

Zaggle Prepaid Ocean

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Zaggle Prepaid Ocean Services Ltd. Q1 FY27 earnings conference call. Before we begin, a brief disclaimer: this conference call may contain forward-looking statements about the company that are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and may involve risks and uncertainties that are difficult to predict. 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 this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Raj Narayanam, Executive Chairman. Thank you, and over to you, sir.

Dr. Raj Narayanam – Executive Chairman: Thank you so much. A very good evening to everyone. Thank you for joining the earnings call for Zaggle Prepaid Ocean Services Ltd. for the first quarter of fiscal year 2027. On behalf of the company, I extend a very warm welcome to all of you and an advance happy Independence Day. The financial results, press release, and investor presentation have been uploaded on the stock exchange and on the company website. I hope everybody has had a chance to look at them.

Now I would like to take the opportunity to talk about Zaggle's financial update at a consolidated level. It has been a decade of sustained growth, and it has brought us to a natural and exciting reflection point. For us, FY27 is going to be about transformation through consolidation: optimizing our core operations, harnessing the power of AI, and seamlessly integrating our recent acquisitions. We are moving from a merely profitable growth paradigm that has served us very well over the past decade to a more focused approach on improving cash flows and calibrating capitalization, which will position us well for the next phase of growth with higher margins. By taking a deliberate, focused approach to our fundamental performance today amid rapid technological shifts and a dynamic market, we ensure that our business remains resilient, agile, and positioned to drive long-term shareholder value and global scale.

In Q1 FY27, we sustained our top-line momentum, delivering revenue of 423 crores, representing 28% year-on-year growth compared to Q1 FY26. Our adjusted EBITDA stood at around 34.7 crores, reflecting key strategic transitions that I will detail shortly. What is more encouraging, however, is our expanding revenue footprint, which is a clear sign of strong and growing demand for our core platform.

Now I would like to elaborate further on our three focus areas: revenue, EBITDA, and operating cash flow. On revenue, our total revenue growth of 28% reflects operational momentum across both our standalone business and our subsidiaries. On a standalone basis, Q1 FY27 revenue reached approximately 390 crores, representing an 18% expansion over 331 crores in Q1 FY26. This 18% top-line growth is particularly resilient given that Q1 is historically a soft quarter due to seasonality. Meanwhile, performance across our subsidiaries has been exceptional, and I look forward to detailing those results shortly. As always, we expect growth to accelerate through Q2 and the remainder of the fiscal year.

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Zaggle Prepaid Ocean

14 August 2026

Now on EBITDA. In Q1 FY27, our adjusted EBITDA margin stood at around 8.2% compared to 10.1% in Q1 FY26. Our overall cost base, which includes employee costs as well as other expenses, went up by around 25% when comparing Q1 FY27 to Q4 FY26 at a consolidated level. While we were successfully able to optimize around 15% of the cost base throughout FY26, which would have reflected in FY27, there were four major areas that contributed to the rise.

The first was expenses related to the Dice acquisition, which we absorbed when we brought on board around 100 talented AI professionals. These costs included their transfer costs, one-time costs, and other related expenses. I would also like to highlight at this point that we will start realizing revenue from novated Dice contracts only from Q2 FY27. The second was a moderated push of expenses into the P&L that we were earlier capitalizing, and this is what we are going to continue doing over the year. The third was the standard employee increments that come at the end of the financial year and get reflected in Q1. The fourth was the added employee costs, marketing costs, and other expenses from the acquisition of {? ZAK.money ?}.

Expenses related to the Dice acquisition were predominantly relocation costs for transitioning 100 employees from Pune to Hyderabad between May and June, along with one-time payments to technology vendors to ensure continuity during the transition and one-time transaction costs reflected primarily under other expenses. With the relocation now complete, the Dice team costs from Q2 FY27 will be included under employee benefit expenses.

On the capitalization front, we are reviewing and updating our policies in close consultation with our advisors. Rather than waiting for a full policy rollout, we took immediate, proactive measures in Q1 FY27 to moderate new capitalization levels. This calibrated moderation aligns with our focus on operational prudence and ensures that our P&L better reflects our run-rate costs.

On operating cash flow, strengthening our operating cash flow trajectory remains a key priority. We look forward to detailing our progress on the next earnings call, highlighting not only the actions that we have already taken to improve cash conversion, but also the additional levers that we are preparing to execute going forward.

Now I would like to give you an overview of Zaggle investments and acquisitions. I would like to start by talking about our latest investment. We have made a strategic investment of around INR 8 crores in UnoBank Private Limited, which operates under the brand of MoneyHOP. UnoBank now holds an Authorized Dealer Category 2 license from the Reserve Bank of India, which allows it to offer digital cross-border payments, remittances, foreign exchange services, and forex cards.

Much like Zaggle, UnoBank operates a powerful B2B2C model, partnering with leading NBFCs and money changers to power seamless cross-border payments for their clients while simultaneously driving direct-to-consumer remittances through its established B2C channel. The investment comes at an opportune time, with significant regulatory tailwinds working in our favor. Under the new guidelines, AD Category 2 entities are now permitted to process cross-border trade-related transactions of up to INR 25 lakhs per transaction. The investment strategically aligns with our Zave and Zoyer products to further enable forex cards, cross-border payments, and remittances for our corporate and retail base.

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Zaggle Prepaid Ocean

14 August 2026

Dr. Raj: Next, I would like to elaborate further on the Dice acquisition. Just to refresh your memory, when the deal transitioned to an asset purchase from the erstwhile share purchase, we secured the complete spend management product suite and intellectual property, along with their entire enterprise and partnership contract portfolio, for approximately INR 68 crores excluding GST. This represented a significant 55 crore optimization from the initial 123 crore valuation. As highlighted earlier, we have completed the relocation of around 100 talented AI professionals. The contract novation of 85+ clients is underway, and we should complete it by the end of Q2 FY27.

One point I would like to reiterate is that the revenue accruing from these contracts was not realized in Q1 FY27 and will only start from Q2 onwards as part of the deal. As part of the novation, we have already successfully novated and onboarded marquee names, including Hindalco, Bajel, Trident Group, IDFC First Bank, Lenskart, Expressbees, and others. It is also important to note that we have already merged the existing Dice sales pipeline, and we will keep you posted in the upcoming quarters on updates regarding the same.

The acquisition of Dice has proven to be a vital catalyst for our technology roadmap, significantly accelerating our AI capabilities across Zaggle, Save, and Zoyer. By integrating Dice's AI-driven core technical expertise, we are enhancing automated spend analytics, intelligent approval workflows, and predictive expense management within these products, allowing us to deliver far greater operational efficiency and value to our corporate clients. This capability positions Zaggle very well to tap into other global markets such as the UAE and the US as well. In the coming quarter, we will also take the opportunity to showcase these AI capabilities by holding an investor day, and we will inform the exchanges in advance.

Next, I would like to talk about our acquisition of rio.money, which has been rebranded as zag.money. We have seen continued traction within the entire credit card-on-UPI and TPAP ecosystem. In our last earnings call, we had reached an annualized run rate for new acquisitions of 36,000 cards within an eight-week window. Now I am happy to announce that we have increased the annualized run rate by almost 2.3 times, reaching around 84,000 cards in a short span of time.

Along with this, we have also launched a first-of-its-kind twin co-brand card with Punjab National Bank across Visa and RuPay, which has been issued on biodegradable plastic. Along with this, we have also gone live with AU Small Finance Bank on both networks, Visa and RuPay. The program with AU not only rewards contactless and UPI spends, but also includes our custom value packs, enabling hyper-personalized features and reward points for consumers.

On the marketing front, zag.money is actively engaging our B2B2C user base by positioning itself as a vibrant, digital-first brand through targeted social campaigns. This quarter, we focused on major cultural moments, launching thematic campaigns around the FIFA World Cup and the release of the movie Odyssey to drive user engagement. In parallel, we completely revamped our co-brand user journey across both the app and the web, seamlessly aligning it with our upgraded brand identity, zag.money.

I would also like to give you an update on the policy tailwinds that we have seen. We welcome the proposed amendments in the Taxation and Other Laws Amendment Bill 2026 regarding limited MDR on high-value merchant transactions. Crucially, since this policy focuses on large enterprise transactions, our sustained investments in building out the UPI ecosystem now position us perfectly

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Zaggle Prepaid Ocean

14 August 2026

to capture enhanced transaction monetization.

Next, I would like to talk about our investment in 86,400, earlier known as Mobileware, which is poised to enjoy the benefits from MDR on UPI. Revenues grew from around 17 crores in Q1 FY26 to INR 22 crores in Q1 FY27, representing year-on-year growth of 29%. EBITDA grew from around 2.8 crores in Q1 FY26 to around 8.8 crores in Q1 FY27, representing 400% year-on-year growth. This unprecedented growth stems from the massive growth in UPI transaction volumes. Even with a large base, 86,400 is seeing 2-3% month-on-month growth in the volumes it currently supports with various banks.

On new customer acquisitions, I am happy to announce that 86,400 signed its first major international partner, having partnered with LankaPay to strengthen its digital payment ecosystem. Along with this, 86,400 also signed up with Union Bank of India for its Bharat Bill Payment Stack and signed up with Maharashtra State Cooperative Bank for its UPI transactions. Another noteworthy and heartening point was that on Eid, 86,400 processed over 2 crore transactions, underscoring the scalability and reliability of the platform in supporting peak-value execution.

Next, I would like to talk about Greenage, which runs the golf privileges program for various banks and networks such as ICICI, Amex, and others, along with the entire rewards program for NPCI. Revenues grew significantly, by around 160%, from INR 17 crores to around INR 44 crores in Q1 FY27. EBITDA grew 66%, from INR 2.6 crores in Q1 FY26 to about 4.3 crores in Q1 FY27. We are seeing significant growth with NPCI, especially on the RuPay benefit program, quarter-on-quarter, having driven deeper technical integrations to ensure seamless service delivery amid unprecedented growth in UPI transactions. On new customer acquisitions, we are in talks to onboard new banks in the coming quarter.

Now I would like to talk about TaxSpanner. As guided in the last earnings call, we made a few changes in our approach, having appointed new board members to take a fresh look going into FY27. We have also begun the initiative of rebranding TaxSpanner as z.tax, and we will keep all of you posted with updates on the same in the coming quarters. I am happy to share that TaxSpanner reported revenues of 80 lakhs in Q1 FY27, marking a 65% increase over Q1 FY26. This performance keeps TaxSpanner well on target to break even this financial year.

What is more heartening to see is that we will have growth of around 120% on the B2B side of the business, which primarily caters to the income tax and GST compliance requirements of enterprise corporates. To further enhance our scope, we are also undergoing integrations with the external partner ecosystem, including large payroll companies, to further strengthen the embedded tax filing opportunity. Lastly, we seek to accelerate TaxSpanner's growth by placing AI automation at the heart of the platform, allowing us to disrupt traditional tax filing models, deliver superior speed and accuracy, and expand our market footprint.

Lastly, we would like to take a disciplined and highly selective approach to M&A, prioritizing value-accretive acquisitions in adjacent domestic and international markets. Moving forward, we intend to deploy our QIP proceeds into adjacent sectors, ensuring that every transaction drives meaningful synergies and accelerates our long-term growth trajectory.

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Zaggle Prepaid Ocean

14 August 2026

Now I would like to take this opportunity to address our AI investments as well. For us, investing in AI is a very crucial driver in transforming Zaggle from a traditional platform into an indispensable autonomous financial operating system. As enterprise market requirements rapidly shift from simple digitization toward real-time governance and predictive intelligence, our AI investment ensures that we stay ahead of evolving client expectations.

By embedding AI natively across Save, Zoyer, and Propel, we automate complex spend patterns and compliance workflows at scale. We are actively taking on larger and more complex enterprise problem statements. Beyond basic spend reporting, our platforms now solve sophisticated corporate challenges, including multi-entity accounts payable and procure-to-pay automation, dynamic tax compliance, predictive cash flow visibility, and deeper ERP integrations. Solving these mission-critical pain points for larger corporates is naturally leading to significantly higher contract values and margins, stickier client relationships, and significantly increased switching costs, cementing Zaggle as an essential operational engine for enterprise clients.

While we continue to invest and actively look at building these next-generation AI capabilities, I want to reassure our shareholders that we remain deeply mindful of our cost structure. We are disciplined in moderating our execution expenses, ensuring that capital is deployed prudently without compromising operational efficiency. However, we firmly believe that the long-term strategic returns will far outweigh current development costs.

History has shown us that moments of foundational technology shifts, much like the advent of the internet or the migration to cloud computing, reward those who build ahead of the curve. By absorbing these upfront development costs today, we are positioning Zaggle to capture a lion's share of tomorrow's market, securing high-margin recurring revenue and a structural competitive advantage that will compound value for years to come.

Now I would like to give an update on our international expansion plans. We are in the process of opening a subsidiary in ADGM, the Abu Dhabi Global Market International Financial Centre and Free Economic Zone, within this quarter, which is Q2 FY27. While we remain mindful of regional volatility, our engagement with local government, banking, and commercial partners has met with overwhelming interest. Furthermore, through the Dice acquisition, we inherited key client relationships that clearly validate our product-market fit. As a result, we are prepared to enter the UAE with our core product stack, Save, Zoyer, and Propel, to capture significant market share in an expanding sector with a fragmented competitive landscape.

With this, I now hand over to our CEO and MD, Mr. Avinash Godkhindi.

Avinash Godkhindi – CEO & MD: Thank you, Dr. Raj. 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 happy to share that today around 4 million users actively use Zaggle-powered cards and platform software, a strong testament to the scalability and adoption of our platform. We now serve more than 4,000 customers across a wide spectrum of industries and sectors.

Talking about our consolidated revenue mix this quarter, SaaS platform fees contributed around 12.5 crores, program fees contributed around 160 crores, and Propel points contributed around 251 crores.

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Zaggle Prepaid Ocean

14 August 2026

Now to talk about a few business highlights, I would like to start with the Save business. As Dr. Raj mentioned, on the tax benefit side of the business, as guided last quarter, we have seen significant favorable tailwinds with the new income tax regulations, which not only added wallets to our new tax regime...

Operator: Hello, Avinash, sir?

Avinash Godkhindi – CEO & MD: ...please in the third user wallet for existing as well as new corporate customers. We have signed multiple marquee names, including Radisson Hotels, SCA, Advigna India, Slice Small Finance Bank, Bikaji Foods, Bureau Veritas, Nuama Wealth, among others, and have a large pipeline to showcase for Q2 and beyond. Following the income tax regulations, we have also seen a significant increase in the onboarded user count of...

Management: ...across our entire customer base. While the focus has been on new client acquisition, around 73% of the new users onboarded came from our existing corporates, where we were able to upsell new wallets and add new users.

On the Channel Payments side of the business, while we have onboarded marquee names such as APAC Financial Systems, Ark Infosystems, and GSK India, among others, as highlighted by Dr. Raj earlier, we have also onboarded clients from Dice, such as IDFC First Bank, Manipal Hospital, {? BARCL ?}, and others, whose billing will begin in Q2 FY27.

Next, I would like to talk about key updates in our Zoyer business. We have seen a very positive uptake in the Zoyer business, with a focus on AI-driven rollouts for previously signed customers. One such example is a large retail chain that we signed up a few quarters ago, where we have already onboarded about 2,000 stores, with an impending rollout of the remaining 17,000-odd stores in the coming months. We signed up a few marquee names as well, such as Diesel Fashion, Okobora Lifestyle, Apps for Bharat, CBM Retail, among many others. We have also onboarded clients from Dice, such as Hindalco, Bajaj Projects such as {? Vejal ?}, Deserve, Navi, and many others, whose billing is going to begin from Q2 FY27.

Next, I would like to talk about key updates in our Propel business, and I would like to start with a small case study. A strong example of Propel's enterprise traction is a recent deployment in a large entity managing 5,000+ channel partners. The client was constrained by a legacy offline voucher business tied up with significant working capital requirements, which prevented real-time program tracking. We addressed this by implementing Propel, automating their incentive delivery while providing real-time analytics to boost partner engagement.

Additionally, transitioning from the single-brand voucher they were using to a multi-brand voucher and multi-brand digital points system effectively released blocked working capital for the customer and created a vastly superior partner experience. During the quarter, we signed up marquee names such as Saint-Gobain, Supreme Pipes, Phoenix India, and others.

Next, I would like to talk about the key updates in our Fleet business. Having captured a majority market share among the CDG, or City Gas Distribution, companies, we are seeing major traction, with much faster rollouts in these programs. Comparing Q1 FY27 to Q1 FY26, we have seen a remarkable 343% increase in total transactions, along with a resounding 530% increase in

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Zaggle Prepaid Ocean

14 August 2026

transaction value, which has reached an annualized spend rate of 100 crores as of today. We have focused over the last few quarters on driving higher revenue and transaction volumes in the existing programs, and we expect Fleet programs to meaningfully contribute to our top line and bottom line in the coming quarters.

I am also very happy to announce that we have signed our first contract with one of the three OMCs, or Oil Marketing Companies, which highlights the effort we have been putting into this space over the last 2–3 years. We have signed a five-year agreement with HPCL as an aggregator for its flagship Driver Track Plus, or DT Plus, program, to facilitate the purchase of petroleum products and enable additional discounts and benefits for Zaggle's entire corporate and retail base.

As part of this agreement, we also get to add incentives for driving these spends toward HPCL, so Zaggle also receives a bottom-line benefit. I will keep you all posted on the go-live and the corresponding monetization of this program in the subsequent quarters.

Now I want to briefly touch base on our cross-sell initiatives. Leveraging AI, we have equipped our on-ground sales teams to pitch and provide solutions for multiple products in the same interaction while dealing with different stakeholders across varied problem statements. In Q1 FY27, we saw cases such as APAC Financial Services, where we were able to cross-sell Save and Zoyer products right at the initial stage itself.

Other marquee cross-sell wins have been Campus Activewear, Purple Panda Fashion, V-Bazaar, Impresario Entertainment, Quess Corp, and others. To elaborate on a few cases further, Campus Activewear was an existing customer for the Zoyer solution, mainly leveraging the {? BRM ?} solution for its retail stores. In light of the new income tax regulations, we recognized the potential for further collaboration and successfully integrated our Zaggle Save solution for its employee base for tax benefits.

Similarly, Quess Corp is an existing customer for our Save solution for its large corporate base. Keeping in mind its complex procurement workflow requirements along with the corresponding compliance requirements, we recognized the potential for further collaboration and successfully integrated not only our Zoyer solution but also the TaxPal solution.

Now, as Dr. Raj highlighted earlier, our investments in AI are allowing us to take on more complex use cases. I would like to elaborate further on one specific use case for one of our largest clients in the manufacturing space. The client is currently faced with a manual reconciliation process involving complex workflows and currently uses one of the largest ERP systems to facilitate its entire procure-to-pay journey.

We are working with the client on the following solutions, which involve purchase order and invoice processing and validation across 24 parameters for offline and online channels. Purchase orders that require inspection will now be able to have three-way and four-way matching of purchase orders, invoices, goods receipt notes, and delivery challans. This will facilitate the validation of more than 24 parameters, enabling complete automation of the validation and exception-routing workflow.

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Zaggle Prepaid Ocean

14 August 2026

As part of the workflow, we enabled a fully automated liquidation-damages evaluation, calculation, and routing workflow for late-delivery scenarios, where the relevant commercial terms are extracted from the purchase order and measured against the goods receipt note and invoice, along with the e-way bill.

Payment retention and hold automation holds or releases payments to vendors once all relevant compliance checks for the shipment have been met, measuring against all documented touch points and removing all human intervention, barring interventions specifically requested by the client.

There is also auto-picking of relevant tax compliances on TDS and GST in a pre-configured tax rule engine, which applies relevant tax rates depending on the nature of the supply and vendor categories on the basis of threshold limits. The creation and deployment of the configured solutions in a very short span of time has been made possible by leveraging AI solutions at scale.

Lastly, I would like to take all of you through some of the key financial updates. With reference to Propel points margin, on a consolidated basis, we have reached a margin of 7.1%, with a significant contribution from Greenage's higher margins. On a standalone basis, Propel margins stood at around 5%, with significant improvement from our Q4 FY26 margins.

As mentioned previously, we had a turnover of a few overriding commissions that we realized in Q1 FY27. With reference to cashback as a percentage of program fees, we saw cashback of 66.3% in Q1 FY27, which is a marginal increase from the cashback of 65.7% in Q1 FY26, but a significant drop from Q4 FY26, when the cashback was closer to 69%. The marginal increase compared to Q1 FY26 is primarily on account of a mix of higher corporate credit cards as compared to prepaid cards.

As you know, credit cards have a higher share of cashback attached to them because we include the cost of funds there, hence the marginal increase. With reference to standalone employee costs, we expect employee costs to go up in Q2 FY27 to the extent of the Dice employees who came on board during the quarter, as highlighted previously. With reference to other expenses, Dr. Raj has addressed the one-time nature of the increase. Going forward, we expect this to taper down starting in Q2, to give a more realistic picture of how the P&L will be shaping up.

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

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in the conference call, please limit your questions to two per participant. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shiva from IThought PMS. Please proceed with your question.

Shiva – IThought PMS: Hi, sir. Am I audible?

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Zaggle Prepaid Ocean

14 August 2026

Management: Yes, you are.

Shiva – IThought PMS: So, firstly, regarding our revenue growth, it has slowed down significantly. This is mainly due to both program fees and SaaS fees. Why exactly is this the case? Could you explain?

Management: Regarding revenue growth, I think Q1 typically represents about 18% of the entire year. The growth rate, which is about 27%, should increase significantly in the coming months.

Shiva – IThought PMS: Understood. But I am asking the question because we have been growing at 40–50% for the past 5–6 quarters, and I believe you also guided for 40–45% on a consolidated basis this year. We have already dropped to 27%, so do we still maintain that guidance?

Abinash: This is Abinash speaking. I just want to add to what Dr. Raj said. There are two clear factors. SaaS revenue gets augmented starting in Q2 with the Dice numbers. While we took the cost and did the work for those contracts in Q1, that revenue did not come in. So that is on the SaaS side.

On the program fees side, we have taken a very conscious call across the business to optimize both cash flows and the control or calibration of our capitalization. Hence, for those banks where our working capital cycles have been longer, we have taken the decision this financial year to move some of those customers to a different bank.

That recarding process also takes some time. However, this is a call we have taken to ensure that, as we go through the year, cash flows improve and we move volumes to those banks where we realize our revenues faster.

Management: Our guidance was 40% on a consolidated basis, and we are not moving away from that guidance as yet.

Operator: Thank you, sir. The next question is from the line of Deepak Poddar from Sapphire Capital. Please proceed with your question.

Deepak Poddar – Sapphire Capital: Am I audible, sir?

Management: Yes, sir.

Deepak Poddar – Sapphire Capital: I wanted to understand, now that the Dice consolidation has taken place, I think you mentioned that you are going to provide EBITDA guidance. Can you provide some more detail on how one should look at your EBITDA margins going forward or for this year?

Management: So, this year, if you look at...

Deepak Poddar – Sapphire Capital: Sir, you are not audible.

Management: Am I audible now? Okay. If you look at our consolidated EBITDA margin, it is about 8.2%. What we see is that, in the coming months, we will understand more closely how the revenue from Dice also contributes. Right now, only the cost has come in, but the revenue has not come in, and we will provide guidance on the EBITDA margin in the coming quarters.

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Zaggle Prepaid Ocean

14 August 2026

Deepak Poddar – Sapphire Capital: So, when you say only the cost has come in and the revenue has not come in, ideally, when the revenue comes in the coming quarters, will we see only upside potential in our margins?

Management: Correct. So, if you see...

Deepak Poddar – Sapphire Capital: {? 6 crores ?} is the cost that came in during the last 2 months of the last quarter, and we were not able to have any revenue because, contractually, the revenue was to start from July 1. We are hopeful that when the revenue comes in, the margin should improve. The margin should improve.

Deepak Poddar – Sapphire Capital: So, ideally, is this the lowest point for the margin, at 8–8.2%? Ideally, will we see a better margin profile in the coming quarters?

Management: No. The measures that are being taken are improving. We have reached about 80,000–odd cards on zag.money. As we had guided earlier, we have incurred a loss of about 2.5 crores on zag.money. The whole idea is that while we are continuously bringing in operational efficiencies, we also have to take into account all the other investments that we have undertaken.

Operator: Thank you, sir. The next question is from the line of Ankush Agarwal from Search Capital. Please proceed with your question.

Ankush Agarwal – Search Capital: The first thing I want to understand is this selective pushing of expenses that were earlier capitalized into the P&L. Firstly, can you explain the nature of these expenses? Why were they earlier being capitalized instead of being charged to expenses? Now that we are looking to expense them, why are we still doing this selectively and not expensing the entire amount?

Management: There is no selective capitalization. This is part of the process through which we are eventually moving toward expensing all the costs. In an ideal state, I would say that we would expense all the costs. However, as a process, it will take us a significant period of time to do so. We are moving toward expensing whichever costs we can and whichever costs we believe can be expensed.

Ankush Agarwal – Search Capital: What is the nature of these expenses?

Avinash Sahni: Just to add a couple of points here, this is Avinash speaking. First, we are reviewing our capitalization policy, and we will provide more clarity in the coming quarters. Second, you will appreciate that this is a decision we need to take in conjunction with our auditors. We need to be able to convince them as to which expenses should go directly into the P&L and which expenses should be capitalized.

Ankush Agarwal – Search Capital: I just wanted to understand this more clearly. What expenses were earlier being capitalized and now do you feel should be expensed? For example, were they product development expenses or something else? Could you provide some detail?

Management: These are some product development costs that we have incurred. For one particular product that was immediately required by clients in the market, the cost we incurred, which was

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Zaggle Prepaid Ocean

14 August 2026

roughly 6 crores, was expensed completely. The policy going forward is that we will expense more than we capitalize over a period of time.

Operator: Thank you, sir. Ladies and gentlemen, to ask a question, please press star and one now. Participants who wish to ask questions may please press star and one at this time. The next question is from the line of Anil Nahata from Parami Financial. Please proceed with your question.

Anil Nahata – Parami Financial: Hello. Dr. Raj and Avinash, I have a couple of questions. The first set of questions is regarding the Dice acquisition. Congratulations on completing the Dice acquisition. Have we completed the technical integration of our payment rails with the Dice software, and have we started converting customers to the payment rails on Dice?

Management: The majority of the integration is done. The last part of the integration that is pending will probably be completed by August 31 or, at the latest, September 10. Once we have done that, it will be a complete integration.

Anil Nahata – Parami Financial: So, basically, can we look forward to having some payment-related revenues coming from Dice from Q3 onwards?

Management: 100%, without a doubt.

Operator: Thank you, sir. The next question is from the line of Piyush Narang from Narang Family Office. Please proceed with your question.

Piyush Narang – Narang Family Office: I wanted to check what the median revenue per customer is, if you can share that.

Management: If you take 423 crores divided by approximately 4,000 customers, that is the revenue per customer.

Piyush Narang – Narang Family Office: Just to confirm regarding Dice, are you saying that revenue starts flowing from Q2 or Q3?

Management: Revenue starts from Q2. July 1 was the date, and some of the money has already started coming in. The full pickup will happen from Q3, when we hope that all the contracts will have been novated.

Operator: Thank you, sir. Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in the conference call, please limit your questions to two per participant. The next question is from the line of Ankush Agarwal from Search Capital. Please proceed with your question.

Ankush Agarwal – Search Capital: The second question I had was regarding the slowdown in program fees. Although you have alluded to it to some extent, how should we look at it for the rest of the year? Will this be one of those years in which you are consolidating and program fee growth would be in the low-teens or mid-teens? The 10% program fee growth is the lowest we have seen in the last 3 years of our journey. Since this is one of the major sources of revenue for the standalone business, and you had guided for 25–30% growth, I am trying to understand whether we are still on

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Zaggle Prepaid Ocean

14 August 2026

that track or whether we are changing the guidance again.

Avinash Sahni: As we alluded to in the speech, the primary focus is on cash flow optimization as well as calibrated capitalization. Having said that, growth in program fees should improve in the coming quarters. There have been some geopolitical headwinds, especially for travel, which have had an impact overall in terms of spending.

Frankly speaking, we are more concerned about three things. The first is cash flow, the second is capitalization, and the third is the percentage of program fees represented by cashback rather than just the rupee or dollar value of program fees. We are primarily optimizing these factors, and not so much the raw number in terms of program fees.

Management: To answer your question, you will see a significant improvement in program fees in the coming quarters. The 10% growth was by design, and growth should improve in the coming months.

Ankush Agarwal – Search Capital: That should mean that when we have the Q2 results, there should be a meaningful improvement in cash flow and incentives as well. If you are optimizing for those factors and growth has obviously slowed down substantially, that should reflect in your working capital, cash flows, and incentive costs, which are not reflected in Q1 but should happen by H2, correct?

Avinash Sahni: That is the attempt. However, all these actions have their own gestation period, and, to be very honest, we do not have an immediate mechanism where we press a button and this happens. You will appreciate that these actions have a gestation period. That is the effort, and we are hopeful that you will see some improvement across these metrics.

Operator: Thank you, sir. The next question is from the line of Gaurav Shukla from Finvestor. Please proceed with your question.

Gaurav Shukla – Finvestor: Am I audible, sir?

Management: Yes, you are audible.

Gaurav Shukla – Finvestor: Thank you, sir, for giving me the opportunity. You said that your guidance is 40%. What are the key growth areas for this? How will we grow, given that we have reported revenue of only 423 crores in the first quarter? In the next 3 quarters, we have to do 1.5 times this amount, otherwise—

Management: Sorry, sir, we are unable to hear you clearly at all because—

Operator: Sir, can you please use your handset?

Gaurav Shukla – Finvestor: Yes, I am using a handset. Am I clearly audible now?

Operator: No, it is slightly muffled, sir. We cannot hear you properly.

Gaurav Shukla – Finvestor: Am I clearly audible now, sir?

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14 August 2026

Operator: No, sir. We will request you to come back into the queue for the next question.

Gaurav Shukla – Finvestor: Okay.

Operator: Thank you, sir. The next question is from the line of Abhi from AJ Capital. Please proceed with your question.

Abhi – AJ Capital: Hi, good evening. I hope I am audible.

Management: Yes, you are audible.

Abhi – AJ Capital: My first question was on revenue growth itself. You have also indicated that we should start looking at revenue excluding cashback because that gives us the right picture. On a net revenue basis, my calculation is that, compared with Q1 FY26, this quarter we are up by almost 16% excluding cashback. Program fees seem to be up by almost 10%, and revenue per customer seems to be up by almost 3%.

This quarter's revenue also includes 44 crores of Greenage gross revenue, which was not present in the base quarter. I want to understand what the organic net revenue growth was, excluding Greenage and zag.money, if we compare only the core engine that was present in the last quarter with this quarter. It feels as though that has slowed down somewhat this year.

Management: It is about 18% growth on a standalone basis. We had projected that overall standalone growth would be about 25%, and we still stand by that guidance. We believe we will be able to grow to that number for the entire year. The growth you are seeing on a consolidated basis is roughly 28%, which we hope will be in the range of 40% as we go through the year.

Abhi – AJ Capital: I had another question. Can I ask it?

Management: Please.

Abhi – AJ Capital: This quarter, the Dice acquisition has affected operating margins, and I understand that this is completely justified. It is a good practice to bring capitalized costs back into the P&L, as it helps the company in the long run.

However, what takes away from this is that, because of these adjustments, the EBITDA margin that we have consistently guided for over the last several years and in numerous discussions with investors, namely a target of 13–15%, seems to be losing clarity every quarter because EBITDA margin itself has become quite volatile. It has become very difficult to project what the EBITDA margin will be.

Could you help us understand when that trajectory will return? When will we see a steady improvement in EBITDA margin? When will it become stable? It could be 10% or 11%, but when will we see stability, given that EBITDA margin has been quite volatile for almost 6 quarters?

Management: If you really look at it, it has not been that way. We have been in the 9–10% range for the last 8 quarters, and that has been the case throughout those 8 quarters. The 14–15% margin that we have guided for is over a period of 5–7 years.

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14 August 2026

The measures we are taking today are intended to move the trajectory toward that 14–15% margin over a period of 5–7 years. That is the reason we are bringing much of the capitalization into expenses. This keeps the balance sheet cleaner.

The second thing is our focus on free cash flows. Any cash flow that has to be corrected from negative to positive would take about 16–18 months, or a period of that duration. All this is being done in the short term, which I would define as a period of 15–18 months. After that, it will be normal growth.

The other thing to consider is that we have made several acquisitions, and the company has concentrated significant time and effort on acquiring these companies. The valuations of some of these companies have increased by 5–6 times, which is not reflected in our stock today.

What we hope is that maintaining this trajectory, ensuring that we use capitalization very carefully, adopting an expense policy rather than capitalization going forward, focusing significantly on cash flow, and growing revenue will be the three levers that help us in the future. To answer your question, the volatility has not been there. It has remained in the 9–10% range.

Management: It was in the 19% range, and this quarter it has come down. As we had said, we are undertaking an acquisition, and some of these acquisitions take time to prosper and develop.

Operator: Thank you, sir. The next question is from the line of Achut from Rockstar Equity Research. Please proceed with your question.

Achut – Rockstar Equity Research: I have only one question. Previously, growth was good, but cash flows were not there. Now you are saying that you are focusing on cash flows, which requires you to sacrifice some growth. I want to understand when we can expect both: good growth and good cash flows.

Management: What you are asking for is something we are striving for, and, as you know, it is a process. Every quarter, you will see that we work harder and harder to ensure that we grow and grow positively, which means that growth is present and cash flow also comes through. Every quarter is our focus, every month is our focus, and every day is our focus right now. We want to ensure that we do not compromise either of the two.

Achut – Rockstar Equity Research: One more thing: in the last interview on a television channel, you mentioned that you were planning to buy shares from the open market. Since then, we have not seen much purchase from the promoters. Is there any plan to purchase shares at this price, given that the stock is down significantly?

Management: Yes, sir. We have employed professionals in the company. When we received money last time, as I said, we immediately had 5 crores of liquidity and bought 5 crores worth of stock. As we receive liquidity, we will continue buying the stock. That is our standard practice. This is not something that we announced last time and then acted on; before that also, we had bought shares, and before that as well, we had bought shares. We have not sold a single share. We have only been buying shares.

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14 August 2026

Operator: Thank you, sir. The next question is from the line of Shivam Rathore from MB Investment. Please proceed with your question. Mr. Shivam, your line has been unmuted.

Shivam Rathore – MB Investment: Thank you. As you are investing heavily in AI across Zoyer, Save, and Propel, at what point do you expect AI to become a meaningful revenue driver rather than primarily a cost-efficiency initiative?

Management: I will tell you about AI. The impact of AI on the business has two aspects. One is the internal impact, and the other is the external impact.

The key point I addressed in my speech was that last year we were able to optimize a fair portion of our entire cost base through FY26 solely on account of internal development done using AI. This was around 12.5% of the expensed cost base. The overall idea is that we have reduced new feature launch timelines by up to 50%.

On the external impact, we are now able to go to our clients and tell them that we can solve much more complex problems for them. We have been able to do this for significantly large corporates using our AI. In fact, our Project Shiva, which is called Zaggle Brain, will showcase this. We will probably file it with the exchange in the coming months, and it is a philosophy for which we will also pursue a patent.

All of these initiatives have already started to show some form of payback. In every contract, we are seeing that we are able to generate some revenue on the basis of AI. As Avinash also mentioned, some of the very large customers that have come on board have done so on the strength of our Propel AI, Save AI, P2P AI, and expense management capabilities.

Many of these initiatives have already begun to generate results, but the payback will become much faster in the coming months and quarters.

Shivam Rathore – MB Investment: As you said, Dice is expected to contribute from FY27. What percentage or amount of revenue are we expecting from Dice?

Management: Last year, Dice generated about 12 crores, and we expect to achieve at least somewhere between 15 and 16 crores this year. As you know, its gross margins are above 90%, and we expect to achieve that. Next year will probably be much better because the full-year impact will come in, and all the efficiencies related to putting the payment rails into the Dice software will also yield good results.

Operator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments. Thank you, and over to you, sir.

Management: 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 that you get in touch with SGA, our investor relations advisor. Thank you, and have a nice day and a great advance Independence Day to all of you.

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Zaggle Prepaid Ocean

14 August 2026

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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