhindi:** As I said, sir, it's not just these two line items. There are multiple line items in other current assets. And we generally don't give a breakup or specifics on that. And that's the stand that we maintain per se.
- Kiran Gadge:** Okay. And what sort of revenue can we expect from fleet management in the future?
- Avinash Godkhindi:** Sir, you are aware of the kind of customers that we are chasing there. It's a high concentration customer with large volumes in terms of spends. I took the names of the OMCs already. And as and when we are able to crack those contracts, we will share with you specifics as to what the estimates are if those estimates are quantified and contracted and committed by the OMCs.
- Moderator:** Next question is from the line of Akhil Gulecha from Hornbill Capital.
- Akhil Gulecha:** My question is on the Propel business. So, we generate roughly INR45 crores of net revenue and on INR1,000 crores plus of gross revenue. So, I just want to understand why is this business in existence? Because it feels like the problem is cash flow. So, to generate INR45 crores of net revenue, hundreds of crores of our working capital is stuck in our balance sheet. So, this seems like the easiest way to generate cash flow. It doesn't feel like you're generating enough ROE or ROCE on this business.
- Avinash Godkhindi:** So, I don't necessarily agree that it's hundreds of crores per se stuck through the year, sir. But your point is well taken. That's the reason why we are trying to optimize on this business. This business is also a feeder business for our larger business. It brings in a lot of stickiness. It brings in opportunity for us to cross-sell, upsell significantly.
- And so there are lots of benefits that the business brings. Also, please recognize that 90% of the spends that happen on Propel happen on a prepaid card, and that revenue sits under program fees, right? It's the 10% that gets redeemed on vouchers that gets classified separately as Propel Points revenue as per Ind AS. So the overall Propel business is an extremely valuable business and an extremely cash-generating business for us over the years, it's going to be. But we are focused on optimizing on cash flow, and that's why we have taken some steps this quarter as well.
- Akhil Gulecha:** Understood. I understand the cross-selling part, and I think that has given us a lot of advantage, but the suggestion was because as an investor, it feels like program fees is the juicy part of the business where you generate great amounts of cash every year, and all of that is getting stuck in those prepaid cards we're putting on the balance sheet. So, to the suggestion that if we could just focus on that and start generating positive cash flows or Street might look at our business differently.
- Avinash Godkhindi:** Point well taken, sir. But just to clarify, program fees is income generated as interchange and any incentives we get from networks for both prepaid network cards as well as credit cards,

right? And Propel platform generates revenue both through prepaid network cards in the form of program fees as well as Propel Points, which is redemptions that happen of those points on vouchers of over 300, 350 brands. So, it's a complex business.

It has many layers and levers to it. But overall, yes, we sort of are seeing the need to be able to focus on the cash, cash flow and the ROC, ROCE. So, point well taken. We are working on those lines to -- without impacting the business and impacting the relationships, how do we optimize on these metrics or these levers.

Akhil Gulecha: Best of luck for next year. Hopefully, we'll see a large part of our PAT converted to operating cash flow next year.

Moderator: Next question is from the line of Jayesh Shah from OHM Portfolio Equity Research.

Jayesh Shah: Avinash, I have a couple of questions. First of all, on the overall EBITDA guidance, which has not been given. What is the impact because of DICE? Because I see revenues of DICE only at INR10 crores. So, expenses can't be too much. Would it be fair to say that the fourth quarter run rate or annual run rate is -- will be maintained and any upside is something that you are not able to guide us on the guidance?

Avinash Godkhindi: So, thank you for your question. See, the impact of DICE in the consolidated basis is probably nothing different from what was originally envisaged when we signed the term sheet. If at all, it's better now. But what's happened is the -- because the nature of the contract has moved from a share purchase agreement, 100% acquisition to APA, an asset purchase agreement. So, the costs have come directly on the stand-alone entity.

The INR10 crores also is the FY25 numbers. The FY26 numbers are significantly higher. And those contracts are all with us. All the revenue-generating contracts are with Zaggle as well as the pipeline of customers. But having said that, it's too premature for us to talk of how much the margins will change right now because end of the day, we are also integrating. And we are, as Rajesh also mentioned, giving top priority to cash flows, followed by growth and then followed by margin expansion and EBITDA.

Jayesh Shah: No, I understand that. My simple question is, is DICE basically loss-making at the net level that could impact your run rate of whatever, INR50 crores of -- INR55 crores of EBITDA that you have every quarter. So, would the next 2 quarters actually see a meaningful reduction?

Avinash Godkhindi: DICE was a loss-making company in FY25, sir, and likely to be losing a loss-making company for FY26 as well. We obviously would try and optimize there and make sure that we are able to leverage it in such a way that we are able to extract profits in the coming years.

Jayesh Shah: Right. Because again, my -- this drives to my basic question that you have ramped up the business 6x from FY22 onwards. But whatever you have gained in terms of, say, operating leverage, you have lost out more on the gross margin, which is the other way to say on the take

rates or whatever. So, it's like growth is coming at an incremental lower margin and now your growth rate is also moderating.

So, is that a challenge given the focus now on cash flows that margins can actually see further downside, which actually means that your 11% to 14% medium-term guidance actually gets postponed due to DICE and the overall moderation in growth rates?

Avinash Godkhindi:

Our overall guidance of 14% to 15% over the course of next 5 years remains. But in the interim, of course, the ramp-up, which we would have otherwise seen probably close to 1 percentage point every year, that might go through some temporary variation.

But overall, we see the margin expansion to be there over the course of the next 5 years. You're right, but with the world changing so much and AI coming in, there is a huge opportunity also getting created. And we would want to further consolidate our market leadership in the spend management space.

If you look at it where we were in FY22 or FY23 in terms of spend management, where there are multiple other players who would take claim that they also had some sort of meaningful presence in spend management to today where the clear market leadership sits with Zaggle. I think it's a very important thing for us to be able to consolidate on that.

And please also appreciate that in the coming years, as we go to the global markets, while initially there will be some investment required, eventually, those markets generate much higher margins, whether it's the Middle East or even the US. So, the margin expansion would also kick in from those actions. And then potentially, we've still not shut door on other acquisitions. So, we will keep looking at good opportunities, which might help us expand our margins as well.

Moderator:

Due to time constraints, that was the last question of the day. I now hand the conference over to management for closing comments.

Avinash Godkhindi:

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 further information, we request you to get in touch with SGA, our Investor Relations Advisors. Thank you, and have a nice day.

Moderator:

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