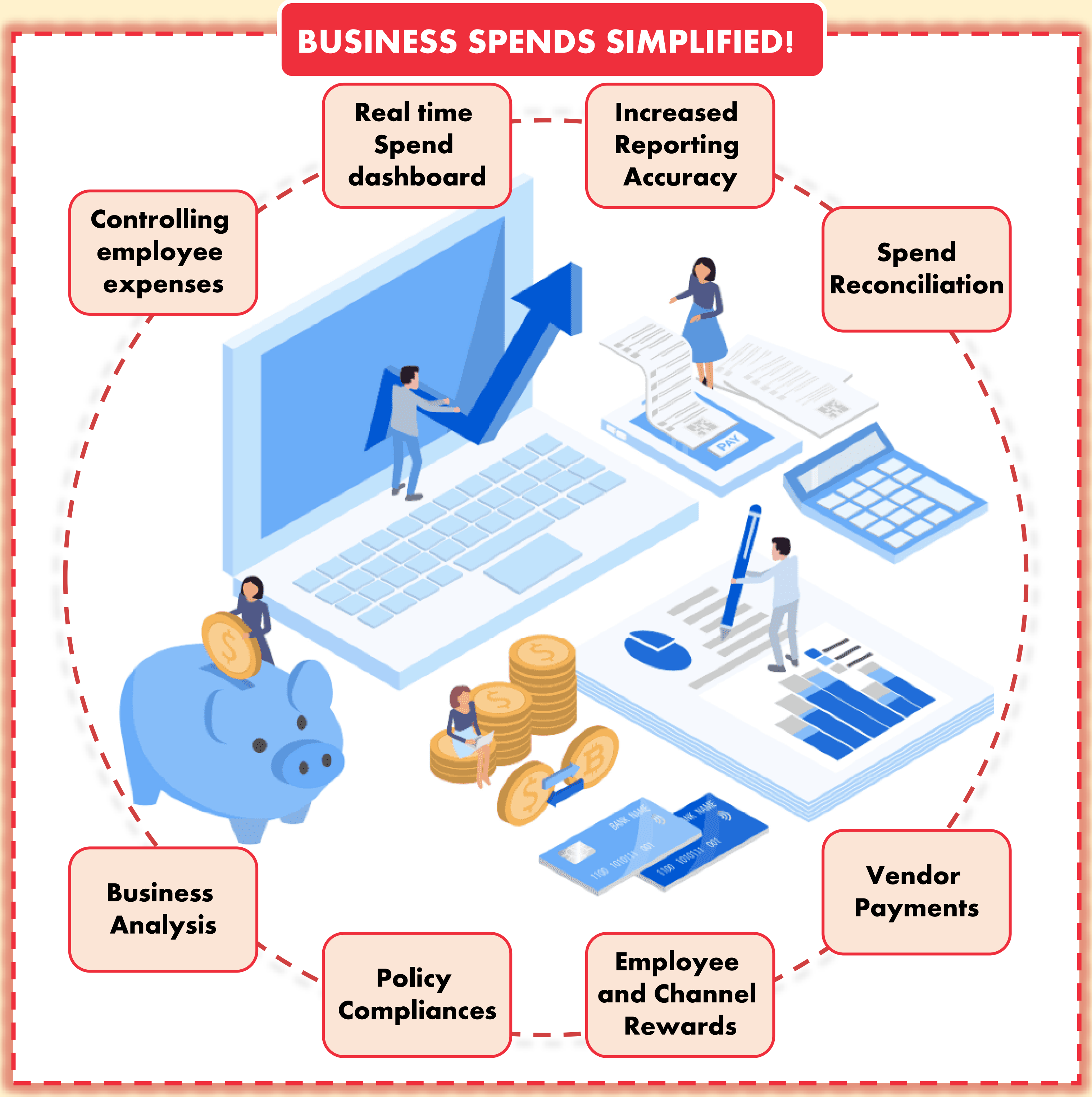
Zaggle Prepaid Ocean Services Ltd

Initiating Coverage



April 15, 2024

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Zaggle Prepaid Ocean Services Ltd

Business Spends Simplified! – Initiate with LONG

CMP	Target Price
Rs 280	Rs 400
	Mar 2025
Rating	Upside
LONG	43% (↑)

- Zaggle Prepaid Ocean Services (ZAGGLE) is a leading SaaS-based spends management and analytics platform. Its offerings cover (a) employee reimbursements and tax benefits, (b) rewards and incentives for channel partners/employees, and (c) vendor payments.
- The domestic market opportunity size is estimated to be Rs 139bn by FY27E.
- We believe ZAGGLE is in the initial phase of its lifecycle with multiple legs of growth ahead like (a) new customer acquisition, (b) increased cross-selling of products to existing customers, (c) global expansion, and (d) new product offerings.
- We build in FY24-FY27E revenue (net)/EBITDA/PAT CAGR of ~47%/40%/45% aided by ~32%/50% gross/net revenues by FY27E coming from a recently launched vendor payments solution (Zoyer). However, a high growth in Zoyer will result in incentives and cashbacks (~68% of program revenues in FY27E) to stay elevated in the near term.
- Initiate coverage with LONG and a FCFF-based Mar'25 TP of Rs 400 as we build in FY24-26E/FY26-34E revenue CAGR at ~49%/22% with improving EBITDA margins.

Leading player in spends management with diverse offerings: Incorporated in 2011, ZAGGLE has largely been a bootstrapped start-up. It is a leading player in spends management with three product offerings: (a) **Propel** – A corporate SaaS platform for rewards, and incentives and recognition for channel partners (dealers/distributors/retailers) and employees, (b) **Save** – an employee reimbursement and tax benefits solution, and (c) **Zoyer** – an integrated data-driven business spends management/accounts payable platform. ZAGGLE's spends management system allows for real-time visibility of company spending across departments, aids in risk management, establishes and implements internal controls, and develops expense-related policies. This helps companies reduce the time and effort spent on low-value add but relevant/compliance-linked activities.

Diverse revenue sources: ZAGGLE has diverse revenue streams: (a) SaaS/subscription fees: This is the software fees charged monthly/annually to corporates for using the platform. (b) Program/interchange fees: Banking partners share a proportion of the interchange earned on spends done using ZAGGLE co-branded cards. (c) Propel platform/gift card fees: This is recognized on redemption of the allocated Propel reward points to employees/distributors/channel partners.

Initiate with LONG: ZAGGLE has a unique business model wherein it earns only 10-20% of its revenues directly from corporates who are beneficiaries of the product – a win-win for both parties. Rest of the revenues come from merchants where card spends happen or where reward vouchers are redeemed. Additionally, ZAGGLE does not have any meaningful competitor with a presence in all three of its product segments. Other business moats are (a) a sub-2% customer churn rate, and (b) a B2B2C model containing customer onboarding costs. We believe ZAGGLE is a unique profitable fintech. Initiate coverage with LONG and a FCFF-based Mar'25 TP at Rs 400.

Financial Summary

YE Mar (Rs mn)	Rev.	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/BV (x)	EV/ Sales (x)	RoE (%)
FY24E	7,802	692	452	3.7	46.8	75.7	6.0	4.0	14.6%
FY25E	10,948	1,000	736	6.0	53.4	46.5	5.2	2.9	12.0%
FY26E	14,774	1,372	1,000	8.2	61.8	34.2	4.5	2.1	14.2%
FY27E	19,840	1,890	1,376	11.3	73.1	24.9	3.8	1.6	16.7%

Source: Company, Equirus Research

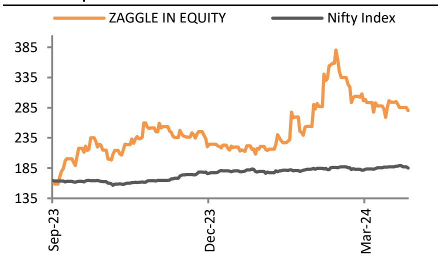
Estimate Revision

	Forecasts	
(Rs mn)	FY25E	FY26E
NII	10,948	14,774
PPOP	1,000	1,372
PAT	736	1,000
ABV	6.0	8.2

Stock Information	
Market Cap (Rs Mn)	34,295
52 Wk H/L (Rs)	392/156
Avg Daily Volume (1yr)	2,119,751
Avg Daily Value (Rs Mn)	528
Equity Cap (Rs Mn)	546
Face Value (Rs)	1
Share Outstanding (Mn)	122.5
Bloomberg Code	ZAGGLE IN
Ind Benchmark	NIFTY 500

Ownership (%)	Recent	3M	12M
Promoters	44.1	0.0	
DII	8.5	(1.9)	
FII	13.0	(2.6)	
Public	34.4	4.5	

Relative price chart



Source: Bloomberg

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Our views on some frequent Investor Queries

What is the business all about?

Offers spends management solutions via three products: Propel, Save ana Zoyer

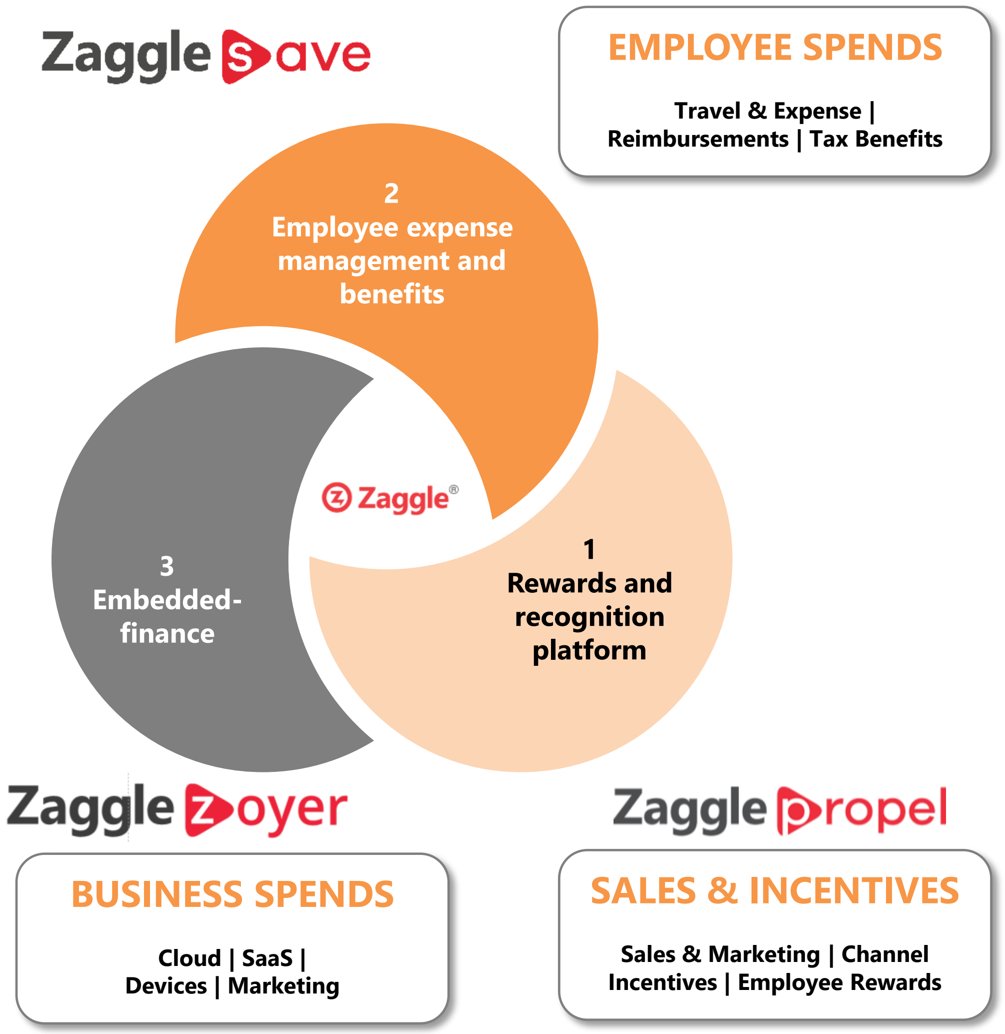
ZAGGLE provides a SaaS-based spends management and analytics platform to corporates and SMEs across sectors, offering:

- Business spends management which includes an account payables platform for vendor payments, and reimbursement processing of employee business-linked expenses (travel, entertainment).
- Tax benefit solutions for corporate salaried employees.
- Rewards and incentives management for employees and channel partners.
- Gift card management for merchants.
- Closed loop fleet loyalty card program
- Integrated travel and expense management solutions in partnership with third parties.

These are offered via three products:

- Propel – A corporate SaaS platform for rewards, and incentives and recognition for channel partners (dealers/distributors/retailers) and employees
- Save – An employee reimbursement and tax benefits solution
- Zoyer – An integrated data-driven business spends management/accounts payable platform.

Exhibit 1: Product offerings of Zaggle



Source: Company Data, Equirus

But then ZAGGLE issues pre-paid cards, gift cards, and corporate credit cards. Where do they fit in these products?

As part of the product offerings, many spends management solutions also provide a payment instrument which helps in better tracking of various spend categories. In case of ZAGGLE,

- Prepaid cards are issued to employees of corporates for their (a) tax benefit solutions wherein tax-free component of the salary is loaded every month, and (b) corporate business expenses. Generally, these cards are used on a regular basis with frequent currency loads.
- Gift cards are issued to channel partners and employees of the corporate as part of their rewards and incentives payment offering. Typically, these are one-time use cards.
- Corporate credit cards are issued to the corporate under Zoyer for vendor payments. Additionally, ZAGGLE – in some of its recent relationships under Save – has started issuing corporate credit cards to employees of the corporates. However, these cards have low credit limits.

75-80% of net 9MFY24 revenues were generated from interchange income

Spends done on all of these card variants earn an interchange revenue for ZAGGLE. In fact, 75-80% of net 9MFY24 revenues were generated from interchange income. Additionally, the spends on these cards are tracked by ZAGGLE's solutions for the spends management service the corporate is using.

How does a corporate client benefit from ZAGGLE's products?

- ZAGGLE's spends management solution enables the corporate to reduce time and effort spent on low-value add but business growth supporting/compliance-linked activities.
- It helps in faster processing of expenses, optimize data management, provides spends analytics, filters fraudulent claims, avoids duplicate claims, and aids in procurement analytics and strategic sourcing among others.
- With Zoyer, a corporate can optionally get a corporate credit card, which provides an additional working capital limit.
- With solutions on channel rewards, channel partners/employees get multiple options to redeem incentives/rewards.
- Corporates get an additional credit period in some segments of payments e.g. with ZAGGLE's Propel, corporates are billed post reward points are redeemed; this can happen with a lag from the day the employee/channel partner earns the reward.

Partnerships with more than 10 card issuers leads to bargaining power for ZAGGLE on the interchange

Interestingly, while there are multiple benefits to the corporate, only 10-20% of ZAGGLE's revenue directly comes from the corporate. So, it is a win-win for both ZAGGLE and the corporate.

What are the various revenue streams for ZAGGLE?

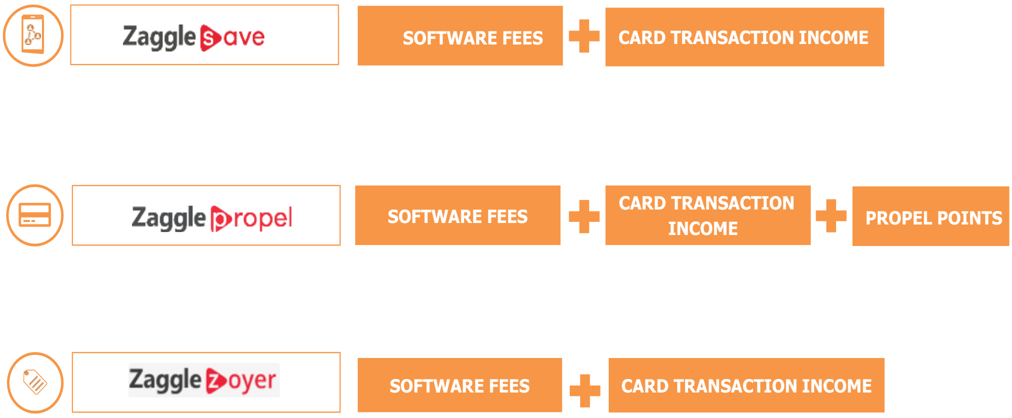
ZAGGLE has diverse revenue streams in the form of:

- **SaaS/subscription fees**: This is the software fees charged monthly/annually to corporates for using the platform. This is earned across all three products.
- **Program/interchange fees:** Banking partners share a proportion of the interchange earned on spends done using ZAGGLE co-branded cards. This is earned across all three products.
- **Propel platform/gift card fees**: This is recognized on redemption of the allocated Propel reward points to employees/distributors/channel partners. This is earned only in Propel and recognized on gross basis.

SaaS fees and program fees are reported on net basis and there are no meaningful direct costs associated with these revenue streams. So, gross margins in these revenue streams are ~95%.

Gift card revenues are recognized on gross basis. Gross margins on this revenue stream vary between 5-10%.

Exhibit 2: Revenue Streams across products

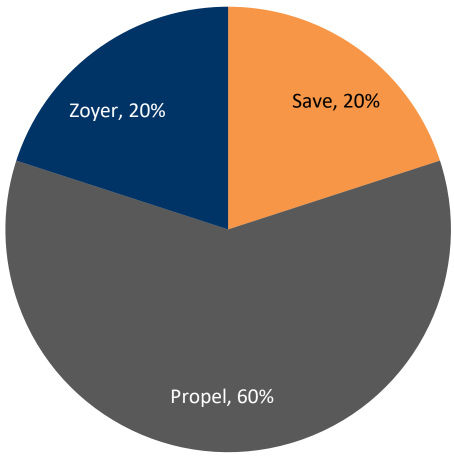


Source: Company Data, Equirus

What is the revenue mix across three products?

At an aggregate level, in 9MFY24, Propel contributed ~60% of net revenues, Save ~20%, and Zoyer ~20%. Zoyer was launched in FY24. In FY23, Propel contributed ~75% of total revenues and Save ~25%.

Exhibit 3: 9mFY24 revenue mix – Zoyer started earning revenues from FY24



Source: Company Data, Equirus

Why are Propel platform/gift card fees recognized on gross basis?

In the Propel business, wherein reward points are redeemed, ZAGGLE acts as a principal in the transaction. Accordingly, consideration for the issuance of gift cards/vouchers is recognized on a gross basis with corresponding cost of procurement of such gift cards recorded as an expense. We believe the take rate ZAGGLE earns in such transactions should be considered as effective net revenue for the company for analysis. In the note, we use net revenues at multiple places which considers total revenues from SaaS/platform and program fees, but only net revenues from propel platform/gift card fees.

What are the key growth drivers?

Multiple legs of growth ahead, including global expansion and new product launches

We believe ZAGGLE is in the initial phase of its lifecycle with multiple legs of growth ahead like:

- **New customer acquisition:** In the past 12 months, ZAGGLE has added ~620 new corporate relationships of 2,837 as of 3QFY24.
- **Increased cross-selling of products to existing customers**: Overlap for Propel and Save is ~20%, implying a large untapped opportunity within existing customers.
- **Global expansion:** Offerings of Zaggle integrate with most leading HRMS, accounting softwares used globally. So taking Zaggle's product offering global is technologically possible. Even much smaller competitors like Fyle technologies (FY23 revenues of Rs 140mn) have a presence in Africa.
- **New product offerings:** ZAGGLE continues to work on expanding its product offerings. E.g. Zoyer has been a recently launched product and now forms ~20% of net 9MFY24 revenues from NIL last year.

What are the key business moats?

We believe the key moats of the business are:

- Solutions that covers a wide array of corporate spends, thereby offering a more comprehensive product proposition versus competitors.
- Customer stickiness with less than 2% annual churn.
- B2B2C originations wherein ZAGGLE is onboarding corporate clients, which in turn brings in its employees/channel partners.
- Unique revenue model wherein 10-20% of revenues come from the product beneficiary.
- Multiple banking tie-ups ensure healthy bargaining power.

How is the competitive landscape?

While there is no domestic listed competitor, many players offer some of ZAGGLE's solutions

There are several companies offering few of the solutions like: (a) channel and employee rewards, (b) vendor payments, (c) employee tax benefits, and (d) expense tracking and re-imbursements. These players include Happay, Fyle Technologies, Sodexo, SAP Concur, Enkash, Payment, Pinelabs, and Xoxoday. However, none of these have solutions across all three products of ZAGGLE. There is no domestic listed competitor of ZAGGLE.

Nevertheless globally, there are a few listed companies in the spends management space like Expensify, Wex, Edenred, FleetCor, Bill Holding, and Sodexo.

What is the key business risk?

Regulatory changes on interchange charged on cards – a key risk

We believe regulatory risk is a key risk in terms of interchange charged on cards and the eventual sharing that happens with ZAGGLE; note that the company generates 75-80% of its net revenues from interchange. While there was a discussion paper floated by the regulator around 1.5 years ago to reassess the charges for various digital payment options, we believe there is no near-term risk to any cut in interchange on pre-paid cards; this is because nothing came further post the discussion paper when the timelines for submitting the comments ended in Oct'22.

Additionally, new customer acquisition is a key growth driver for the company. Any moderation in new customer acquisition can adversely impact revenue/PAT CAGR estimates.

A corporate can simply use a corporate credit card; why spend on ZAGGLE's solutions?

A corporate credit card helps segregate corporate spends onto a separate payments instrument for the employee, thereby easing expense claim reimbursements. However, for a corporate, it still does not serve purposes like:

Some banks have tied-up with ZAGGLE to bundle its analytical solution with their corporate credit cards to offer spends analytics to their customers

- Compliance with corporate policies on spends, i.e. designation-level eligibility on spends on travel and entertainment, checking on permitted spends (e.g. on Liquor)
- Viewing consolidated spends across categories for all card holders within the organization
- Tracking project-level spends, and spends against budgeted amounts across various categories

So ZAGGLE's spend management solution offers much more than what a corporate credit card solution offers. In fact, some banks have tied-up with ZAGGLE to bundle its analytical solution with their corporate credit cards to offer spends analytics to their customers. For this, ZAGGLE gets a share of interchange earned by the bank.

Why does a card issuing partner share a high share of interchange with ZAGGLE?

We believe a banking partner gets the following benefits:

- It gets to keep the entire float on card balances.
- Customer origination is largely done by ZAGGLE, so the part of interchange that banking partner gets to keep is an additional fee income for them for providing the card infrastructure to ZAGGLE.
- Mid-sized banks get an opportunity to enter large corporate salary relationships.

Moreover, ZAGGLE has partnerships with more than 10 card issuers. Consequently, it has bargaining power on the interchange.

Why are the receivable days so high?

ZAGGLE's trade receivable comprises:

- 55-60 days of receivables on SaaS fees, which is recoverable from corporates
- 45-60 days of receivables on program fees (interchange) which is recoverable from the bank. However, billing for the program fees happens at month end.
- 30-35 days of receivables on gross basis of Propel points redemption. Billing for the same happens at the time of redemption of Propel points and not at the time of allocation of these points. This is receivable from the corporate.

Some of these revenue stream have lumpiness towards the quarter/year end and correspondingly, there has been an increase in receivable days. In absolute amounts, Propel points/ Gift voucher business consumes most working capital for the company.

Is there seasonality in the business?

Yes, ~60% of revenues come in the second half of the financial year. Save revenues see a jump up in 4Q while Propel revenues normally spike during the festive period (3Q/4Q).

What is the lumpy opex line item – 'Incentives and Cashback'?

Incentives are typically in the nature of additional promotional expenses on 'Save' and 'Propel' cards given to end users to promote card spends. Incentives are driven by follow-up efforts by ZAGGLE with end users to promote balance utilisation to enhance customer satisfaction and drive spends, which contributes to their revenue.

- Incentives offered by way of cashbacks are recognised as expense at the time of loading of such cashback to the cards.
- In addition, incentives are recognised as expense when the awarded points are redeemed for vouchers or coupons.

These expenses are incurred for acquiring customers, creating merchant awareness, driving spends by current user base, and in connection with cross-selling and up-selling activities. Eventually these drive-up spending levels among users, which have their resultant positive impact on program fee income.

Zoyer also has a component of incentives given to corporates which is similar in nature to the incentives given to the corporates by corporate credit card issuers.

How should one think about incentives in future?

As the vintage customer base increases, the share of incentives as a proportion of program fees will reduce

ZAGGLE has had a customer churn rate of sub-2%. A key advantage for ZAGGLE is that once it can get customers to use its products regularly, they become sticky given a lot of friction involved in changing the service provider away from ZAGGLE. ZAGGLE's solutions, Save and Propel, were launched in FY19 and Zoyer started earning revenues from FY24. So we believe in the medium term, as the vintage customer base increases, the share of incentives as a proportion of program fees will reduce. However, with the recent launch of Zoyer, we expect FY25E incentives (as a percentage of program fees) to remain elevated.

Why was the net worth negative till FY22?

ZAGGLE has been a boot-strapped start-up and has not raised any meaningful capital prior to the IPO. So prior to the IPO, Zaggle was largely dependent on debt for growth funding.

ZAGGLE claims it has issued more than 50mn prepaid cards but has just 2.56mn users. What am I missing?

Under Propel, multiple gift cards would have been issued over a period to the same set of individuals/distributors as part of the incentives and rewards offered by corporates.

Industry Dynamics

Spend management software solutions are targeted for businesses to claim greater control over their expenditures by streamlining financial processes and making data-driven decisions. With an efficient spends management solution, companies can ensure that their money is being allocated strategically to minimize costs through efficient procurement and cash management.

Need for spends management solutions

An effective spends management system allows for real-time visibility across departments, aids in risk management, establishes & implements internal controls, and develops expense-related policies

Expenses are usually a set of complicated pre-accounting workflow, irrespective of the size of a company. Expenses touch every employee, span every layer of the organization, and require interaction with a host of internal and external business systems. Currently, most companies use fragmented programs for distinct functions such as employee expense management, vendor management, payroll management, tax management, procurement and purchasing, and channel partner incentivization. An integrated spends management solution helps companies reduce the time and effort spent on low-value add but relevant/compliance-linked activities. It helps in faster processing of expenses, optimize data management, spends analytics, company policy compliance, filtering of fraudulent claims, avoid duplicate claims, procurement analytics, and strategic sourcing among others.

Core components of a good spends management solution:

- Expense tracking
- Policy and compliance
- Budgeting and planning/analytics

Spends management software: Benefits

Benefits include reduction in time and effort spent on low-value add but relevant/compliance-linked activities

- A spends management software gives complete visibility into expenditures across departments. One can track spending trends, categorize expenditures, identify payment gaps, and make decisions based on the insights.
- One of the **core tangible benefits of a spends management platform is cost savings**. Companies can identify opportunities to reduce expenditures by detecting unnecessary or overspending and negotiate better deals with suppliers.
- Monitoring capabilities of the spends management platform ensures that expenditures are within the assigned budget. It helps optimise cash flows by allocating resources as per requirement.
- Drive improvement in business operations by making informed decisions through real-time visibility into expenditures.
- Greater access to analytics and insights into expenditures makes the corporate better prepared for any unforeseen eventualities like an economic slowdown, a changing competitive landscape, or market disruptions.

Exhibit 4: Outsourced spends management and HCM service categories in India

Category	Definition	Key Trends
Employee Expense Management	Employee expenses are mainly categorized into reimbursable expenditures, non-reimbursable expenditures, and reward payments. Reimbursable expenditures usually include travel expenses (local conveyance, flight and hotel bookings, among others), meal expenses, medical expenses, telecom expenses, and fuel expenses	• 82% of companies are either partially or entirely lacking in making the whole travel and expense process automated despite being the second-largest operational expense after payroll • 48% of companies do not have a system to detect fraud as expenses are mapped manually
Employee Rewards and Recognition	Employee recognition and reward system refers to a program set up by the company to reward performance and motivate employees	• The war for talent will increase emphasis on diversity, equity, and inclusion, as well as the rising expenses of employee benefits, putting pressure on Indian companies to revise their employee experience plans • Most Indian organizations have employees of all ages, and this is one of the employee engagement trends that will continue to expand in the future
Vendor payment management	A system that oversees the payment of a business's external suppliers for goods, services, or both	• Modern, astute firms have already begun to consider automating their vendor management procedures, including vendor onboarding, to reduce compliance risks • Firms are automating vendor interactions, payments, and increasing overall compliance in the tax environment
Negotiation as a service (NaaS)	A platform that allows businesses to automate tailored commercial negotiations at scale, to secure the best deal for their consumers. It compares and evaluates proposed terms and conditions and compares them to others in the market to reach an agreement that is suitable for both sides.	• Typical Fortune 500 companies spend more than a third of their sales on categories that may be purchased through negotiated contracts • NaaS used to always require hiring an outsourcing center. However, this process is increasingly developing via the use of cutting-edge technology.
Payroll Management	Payroll management within expense management covers employee salaries and incentives payment management in accordance with policies and regulations. It may also keep a financial record of employees' gross earnings, payroll deductions, net pay, and the employer's payroll tax due.	• Bonus payments, benefit deductions, vacation leaves, salary increases, employee recruitment and firing, checklist-driven payroll processing in under a minute, accurate reconciliation tools, generating and distributing pay slips with a single click, and a highly configurable claims module with expenses and reimbursement workflow are all possible with a payroll system • Requirement for managing an expanding workforce, as well as the rising need for replacing older systems with advanced payroll solutions to minimize the time spent on the administration; increasing adoption of a work-from-home policy, and maintaining payroll tax records and avoiding penalties are some of the major factors increasing adoption of the payroll management
Channel partner incentivization	A behavior modification tool designed to reward partners for achieving specific goals, excluding direct cash incentives.	• After the Covid-19 outbreak reduced customer demand, Indian companies are increasing dealer and distributor incentives to push sales • Recent incentives have focused on increasing liquidity in the system, rewarding stronger sales performance, and covering dealer overhead expenses such as purchasing sanitizers and safety equipment
Gift Card Loyalty Program (GCLP)	A benefits program that helps employees save money through financial wellness packages with outstanding perks and corporate discounts.	• Several companies are offering incentives, while others are providing sustainable and fitness-related presents • IGP, a multicategory gifting company, has seen a 30 percent year-on-year increase in corporate gifting over the festival season over the last two years

Source: News Releases, Frost & Sullivan Report

Opportunity size for spends management software pegged at Rs 139bn by FY27

Most MSMEs have partial awareness about spend management solutions, resulting in 61% of the companies using fragmented products for various functions. A survey by Frost & Sullivan on implementation level of e-procurement (2020) revealed that only 37% of Indian enterprises have implemented e-procurement software in one or more business units, indicating a significant opportunity in the space. Only 13% of organizations showed no intent to adopt spends management software such as e-procurement as they had lower employee strength and could not afford the high cost of implementation.

Only 7% SMEs fully adopted SaaS solutions, as per a survey by India SME Forum in CY20

In terms of full adoption of such SaaS solutions by SMEs, the figure dropped to only 7% (Source: Survey of 129,537 MSME respondents conducted by the India SME Forum in CY20). Among the restraints, about 70% of MSMEs cited a lack of knowledge and guidance in using such tools, the cost of investing in these technologies, and lack of skilled talent to manage them. Large enterprises accounted for 70% of India's spending management software and services market.

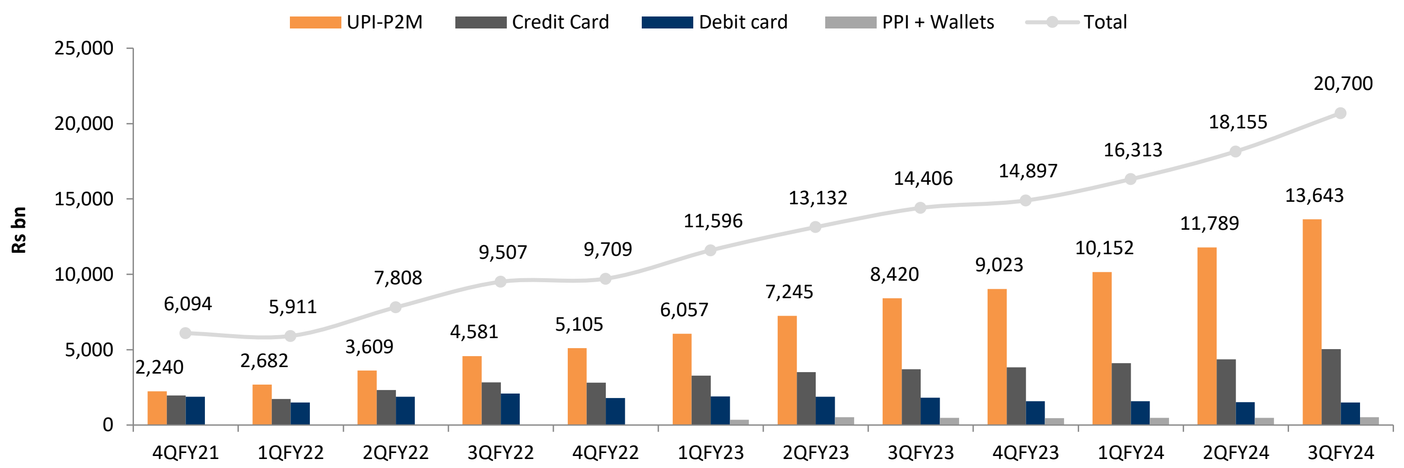
The overall market for spends management (in-house and outsourced; including procurement management, expense management, and payroll management) was estimated at ~Rs 82bn in FY21 and should reach ~Rs 139bn by FY27 with the share of outsourcing increasing from ~37% to above 44% during this period.

Convenience – the biggest influence in use of digital payments

With consistent m-o-m growth in digital payments, accounting and expense management solutions can be integrated with actual spends to track them real time

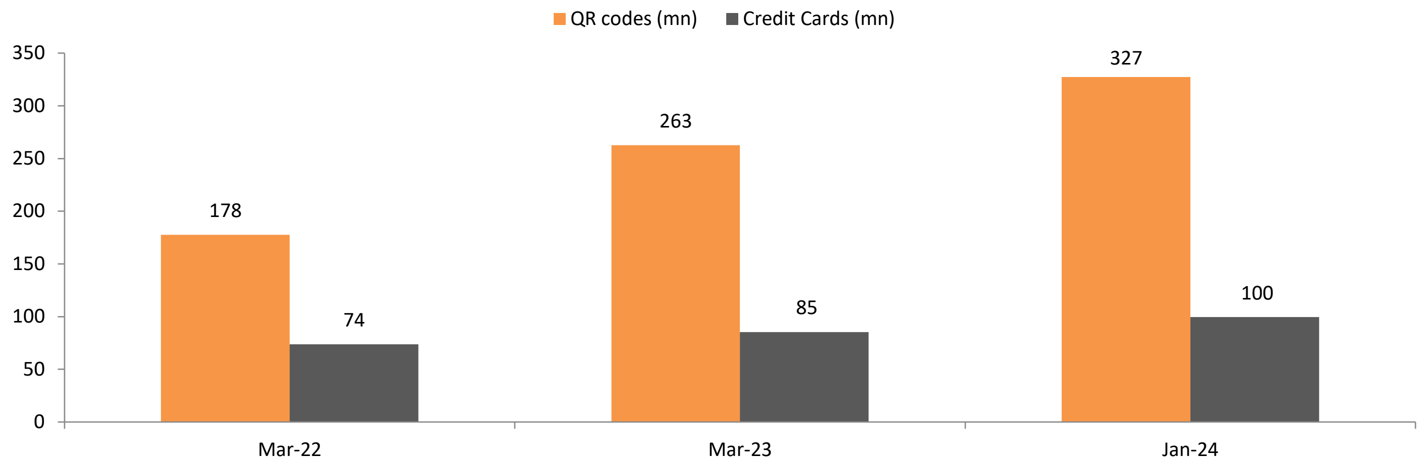
RBI's pilot study in 2018-2019 explored retail payment patterns of individuals in six cities – Delhi, Kolkata, Bengaluru, Mumbai, Chennai, and Guwahati – and discovered that convenience was the biggest influence in the use of digital payments. QR code-based digital payments have widened the merchant acceptance touchpoints multifold as compared to credit-card accepting merchant points. With consistent m-o-m growth in adoption of digital payments, it is now possible to integrate accounting and expense management solutions with actual spends to track them on real-time basis, thereby offering smart spends management solutions to corporates.

Exhibit 5: UPI/credit card/debit card/wallet quarterly spends at ~Rs 21trn as of 3QFY24



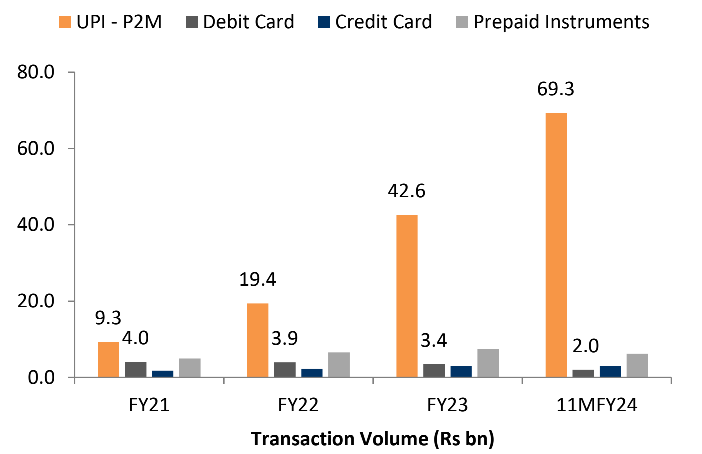
Source: RBI, Equirus

Exhibit 6: Credit card and QR code acceptance points



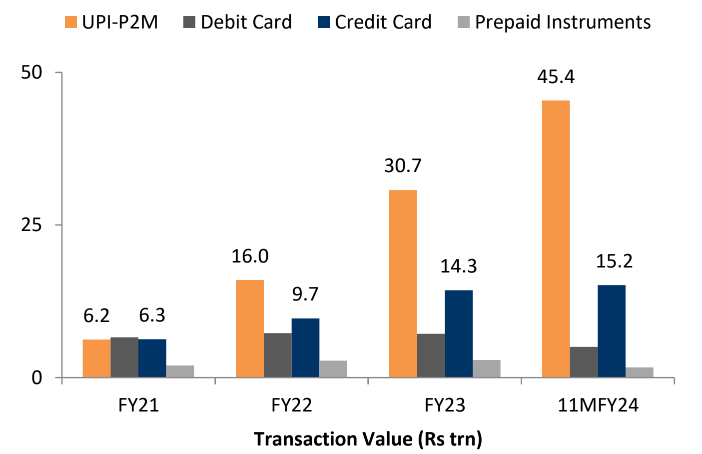
Source: RBI, Equirus

Exhibit 7: Transaction volumes across UPI-P2M/CC/DC/PPI grew at a 68% CAGR over FY21-FY23



Source: RBI, Equirus

Exhibit 8: Transaction value across UPI-P2M/CC/DC/PPI increased at a 62% CAGR over FY21-FY23



Source: RBI, Equirus

ZAGGLE – Understanding the business

Product offerings cover employee, channel, and business spends

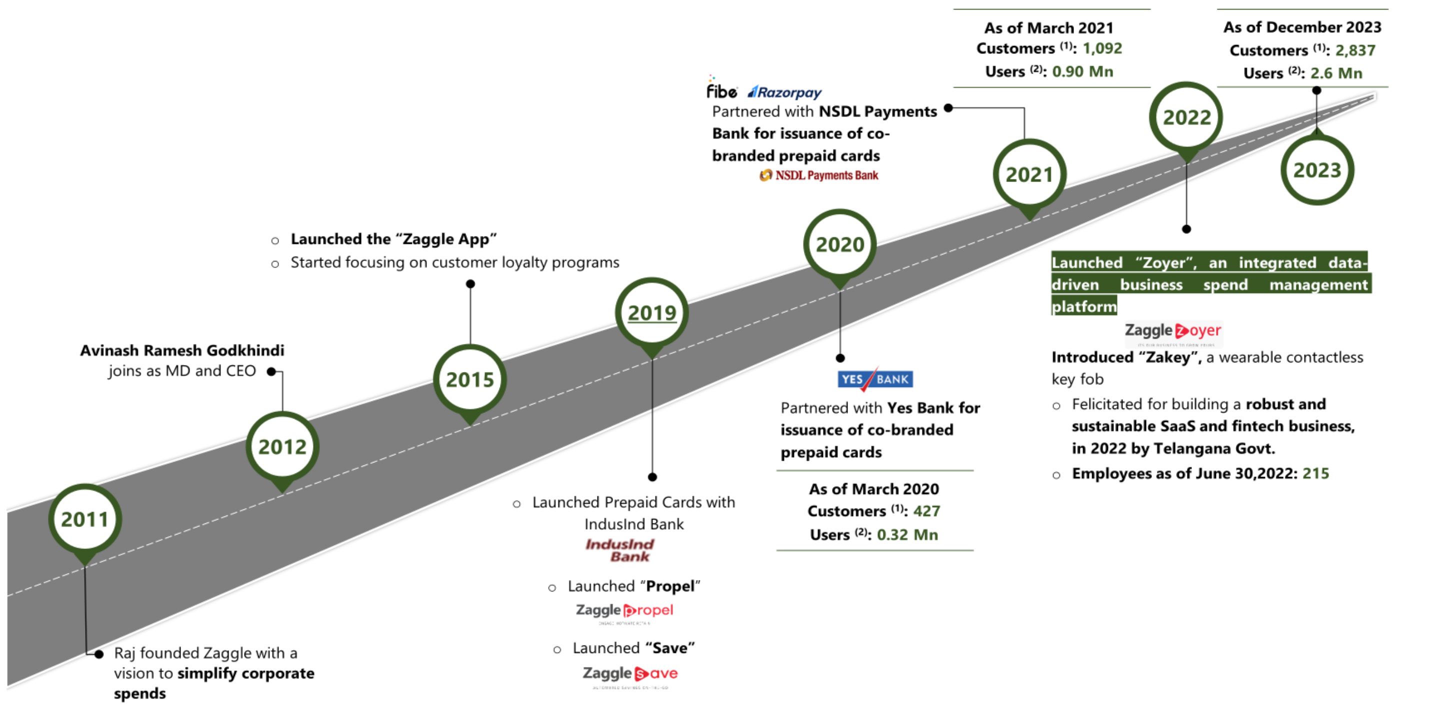
ZAGGLE's solutions meet corporate needs for:

- *Vendor payments*
- *Channel incentives*
- *Employee tax benefits*
- *Rewards & recognition*
- *Employee reimbursements*

Incorporated in 2011, ZAGGLE has largely been a bootstrapped start-up. It is a leading player in the spends management space with a differentiated value proposition and a diversified user base. ZAGGLE provides a SaaS-based spends management and analytics platform, offering (a) business spends management (including vendor management and employee expense management), (b) rewards and incentives management for employees and channel partners, and (c) gift card management for merchants. The company's offerings include:

- Propel (launched in CY19): Propel is a corporate SaaS platform for rewards, incentives, and recognition of channel partners (dealers/distributors/retailers) as well as employees. The platform uses technology to solve business problems for corporates, enabling them to unlock value in their business operations and save on operational costs.
- Save (launched in CY19): Save is an expense management, employee reimbursement, and tax benefits solution, helping employees and companies save money, increase efficiency, and reduce manpower and leakage. This is tightly coupled with payment instruments like prepaid/credit cards to enable, track and smoothen reimbursements of various business linked expenses like travel and entertainment.
- Zoyer (launched in CY22, revenues started from FY24): Zoyer is an integrated data-driven business spends management/ accounts payable platform with embedded automated finance capabilities and is tightly coupled with corporate credit card products to facilitate vendor payments.
    - Within Zoyer, ZAGGLE also offers Zatix, a spends analytics platform that enables businesses to make informed decisions, identify cost-saving opportunities, and enhance overall financial efficiency.

Exhibit 9: Timeline: Key events



Source: Company Data, Equirus

ZAGGLE ecosystem

ZAGGLE's ecosystem involves the following stakeholders:

Tie-ups with various financial institutions to issue prepaid and/or corporate credit cards to corporate employees

- **Corporates:** Corporates are the users of any or all of the three products offered by ZAGGLE. They pay a SaaS fee and derive benefits of an efficient spends management and analytical solution offered by ZAGGLE. To the corporates, ZAGGLE offers:
    - Processing of employee business expense reimbursements
    - Channel and employee rewards
    - Account payable/vendor payment solutions
    - Business expense dashboards and associated analytical tools
- **Employees of corporates:** Employees are the users of ZAGGLE's solutions and benefit from
    - Tax benefit solutions with regard to certain components of the payroll
    - Simplified employee business expense reimbursement claims
- **Banks:** ZAGGLE currently does not have a pre-paid payment instrument or a credit card issuing license. Consequently, it ties up with various financial institutions to issue prepaid and/or corporate credit cards to corporate employees. With multiple banking partnerships in place, ZAGGLE has bargaining power in its share of interchange on the spends done on these cards. Banks benefit in terms of (a) float on pre-paid cards (for banks to keep), (b) access to new customers who would otherwise have their corporate salary relationships with other banks, (c) retaining a part of the interchange, even for customers originated by ZAGGLE.
- **Merchants:** As part of the Propel reward redemption program, ZAGGLE ties up with multiple merchants whose gift vouchers can be offered to users redeeming their reward points. While ZAGGLE earns a commission on these gift vouchers when they are issued, merchants in turn get assured sales.

Differentiated SaaS-based fintech platform, offering a combination of payment instruments, mobile application, and API integration

ZAGGLE combines a card-based payments instrument with its SaaS platform to enable tracking of spends

ZAGGLE offers a comprehensive product stack to spend, capture, process, validate, check policy compliance as well as reimburse business and employee expenses. Additionally, the product stack offers solutions for channel and employee rewards. Overall, the product solution encompasses the following:

- A payment instrument (gift card, credit card, reloadable multi-wallet/multi-bin card) that works at both online and offline outlets wherever cards of Visa/Mastercard are accepted.
- A SaaS-based platform that can be used for setting spending limits for employees according to their role and designation. The platform helps prohibit designated spends (e.g. for alcohol) and transactions at non-designated merchant establishments (e.g. in a bar), thereby enabling an organisation to efficiently manage corporate spending.
- API integration (hosted via the cloud) with its preferred banking partners, card networks, and merchants.
- Mobile apps for employees to track expenses, and file expense reports on the fly.

Diversified customer relationships across sectors

ZAGGLE has a diversified customer base covering leading brands across multiple industry verticals. Its solutions are sector-agnostic and its clientele cover sectors like banking and finance, technology, healthcare, manufacturing, FMCG, infrastructure, and automobile industries, among others. ZAGGLE has business relationships with brands such as TATA Steel, Persistent Systems, Vitech, Inox, Pitney Bowes, Wockhardt, MAZDA, PCBL (RP – Sanjiv Goenka Group), the Hiranandani group, Cotiviti, and Greenply Industries among others. To further develop fintech capabilities, it has partnered with payment networks such as VISA and Razorpay. ZAGGLE has issued more than 50mn prepaid cards in collaboration with some of its preferred banking partners since inception. As of Q3FY24, it had more than 2.56mn active users with 2,837 corporate relationships.

Collaboration with multiple banking partners

A wide array of banking partnerships give ZAGGLE bargaining power in the share of interchange it earns.

ZAGGLE relies on its banking partners to issue co-branded cards which are issued to its customers. The company's banking partnerships are with ICICI Bank, SBI Cards, Bank of Baroda, Kotak bank, IDFC First Bank, IndusInd Bank, Yes Bank, DBS Bank as well as NSDL Payments Bank. The company works with network partners like Visa, RuPay, and MasterCard.

ZAGGLE has an arrangement for a Rs 80mn sign-on bonus from Visa for the launch of some card products, likely to happen in FY25E; however, we have not built this into our estimates yet. Additionally, the company has an understanding with network partners for spends throughput-based rewards.

Investment Thesis

Operating in an underpenetrated space with global expansion opportunities

Usage of structured spends management platforms is still at early stages across India and most locations globally. As per Frost & Sullivan, ~7% of corporates/SMBs in India use some form of spends management software. Even globally, such solutions are picking up in terms of acceptance and implementation within organizations. So given its product mix, there is a good growth opportunity ahead for the company.

With its product offerings, ZAGGLE covers a majority of spends wherein some decision making/approval is needed at the corporate level

Comprehensive product offerings covering various aspects of spends management

ZAGGLE is amongst the few global players with coverage in spends management across employee reimbursements and tax-free benefits payouts, channel/distributor rewards and incentives, employee rewards and incentives, fleet management solutions, as well as vendor payments. Most competitors are present in either one or two of these segments. With its product offerings, ZAGGLE covers the majority of spends wherein some decision making/approval is needed at the corporate level (unlike planned expenses like salaries, planned capex).

Diverse revenue sources

Across various products, ZAGGLE has built more than one revenue source

While benefits of using ZAGGLE's solutions flow to the corporate, they pay between 10-20% of total revenues earned by ZAGGLE – a win-win for both parties

Unlike SaaS companies that charge corporates for services offered, ZAGGLE's revenue model is different. It charges nominal fees to the corporates for using its platform. However, ZAGGLE derives bulk of its revenues from (a) redemption of channel and employee rewards in the form of gift vouchers, closed loop gift cards or pre-paid gift cards, (b) spends generated by employees on co-branded cards and (c) vendor payments and data analytical solutions. Revenues from Zoyer started flowing in from FY24. As discussed earlier, revenue is recognized in the following forms:

- **SaaS/subscription fees:** This is the software fees paid by corporates for using the platform. This could be charged on a per user monthly/flat annual basis depending on the contract. This is charged across Save, Propel and Zoyer. In Zoyer, other than annual fees, there is also a fee linked to each transaction that is processed via Zoyer.
- **Program/interchange fees:** This is earned as interchange shared by banks on the spends done on the issued co-branded cards on co-branded cards issued by ZAGGLE across Save, Propel and Zoyer. Banks share a major portion of the interchange with ZAGGLE on a blended basis. This is one of the largest revenue lines for the company.
- **Propel platform/gift card fees:** This is the revenue recognized on sale of gift cards/vouchers. These gift vouchers are issued on the redemption of allocated propel points to employees/ distributors/channel partners as part of the rewards/incentives program of corporates. Take rates in this vary depending on the merchant category and on a blended basis from 5-10%.

Banks share a major portion of interchange with ZAGGLE as

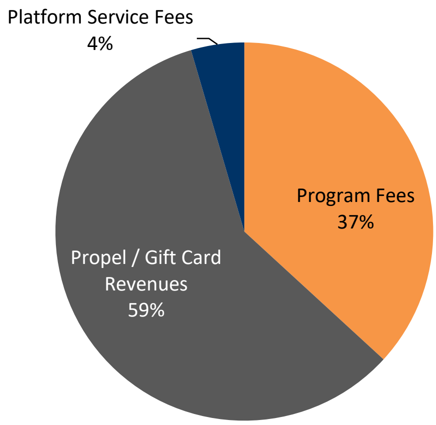
(a) They retain the float on card balances

(b) Customer acquisition/on-boarding is done by ZAGGLE; hence, there are no meaningful costs for banking partners

(c) Certain mid-sized banks get an entry into a large pool of corporate salary relationships

Additionally, ZAGGLE is developing cross-sell value-added propositions like (a) spends analytics platform for corporate credit card spends which can be cross-sold by banks to their credit card customers; here, ZAGGLE earns ~5bps of spends as revenues, and (b) cross-sell of various banking products.

Exhibit 10: Gross revenues: 9MFY24



Source: Company Data, Equirus

Operating leverage to drive EBITDA/PAT expansion

Acceptance of spends management solutions is still at a nascent stage within corporates – both in India and globally. Additionally, ZAGGLE is still at an early stage in its lifecycle with ongoing product launches and efforts for customer acquisitions. As some of these recent investments and launched products mature, we expect operating leverage to play out, driving EBITDA/PAT growth at a pace faster than revenue growth.

Wide addressable market

We believe growth opportunities exist from:

- Deeper penetration in existing customer groups; currently, only there is only a ~20% overlap in Propel and Save customers
- New client acquisitions in India and geographical expansion beyond India
- New product development

Low customer acquisition costs given a B2B2C model

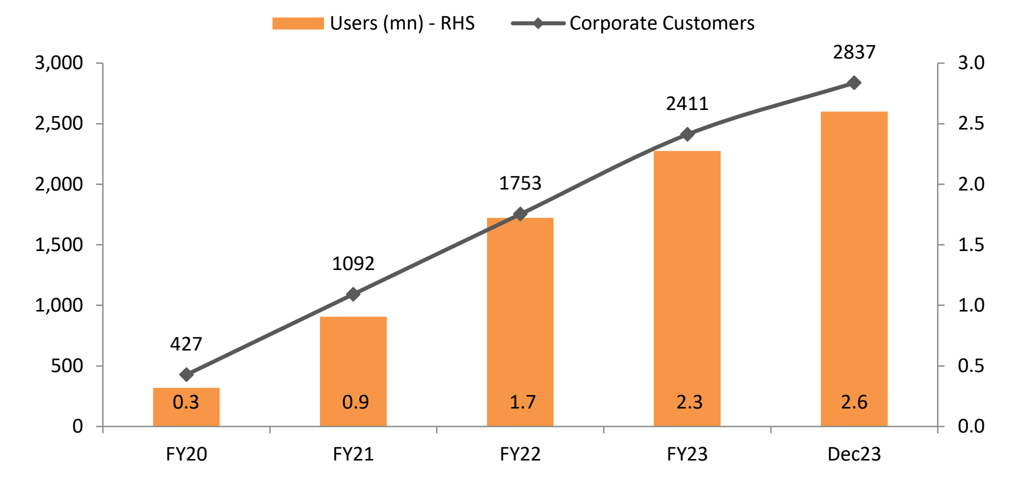
ZAGGLE's business model is a key differentiator. The company acquires large user bases through corporate and SMB customers, thus limiting such acquisition costs vis-à-vis other B2C/retail-focused players. ZAGGLE has relationship managers who source corporate relationships. Additionally, it is working on developing digital marketing channels to originate leads for SME customers. ZAGGLE's partnership with banks on specific joint propositions will also enable it to source customers via their banking partnerships. Besides, the company has launched a new XPNS platform designed to be a 'do-it-yourself' solution that helps businesses transition from manual to automated expense processes. XPNS will help ZAGGLE get leads for decent-sized businesses once they start using the DIY platform.

Diverse customers across sectors with low client concentration and high cross-sell potential

Top-20 customers contribute sub-20% of revenues

ZAGGLE has ~2,837 corporate/SMB clients across sectors like IT, financials, services, and manufacturing. Some of its key customers include Persistent, Tata Steel, Tata Capital, IndusInd Bank, AON, DBS, Pitney Bowes, Greenply, Mazda, AT&T, and Upgrad. Moreover, client-wise revenue concentration is limited with top-20 customers contributing sub-20% of revenues. Additionally, only ~20% of corporates use both Propel and Save while Zoyer is a newly launched product. Consequently, there is considerable potential to cross-sell other products even in the existing customer base.

Exhibit 11: Corporates customers and users at 2,837 and 2.6mn respectively as of 3QFY24



Source: Company Data, Equirus

Exhibit 12: Clients using ZAGGLE solutions

Source: Company Data

Key customers include Persistent, Tata Steel, Tata Capital, and IndusInd Bank

High customer retention rates

Exceptionally low churn rates help generate quality leads from an existing customer base

ZAGGLE has strong customer retention capabilities with the churn rate for customers terminating contracts being consistently low (annualized sub-2% over FY20-3QFY24). With its integrated offerings, the company has been successful in reducing the negative impact of low-switching costs associated with a SaaS business.

Secure platform for customers

ZAGGLE's offerings have features such as configurable platform for each corporate customer, allowing for partner on-boarding and automated workflows to track spends and reconciliations. As ZAGGLE deals with a lot of customer data coupled with its employees and vendors, it is essential to have a secure platform for their users. Correspondingly, ZAGGLE is GDPR, ISO 27001, and PCI DSS certified.

Experienced promoters with deep domain knowledge

ZAGGLE is GDPR, ISO 27001, PCI DSS certified

- Promoter and Executive Chairman, Mr. Raj P Narayanam, established the business in 2011 and has experience in the technology and fintech industry.
- Managing Director and Chief Executive officer, Mr. Avinash Godkhindi, has experience in the banking industry.
- Chief Financial Officer, Mr. Venkata Aditya Kumar Grandhi, has experience in the financial services industry.

The senior management team is ably supported by a professionally qualified workforce with extensive knowledge, understanding and experience in the fintech, banking, technology, infrastructure, and healthcare industries.

Strong management team at the helm

Exhibit 13: Board of Directors

Name	Designation	Description
Mr Raj P Narayanam	Executive Chairman	• Associated with the company since Apr'12 and has experience in technology and FinTech industry • Holds PGDP in Business management with specialization in finance from FORE School of Management, New Delhi; Certificate in digital marketing from MICA, Ahmedabad • Previously made varying levels of investments in certain companies at different points in time
Mr Avinash Ramesh Godkhindi	Managing Director and Chief Executive Officer	• Associated with company since May'12 and has experience in banking and financial services • Holds B. Eng from Bangalore University, Bengaluru and a MBA from University of Chicago, Chicago • Previously was an AVP at Citibank India
Arun Vijaykumar Gupta	Non-Executive Director	• Associated with company since Sep'22 • Currently, he is a director at Route Mobile Limited
Aravamudan Krishna Kumar	Independent Director	• . Associated with company since Sep'22 • He has experience in Banking Industry and was former MD at SBI Bank.
Abhay Deshpande Raosaheb	Independent Director	• Associated with company since Aug'22. • He has experience in the IT industry and is currently a director at Payswiff Technologies • .
Prerna Tandon	Independent Director	• Associated with company since Sep'22. • She has worked as the vice president – operations at Infosys BPO Limited and vice president – productivity and digitization leader at Genpact India

Source: Company Data, Equirus

Exhibit 14: Management team

Name	Designation	Background
Mr Raj P Narayanam	Executive Chairman	• Associated with the company since April, 2012 and has experience in technology and FinTech industry • Holds PGDP in Business management with specialization in finance from FORE School of Management, New Delhi; Certificate in digital marketing from MICA, Ahmedabad • Previously made varying levels of investments in certain companies at different points in time
Mr Avinash Ramesh Godkhindi	Managing Director and Chief Executive Officer	• Associated with company since May, 2012 and has experience in banking and financial services • Holds B.Eng from Bangalore University, Bengaluru and a MBA from University of Chicago, Chicago • Previously was an AVP at CitiBank India
Mr Venkata Aditya Kumar	Chief Financial Officer	• Associated with company since May, 2022 and joined as vice president-finance and accounts on May 9, 2022 and was promoted as the Chief Financial Officer on August 25, 2022 • Holds membership of the Institute of Chartered Accountants of India, New Delhi • Previously was Vice President: Investor Relations-Finance at Spandana Sphoorty Financial Limited
Mr Vidya Niwas Khetawat	Chief Strategic Officer	• Associated with company since Dec, 2021 • Holds B.Tech in Chemical Engineering from Indian Institute of Technology, Delhi, New Delhi and a M.E. from The National University of Singapore, Singapore and a MBA from the University of Chicago, Chicago • Previously was Designated partner at Nohara-Solargy Power LLP
Ms Hari Priya	Company Secretary and Compliance Officer	• Associated with company since Jan, 2022 • Holds a B.Com from Devi Ahilya Vishwavidyalaya, Indore, L.L.B. from Osmania University, Hyderabad and membership of the Institute of Company Secretaries of India, New Delhi • Previously, was AGM-Company Secretary with Axis Clinicals Limited, Asst. Company Secretary Gayatri Projects Limited and Deputy Company Secretary and Manager-Corporate Affairs Spandana Sphoorty Financial Limited

Source: Company Data, Equirus

Competitor Analysis

Domestic competitors

Among domestic peers with a comparable business model, ZAGGLE is profitable while peers like Happay and Fyle have been loss making

Zeta/Zoho, that compete in a portion of ZAGGLE's business offerings, have seen consistent EBITDA margin gains in the past few years

In the domestic spends management solutions space, we have looked at the financials of Happay, Fyle Technologies, Zeta, and Zoho. Within these four, Happay and Fyle have been loss making. Zeta turned profitable in FY23 while Zoho has been profitable for the past many years.

Zoho's EBITDA/PAT margins have improved from 25%/19% in FY18 to 45%/37% in FY23. Zeta has also seen its EBITDA margins flip from a negative of 63% in FY18 to a positive of 4% in FY23. Happay and Fyle – much smaller in revenue terms compared to Zeta and Zoho – have been EBITDA-negative.

Within these four companies, Happay and Fyle have a business model directly comparable to ZAGGLE; in contrast, Zeta and Zoho compete only on ZAGGLE's specific product offerings. Both Zeta and Zoho largely derive their revenues from sale of product/subscription fees.

Exhibit 15: Domestic unlisted peers

PnL	Happay					Fyle Technologies					
(Rs Mn)	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2023
Gross Revenues	142	251	370	446	720	3	8	30	54	88	140
Cost of revenue	0	0	0	0	0	0	0	0	0	0	0
Gross profit	142	251	370	446	720	3	8	30	54	88	140
SG&A	310	535	845	584	1,892	22	68	149	160	217	282
EBITDA	-169	-284	-475	-138	-1,173	-19	-60	-119	-106	-129	-142
Depreciation	5	8	17	63	53	0	1	3	2	2	3
Operating income	-174	-292	-492	-201	-1,226	-19	-61	-121	-108	-130	-145
Other income	12	50	34	5	26	2	3	23	21	7	11
Pre-tax income	-161	-241	-458	-196	-1,201	-17	-58	-99	-88	-123	-134
Income tax expense	0	0	0	0	0	-4	-13	20	0	0	0
Net Income	-161	-241	-458	-196	-1,201	-13	-45	-119	-88	-123	-134
Common Size											
Gross Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Gross profit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SG&A	219%	213%	229%	131%	263%	678%	862%	490%	295%	246%	201%
EBITDA	-119%	-113%	-129%	-31%	-163%	-578%	-762%	-390%	-195%	-146%	-101%
Depreciation	3%	3%	5%	14%	7%	9%	10%	9%	4%	2%	2%
Operating income	-123%	-116%	-133%	-45%	-170%	-588%	-772%	-399%	-200%	-148%	-103%
Other income	9%	20%	9%	1%	4%	50%	42%	74%	38%	8%	8%
Pre-tax income	-114%	-96%	-124%	-44%	-167%	-538%	-730%	-324%	-161%	-139%	-96%
Income tax expense	0%	0%	0%	0%	0%	-138%	-165%	67%	0%	0%	0%
Income before minority interest	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Minority interest	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net Income	-114%	-96%	-124%	-44%	-167%	-400%	-566%	-391%	-161%	-139%	-96%

Source: Company Data, Equirus

Exhibit 16: Domestic unlisted peers

PnL	Zeta						Zoho					
(Rs Mn)	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Gross Revenues	522	835	1,216	2,971	6,151	8,162	20,438	17,535	23,824	43,111	50,159	68,342
Cost of revenue	0	0	0	0	0	0	0	0	0	0	0	0
Gross profit	522	835	1,216	2,971	6,151	8,162	20,438	17,535	23,824	43,111	50,159	68,342
SG&A	851	1,071	1,398	3,422	6,273	7,827	15,331	12,617	14,414	19,364	22,185	37,677
EBITDA	-329	-236	-182	-451	-123	336	5,107	4,919	9,410	23,747	27,975	30,665
Depreciation	26	31	32	46	94	132	562	833	1,039	1,062	1,009	1,657
Operating income	-355	-267	-214	-496	-216	203	4,545	4,086	8,371	22,685	26,966	29,007
Other income	5	7	39	81	9	16	492	699	913	1,565	2,844	4,540
Pre-tax income	-350	-260	-175	-415	-207	220	5,037	4,785	9,284	24,250	29,810	33,547
Income tax expense	-55	-67	29	0	0	0	1,073	862	1,822	4,536	5,941	8,215
Net Income	-295	-193	-204	-415	-207	220	3,964	3,923	7,462	19,713	23,869	25,332
Common Size												
Gross Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Gross profit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SG&A	163%	128%	115%	115%	102%	96%	75%	72%	61%	45%	44%	55%
EBITDA	-63%	-28%	-15%	-15%	-2%	4%	25%	28%	39%	55%	56%	45%
Depreciation	5%	4%	3%	2%	2%	2%	3%	5%	4%	2%	2%	2%
Operating income	-68%	-32%	-18%	-17%	-4%	2%	22%	23%	35%	53%	54%	42%
Other income	1%	1%	3%	3%	0%	0%	2%	4%	4%	4%	6%	7%
Pre-tax income	-67%	-31%	-14%	-14%	-3%	3%	25%	27%	39%	56%	59%	49%
Income tax expense	-11%	-8%	2%	0%	0%	0%	5%	5%	8%	11%	12%	12%
Income before minority interest	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Minority intersts	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net Income	-57%	-23%	-17%	-14%	-3%	3%	19%	22%	31%	46%	48%	37%

Source: Company Data, Equirus

Global peers

In spends management, there are several listed global peers (Exhibit 17). Of these Edenred, Expensify and BILL Holdings seem to have a business model similar to ZAGGLE. Wex derives ~60% of its revenues from fleet management solutions – a product that ZAGGLE has recently launched. Fleetcor Technologies is another player in this space. Sodexo has businesses linked to the food service industry and a product on employee benefit solutions which competes with ZAGGLE's Save product.

We think as businesses like ZAGGLE mature, operating leverage plays out leading to a healthy uptick in profits

Quick financial analysis of these companies indicates:

- Companies in the initial phase of their growth journey, like BILL Holdings and Expensify, have healthy operating revenue growth. However, they have negative EBITDA/PAT due to investments in product development and customer acquisitions
- More mature companies like Edenred, Wex, and FleetCor have healthy EBITDA margins.
- Correspondingly, we believe that as these businesses mature, operating leverage plays out and leads to a healthy uptick in profitability.

We believe ZAGGLE is in the initial phase of its growth journey with multiple legs of growth ahead like (a) new customer acquisitions, (b) increased cross-sell of products to existing customers, (c) global expansion and (d) new product offerings. We therefore expect it to see strong revenue and earnings growth in the mid-to-long-term.

Exhibit 17: Listed global peers in similar lines of businesses

Sr No	Company	Geography	Business Description
1	BILL Holdings Inc	US	BILL Holdings, Inc. operates as a holding company. The Company, through its subsidiaries, offers cloud-based applications that simplifies, digitizes, and automates back-office financial processes for small and mid-sized businesses. Revenue Split: Subscription (~20%), Transaction (~65%), Float (~15%)
2	Edenred	Europe	Edenred offers specific-purpose payment solutions. The company offers specific-purpose payment solutions for food (such as meal benefits), mobility (such as multi-energy, maintenance, toll, parking and commuter solutions), incentives (such as gift cards and employee engagement platforms) and corporate payments (such as virtual cards). It is connecting over 50 million employees and 2 million partner merchants in around 45 countries and roughly 900,000 corporate clients. Edenred has three business lines: Employee Benefits (~60% of revenues), Fleet & Mobility (~25% of revenues), and Complementary Solutions (~15% of revenues).
3	Expensify	US	Expensify, Inc. designs and develops software solutions. The Company offers platform for receipt tracking, invoicing, bill pay, travel booking, corporate card, and expense management. Expensify serves customers worldwide.
4	FleetCor Technologies	US	FLEETCOR Technologies, Inc. operates as a business payments company. The Company offers payment solutions which help businesses control, simplify, and secure payment for fuel, general payables, toll, and lodging expenses. FLEETCOR's wide range of digitized solutions generally provides control, reporting, and automation benefits over the payment methods businesses often use, such as cash, paper checks, general purpose credit cards, as well as employee pay and reclaim processes. By product category, fuel cards account for some 40% of revenue, corporate payments generate about 25%, lodging cards for nearly 15%, tolls generate more than 10%, and gifts for more than 5% of revenue.
5	Sodexo	Europe	Sodexo operates as a food services company. The Company offers catering services, facilities management, and employee benefit solutions. The company is a partner of over 100 million consumers in over 50 countries.
6	Wex	US	WEX Inc. provides payment processing and information management services to the United States commercial and government vehicle fleet industry. The company has more than 600,000 fleet customers worldwide and partners with 9 of the top 10 US fuel retailers. WEX has three business segments: Fleet Solutions (~60% of revenues), Travel and Corporate Solutions (~20% of revenues), and Health and Employee Benefit Solutions.

Source: Company Data, Equirus

Exhibit 18: Financial snapshot – Global peers

		FY19	FY20	FY21	FY22	FY23	CAGR CY19-23(%)
BILL Holdings INC (USD Mn) (YE Jun)	Op Rev	108.4	157.6	238.3	642.0	1,058.5	76.8%
	EBITDA	-9.8	-34.2	-94.8	-221.3	-202.8	NM
	PAT	-7.3	-31.1	-98.7	-326.4	-223.7	NM
	EBITDA Margin (%)	-9.0%	-21.7%	-39.8%	-34.5%	-19.2%	
EdenRed (Euro Mn) (YE Dec)	Op Rev	1,626.0	1,465.0	1,627.0	2,031.0	2,514.0	11.5%
	EBITDA	629.0	534.0	637.0	806.0	1,247	18.7%
	PAT	346.0	266.0	343.0	417.0	308	-2.9%
	EBITDA Margin (%)	38.7%	36.5%	39.2%	39.7%	49.6%	
Wex (USD Mn) (YE Dec)	Op Rev	1,723.7	1,559.9	1,850.5	2,350.5	2,548.0	10.3%
	EBITDA	591.0	399.2	562.6	838.0	953.9	12.7%
	PAT	155.3	-280.5	136.1	167.5	266.6	14.5%
	EBITDA Margin (%)	34.3%	25.6%	30.4%	35.7%	37.4%	
Expensify (USD Mn) (YE Dec)	Op Rev	80.5	88.1	142.8	169.5	151	17.0%
	EBITDA	1.2	5.7	-10.3	-15.2	-33.0	NM
	PAT	1.2	-1.7	-13.6	-27.0	-41.0	NM
	EBITDA Margin (%)	1.5%	6.4%	-7.2%	-9.0%	-21.8%	
FleetCor (USD Mn) (YE Dec)	Op Rev	2,648.8	2,388.9	2,833.7	3,427.1	3,757.7	9.1%
	EBITDA	1,502.9	1,257.1	1,510.6	1,767.0	1,993.5	7.3%
	PAT	895.1	704.2	839.5	954.3	981.9	2.3%
	EBITDA Margin (%)	56.7%	52.6%	53.3%	51.6%	53.1%	
Sodexo (Euro Mn) (YE Aug)	Op Rev	21,954.0	19,321.0	17,428.0	20,263.0	22,637.0	0.8%
	EBITDA	1,099.0	285.0	528.0	755.0	888.0	-5.2%
	PAT	686.0	-319.0	137.0	519.0	568.0	-4.6%
	EBITDA Margin (%)	5.0%	1.5%	3.0%	3.7%	3.9%	

Source: BBG Adjusted Financials, Company Data, Equirus

Financial Analysis

Contribution from Zoyer driving accelerated revenue growth

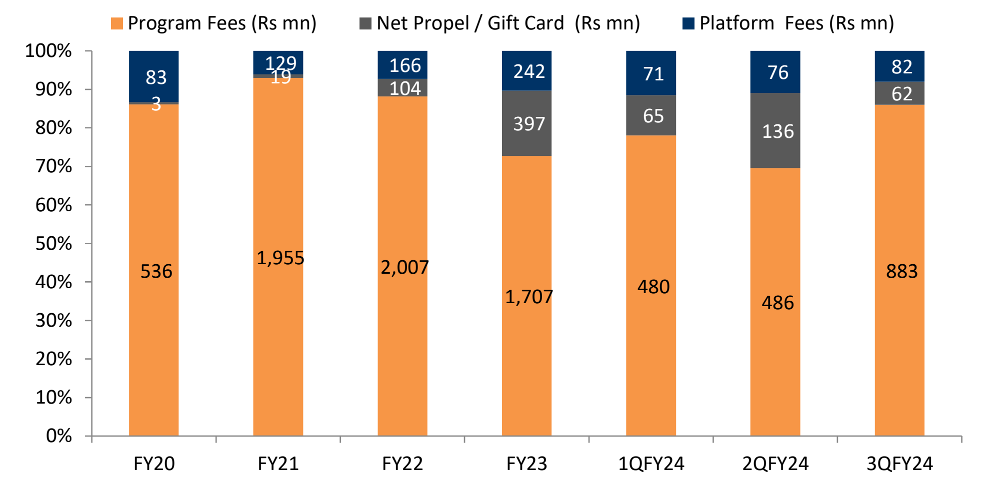
In 9MFY24, Propel contributed ~60% of net revenues (net of cost of gift cards), while Save & Zoyer ~20% each

Zoyer, launched in FY24, contributed ~Rs 450mn (3Q: ~Rs 300mn) of 9MFY24 revenues. The product will be a key revenue driver in the near future as ZAGGLE continues to add Zoyer clients.

Growth in Save and Propel continues to be driven by (a) the addition of new clients, (b) the addition of new employees, and (c) roll out of new reward schemes by corporates. About a fifth of corporate relationships use both Save and Propel, implying healthy opportunity to cross-sell.

ZAGGLE looks to increase the share of gift card revenues as its take rates are better

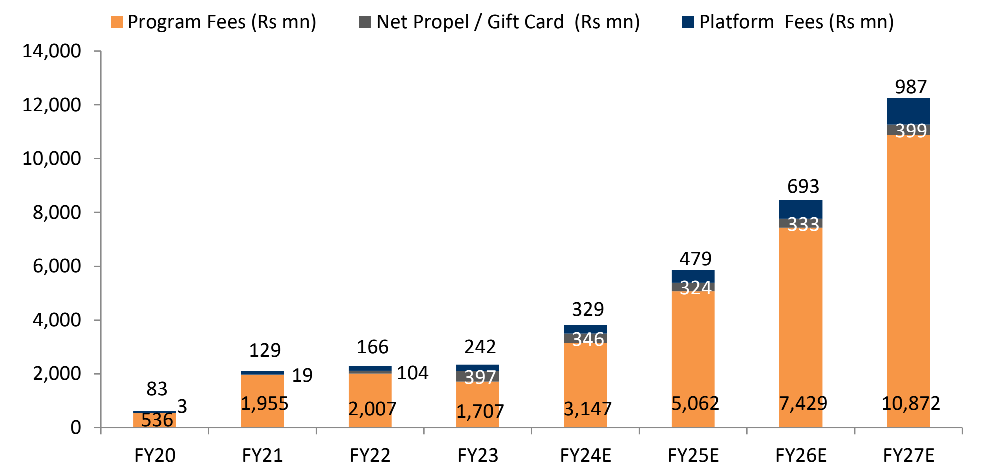
Exhibit 19: Trends in Net revenues across revenue streams



Source: Company Data, Equirus

We expect Save/Propel net revenue CAGR of ~30% over FY24E-FY27E while Zoyer (new product launched in FY24) will drive the remaining growth

Exhibit 20: We expect ~47% net revenue CAGR over FY24E-FY27E



Source: Company Data, Equirus

Gross margin contraction due to growth in Propel gift cards business (higher take rate)

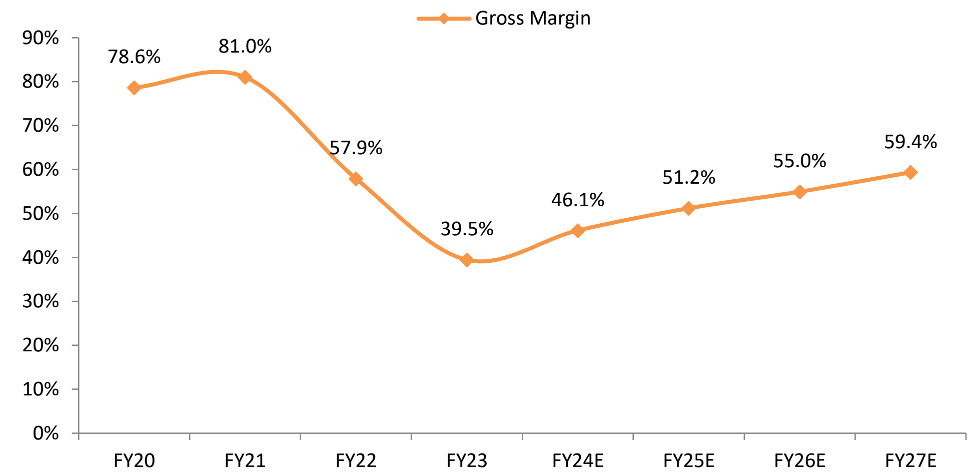
In terms of revenue recognition, revenue earned on spends on co-branded cards as well as gift cards is in the form of a share on the interchange earned by the banking partner. In this revenue stream, there are no meaningful direct costs and gross margins are ~95%. These interchange revenues are earned across all the three products: Save, Propel and Zoyer.

In the gift cards business, ZAGGLE recognizes revenues and costs on gross basis. Correspondingly, gross margins here vary between 5-10%, depending on the voucher category redeemed.

With an increase in share of gift card revenues (gross basis), reported gross margins have declined. Incrementally, as Zoyer will drive faster revenue growth, we expect gross margins to broadly hold up at similar levels.

As Zoyer drives faster revenue growth ahead, we expect gross margins to improve to ~59% by FY27E

Exhibit 21: Gross margin to improve to ~59% by FY27



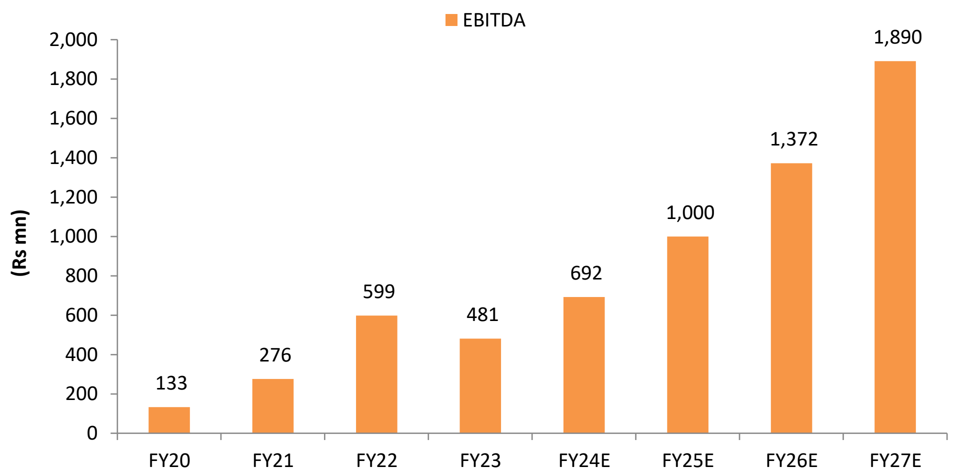
Source: Company Data, Equirus

EBITDA margins to improve to 9.5% by FY27E vs 8.7% in FY23

We expect EBITDA margins to improve as (a) revenue mix changes with new product launches, (b) operating leverage plays out with a reduction in incentives and cashbacks as a proportion of revenues.

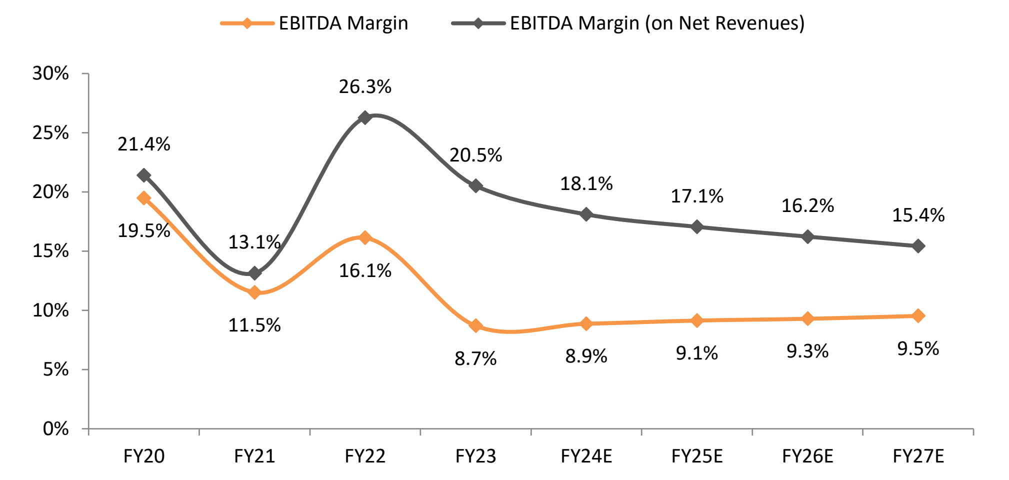
We expect a 40% EBITDA CAGR over FY24-FY27E. Correspondingly, we see EBITDA margins touching 9.5% by FY27E vs. 8.7% in FY23.

Exhibit 22: We expect a ~40% EBITDA CAGR over FY24-FY27E



Source: Company Data, Equirus

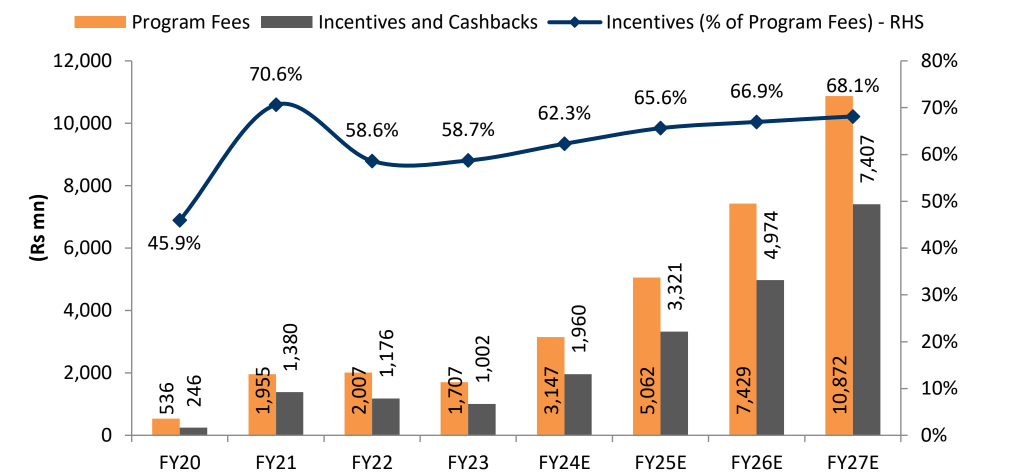
Exhibit 23: We expect EBITDA margins to inch up gradually as operating leverage plays out



Source: Company Data, Equirus

In 9MFY24, incentives and cashbacks formed ~58% of program fees. We expect this proportion to increase in 4Q on higher incentives in Zoyer.

Exhibit 24: We expect incentives and cashbacks as a proportion of program fees to increase to ~68%

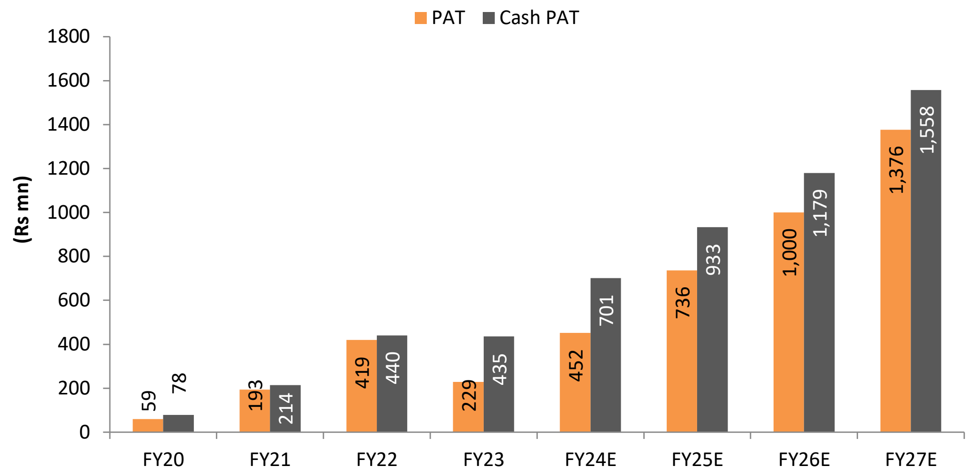


Source: Company Data, Equirus

PAT CAGR to stay robust

We expect FY24E-FY27E PAT CAGR of 45% driven by a healthy 47% CAGR in net revenues as well as EBITDA margin expansion. We build in FY25E/FY26E/FY27E EBITDA margins of 9.1%/ 9.3%/9.5%.

Exhibit 25: We expect a ~45% PAT CAGR over FY24E-FY27E



Source: Company Data, Equirus

Growth in Propel business driving working capital needs

ZAGGLE needs working capital towards the following:

- SaaS revenues billed to corporate clients have a payment period of 50-60 days.
- Interchange earned on spends is billed to banks on a monthly basis with a credit period of 45-50 days.
- Propel point/reward redemption on gross basis is billed to corporates on redemption and has 45-60 days of credit period. This line item consumes maximum working capital for the company.

Some of these revenue stream have lumpiness towards the quarter/year end and correspondingly, there has been an increase in receivable days. In absolute amounts, Propel points/ Gift voucher business consumes most working capital for the company.

Key risks

Agreement/regulatory changes adversely impacting interchange revenues

Company's revenues are largely dependent upon Banks sharing a part of interchange on the co-branded cards. Banks currently share a significant part of the interchange with ZAGGLE as a) they get float on the card balances, b) they get to bundle value added products along with bank's own core products which creates differentiation viz competition and c) mid-sized bank get an entry into Tier A corporates wherein Corporate Salary mandates are predominantly with likes of HDFC Bank, ICICI Bank etc. Any change in the agreement/Regulatory environment can adversely impact the interchange revenues.

Slowdown in new customer acquisition

While increase in spends of existing user base and increase in employees of existing corporate clients are a couple of revenue growth drivers, larger contribution to growth will come from new client acquisitions towards which company is already working as discussed above wrt the multiple sourcing channels to originate new customers.

Change in Tax laws wherein the benefits under Old Income tax Scheme are discontinued could impact certain segments of Revenue

A portion of revenues (Sub 10%) come from tax benefits linked payouts to employees. If the old scheme of taxation for individuals is discontinued then this revenue could be adversely impacted.

Incentives and cashbacks as a proportion of program fees do not decrease across products

A key thesis for EBITDA margin expansion is that incentives and cashbacks will moderate over time across each product as these incentives and cashbacks are largely linked towards onboarding and activation of new customers to drive usage of ZAGGLE's products. With Zoyer having a higher incentive payout currently (at above 80%), we expect overall incentives and cashbacks as a proportion of program fees will increase over the next couple of years. However, if the proportion of Incentives and Cashback's doesn't decline that the operating leverage may not play out but earning growth can be in line with the revenue growth.

Increase in competitive landscape

There are many start-ups as well as incumbent entities globally that are offering spends management solutions. As the spends management ecosystem matures, there could be an increase in competitive intensity thereby impacting growth for ZAGGLE. Given the customer low churn rate in this business, it is essential that the company focuses on onboarding clients at an accelerated pace.

Recent developments/tie-ups

- Recently, **Visa** and ZAGGLE have further strengthened their partnership by jointly issuing forex co-brand cards. ZAGGLE will capitalize on its existing corporate clientele to distribute forex cards to employees of these corporate clients, seamlessly integrating this offering with the ZAGGLE expense management solution.
- ZAGGLE has also partnered with **Bank of Baroda Financial Solutions** for implementing commercial card onboarding and a value-added services platform, ZatiX.
- ZAGGLE has tied up with **Easy Trip Planners (Easemytrip)** for API integration for integrated travel & expense management solutions to corporate clients.
- ZAGGLE has entered into a service provider agreement with **Axis Bank** for bundling of Axis Bank corporate credit cards with ZAGGLE's corporate base.
- ZAGGLE has tied up with **Torrent Gas** for a closed loop, fleet loyalty card program.

Exhibit 26: Recent partnerships/ agreements/ acquisitions by Zaggle

Date	Entity	Description
11-Apr-24	**Indian Bank**	**Zaggle to provide software applications/ solutions and support services**
02-Apr-24	Yokohama India Private Limited	Zaggle would provide Yokohama India Private Limited the Zaggle Save platform
27-Mar-24	**Span Across IT Solutions**	**Acquisition of 45% stake in Span Across for Rs 248mn. Span Across deals in online income tax return preparation services and software development.**
27-Mar-24	Riya Travel & Tours	Zaggle and Riya Travel will offer Integrated Travel & Expense Management Solutions to Corporate Clients
21-Mar-24	Expleo Solutions Limited	Zaggle would provide Expleo Solutions Limited the Zaggle Save platform
02-Mar-24	**Axis Bank**	**Zaggle is contracted to be a referral partner of Axis Bank Ltd to carry out activities such as Sales and Distribution, Marketing and Campaigning bundled with Zaggle expense management to drive forex card spends & greater usage of the software**
01-Mar-24	Europ Assistance India Pvt. Ltd.	Contract for providing Zaggle Save and Zaggle Zoyer services
24-Feb-24	Nishi Forex and Leisure Pvt Ltd	Zaggle is contracted to be a Co-brand partner with Nishi Forex who is an Authorised Dealer II for forex card to carry out activities such as Sales and Distribution, Marketing and Campaigning bundled with Zaggle expense management to drive card spends & greater usage of the software
24-Feb-24	Emcure Pharmaceuticals Limited	Zaggle would provide Emcure Pharmaceuticals Limited the Zaggle Save proposition
23-Feb-24	Benetton India Pvt. Ltd	Zaggle would provide Benetton India Pvt. Ltd. the Zaggle Save proposition
21-Feb-24	**Wipro Limited**	**Contract for providing Zaggle Save proposition**
21-Feb-24	Arcadis Consulting	Contract for providing Zaggle Save proposition
20-Feb-24	Bennett, Coleman & Co. Ltd.	Contract for providing Zaggle Save proposition
20-Feb-24	Easy Trip Planners Ltd	Integrated Travel & Expense Management Solutions to Corporate Clients
15-Feb-24	Quess Corp	Contract for Employees Benefits
13-Feb-24	**Axis Bank**	**Bundling of Axis Bank corporate credit cards with Zaggle's corporate base**
09-Feb-24	Lifestyle Intl	Contract for Employee Benefits
17-Jan-24	**Torrent Gas**	**Implementing Close Loop Fleet Program**

Source: Company Data, Equirus

Valuation & View

Initiate with LONG and a Mar'25 TP of Rs 400

We value ZAGGLE on FCFF basis with assumptions for net revenue CAGR over (a) FY24E-FY27E at 47%, (b) FY27E-FY34E at ~19%, and (c) FY34E-FY44E at ~10%. Additionally, we see EBITDA margins expanding from 9.1% in FY26E to 14.7% by FY35E and then holding up around ~15%. With a WACC assumption of 12.6%, terminal growth rate of 5% post 20 years of high growth, we value ZAGGLE at ~Rs 49bn. We assign a Mar'25 TP of Rs 400, which translates into a P/E of 49x FY26 EPS of Rs 8.2.

Relative valuation

There is no listed peer in India. Happay, a close competitor to ZAGGLE, was acquired by CRED at a valuation of US$ 180mn (as per media reports) in FY22. For FY22, Happay posted revenues/ EBITDA/PAT of Rs 718mn/(-452mn)/(-454mn) and a net worth of (-Rs 359mn). This translates into a ~19x price- to-sales. At our Mar'25 TP of Rs 400/ Share, ZAGGLE trades at ~13x FY24E net revenues (net of cost of gift vouchers).

Additionally, comparing it with global peers (as discussed in the section above),

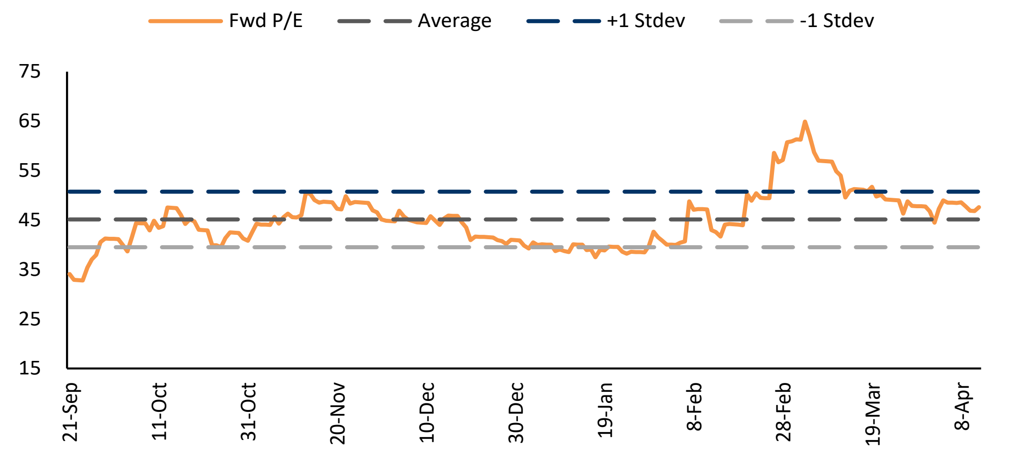
- Sodexo has only a part of this business as employee rewards
- Edenred is a close comparable with ZAGGLE with ~60% of revenues coming from employee benefits, 28% from fleet and mobility solutions, and the remaining 13% from other complementary solutions.
- Wex is also a spends management player with ~60% of revenues coming from fleet & mobility solutions, ~21% from employee benefits, and the remaining from travel and corporate solutions.
- Expensify is an expense management solution provider that targets SMB businesses.

The average P/E multiple of these companies comes to ~15x FY25E.

Comparable Valuation

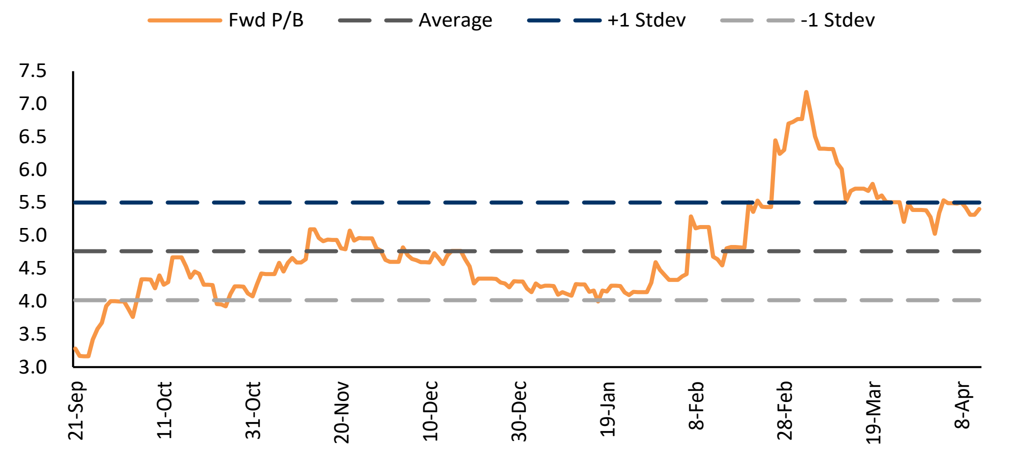
Company	Mcap (bn)	Currency	EPS				P/E				P/Sales				RoE (%)			
			FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
WEX INC	10.0	USD	14.8	16.2	18.5	21.0	16.2	14.8	13.0	11.4	3.93	3.67	3.43	3.20	15.4	32.1	32.1	29.5
SODEXO SA	11.3	EUR	6.2	5.0	5.7	6.2	12.3	15.2	13.5	12.3	0.50	0.47	0.45	0.43	17.7	16.6	17.6	17.8
EXPENSIFY INC - A	0.1	USD	0.3	0.2	0.2	0.3	4.9	9.1	7.9	5.4	0.83	0.88	0.83	0.75	-41.9	19.9	18.8	18.2
BILL HOLDINGS INC	6.7	USD	1.7	2.2	2.5	2.9	38.9	28.6	26.0	21.9	6.37	5.42	4.77	3.89	-2.9	2.5	2.6	3.8
FLEETCOR TECH	21.8	USD	16.9	19.4	22.6	26.5	17.9	15.6	13.4	11.5	5.80	5.34	4.87	4.42	33.7	34.9	32.1	32.8
EDENRED	11.3	EUR	1.0	2.1	2.5	2.9	44.8	21.1	18.1	15.7	4.49	3.93	3.54	3.20		-90.0	-194.2	335.5

Exhibit 27: ZAGGLE has traded at an average 1 year forward P/E of 45x



Source: Bloomberg, Equirus

Exhibit 28: ZAGGLE has traded at an average 1 year forward P/B of 4.8x



Source: Bloomberg, Equirus

Company Snapshot

How we differ from consensus

Particular (Rs Mn)		Equirus	Consensus	% Diff	Comment
Revenue	FY24E	7,802	-	-	
	FY25E	10,948	-	-	
EBITDA	FY24E	692	-	-	
	FY25E	1,000	-	-	
PAT	FY24E	452	-	-	
	FY25E	736	-	-	

Key Estimates

Key Assumptions	FY24E	FY25E	FY26E	FY27E
Revenues	7,802	10,948	14,774	19,840
Gross Profit	3,600	5,604	8,120	11,776
Gross Margin (%)	46.1%	51.2%	55.0%	59.4%
EBITDA	692	1,000	1,372	1,890
EBITDA Margin	8.9%	9.1%	9.3%	9.5%
PAT	452	736	1,000	1,376
PAT Margin	5.8%	6.7%	6.8%	6.9%
Revenue growth (% yoy)	41%	40%	35%	34%
PAT growth (% yoy)	97%	63%	36%	38%

Quarterly performance

Y/E Mar (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24E	1QFY25E	2QFY25E	3QFY25E	4QFY25E
Revenues	**1,199**	**1,849**	**2,040**	**2,820**	**1,870**	**2,643**	**3,006**	**3,580**
-Operating Revenues	1,185	1,842	1,995	2,780	1,832	2,605	2,968	3,542
--Program Fees	480	486	883	1,298	909	1,090	1,309	1,754
--Propel / Gift Card Revenues	634	1,280	1,030	1,381	825	1,408	1,545	1,629
Net Revenues (ex- Gift Card Costs)	**606**	**701**	**1,024**	**1,473**	**1,053**	**1,277**	**1,512**	**2,007**
Operating Expense	**1,105**	**1,692**	**1,791**	**2,522**	**1,722**	**2,407**	**2,706**	**3,112**
-Cost of Point Redemption/ Gift Cards	570	1,144	968	1,298	775	1,324	1,452	1,532
-Employee Benefit Expenses	139	179	112	162	178	187	205	229
-Incentives and Cash Backs	250	258	563	890	596	715	859	1,151
-Other Opex	137	114	146	164	169	177	186	197
Reported EBITDA	**80**	**150**	**204**	**258**	**110**	**198**	**262**	**430**
Adjusted EBITDA (for ESOPs)	138	217	229	283	135	223	273	441
PBT	30	99	209	266	104	192	260	428
-Tax	9	23	57	63	26	48	66	108
PAT	**21**	**76**	**152**	**203**	**78**	**144**	**195**	**320**
Cash PAT	**99**	**167**	**195**	**240**	**134**	**200**	**237**	**363**
Cost Items as % of Gross Revenues								
-Cost of Point Redemption/ Gift Cards	48%	62%	47%	46%	41%	50%	48%	43%
-Incentives and Cash Backs	21%	14%	28%	32%	32%	27%	29%	32%
-Other Opex	11%	6%	7%	6%	9%	7%	6%	5%
Margins								
Net Revenue Margin	51.2%	38.1%	51.3%	53.0%	57.5%	49.0%	50.9%	56.6%
EBITDA Margin	6.7%	8.2%	10.2%	9.3%	6.0%	7.6%	8.8%	12.1%
Adjusted EBITDA Margin	11.6%	11.8%	11.5%	10.2%	7.4%	8.6%	9.2%	12.5%
Ratios								
Incentives as a % of Program fees	52.1%	53.1%	63.7%	68.5%	65.6%	65.6%	65.6%	65.6%
Takerates in Gift Cards	10.2%	10.6%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Opex as % of (Gross) Revenues	92.2%	91.5%	87.8%	89.4%	92.1%	91.1%	90.0%	86.9%
YoY Growth (%)								
Revenues	35%	42%	38%	50%	56%	43%	47%	27%
Reported EBITDA	-27%	22%	175%	43%	38%	32%	29%	66%
PAT	-67%	1%	922%	169%	278%	89%	28%	58%
Return Metrics								
RoE	17%	10%	11%	15%	5%	10%	13%	21%
EPS (Annualized)	0.8	2.5	5.0	6.7	2.5	4.7	6.4	10.5
BVPS	5.2	43.5	44.8	46.4	47.1	48.2	49.8	52.4

Key Financials (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Revenues	**2,400**	**3,713**	**5,535**	**7,802**	**10,948**	**14,774**	**19,840**
I. Subscription Fees	129	166	242	329	479	693	987
II. Program Fees	1,955	2,007	1,707	3,147	5,062	7,429	10,872
-Save	359	610	660	1,167	1,543	1,988	2,509
-Propel	1,596	1,398	1,047	1,186	1,396	1,619	1,843
-Zoyer	0	0	0	794	2,123	3,822	6,520
III. Propel Platform	316	1,539	3,585	4,326	5,407	6,651	7,981
Direct Costs	**455**	**1,561**	**3,351**	**4,203**	**5,344**	**6,654**	**8,065**
-Cost of Gift Cards	297	1,435	3,189	3,980	5,083	6,319	7,582
Net Revenues (Ex- Gift card Cost)	**2,103**	**2,277**	**2,346**	**3,822**	**5,865**	**8,455**	**12,258**
Gross Profit	**1,945**	**2,151**	**2,183**	**3,600**	**5,604**	**8,120**	**11,776**
Indirect Costs	**1,668**	**1,553**	**1,703**	**2,908**	**4,604**	**6,748**	**9,885**
-Incentives	1,380	1,176	1,002	1,960	3,321	4,974	7,407
EBITDA	**276**	**599**	**481**	**692**	**1,000**	**1,372**	**1,890**
ESOP Expenses			144	175	73	24	2
Profit / (loss) after Taxes	**193**	**419**	**229**	**452**	**736**	**1,000**	**1,376**

YoY Growth (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Revenue	251%	55%	49%	37%	29%	23%	34%
Gross Profit	262%	11%	4%	62%	34%	26%	45%
EBITDA	149%	117%	-20%	52%	54%	41%	38%
PAT	420%	117%	-45%	104%	52%	41%	38%
Revenue	251%	55%	49%	37%	29%	23%	34%

Key Ratios

Profitability (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Gross Margin	81.0%	57.9%	39.5%	46.1%	51.2%	55.0%	59.4%
Incentives (% of Program Fees)	45.9%	70.6%	58.6%	58.7%	62.3%	65.6%	66.9%
EBITDA Margin	11.5%	16.1%	8.7%	8.9%	9.1%	9.3%	9.5%
PAT Margin	8.1%	11.3%	4.1%	5.8%	6.7%	6.8%	6.9%
ROE (%)	-35.0%	-170.8%	101.3%	14.6%	12.0%	14.2%	16.7%
ROCE (%)	154.9%	99.3%	19.8%	11.2%	11.2%	13.9%	16.7%

Valuation (x)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
P/E	142.2	65.6	120.1	75.7	46.5	34.2	24.9
P/B	-60.4	-775.5	56.4	6.0	5.2	4.5	3.8
EV/EBITDA	128.7	59.4	74.7	45.4	31.7	23.1	16.7
EV/Sales	14.8	9.6	6.5	4.0	2.9	2.1	1.6
Basic EPS (Rs/ Share)	2.0	4.3	2.3	3.7	6.0	8.2	11.3
BVPS (Rs /Share)	-4.6	-0.4	5.0	46.8	53.4	61.8	73.1

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Equity	-455	-35	488	5,716	6,525	7,550	8,928
Borrowings	691	645	1,211	637	236	36	0
Lease liabilities	40	58	203	48	52	58	63
Provisions	6	7	12	16	28	41	54
Trade Payables	191	107	92	282	363	462	578
Other Liabilities	149	144	295	358	502	677	909
Total Liabilities	**621**	**927**	**2,348**	**7,057**	**7,706**	**8,824**	**10,533**
Property, Plant & Equipment	0	134	398	619	828	1,030	1,200
Trade Receivables	227	430	1,027	1,496	2,250	3,036	4,077
Cash & Cash Equivalents	33	36	226	4,131	3,464	3,215	3,336
Other Assets	359	328	696	809	1,163	1,542	1,919
Total Assets	**621**	**929**	**2,348**	**7,056**	**7,706**	**8,824**	**10,533**

Days (x)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Payable Days	94	20	8	20	20	20	20
Receivable Days	34	42	68	70	75	75	75

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY26E
PBT	182.1	511.8	316.4	603.8	984.4	1,337.5	1,839.6
Operating CF (Before WC changes)	280.4	603.3	492.5	973.2	1,224.8	1,530.0	2,023.0
Cash Generated from operations	29.3	233.6	(108.9)	415.3	370.3	660.8	972.3
Less: tax	-	(10.8)	(87.3)	(152.1)	(248.1)	(337.1)	(463.6)
Net Cash from Operating Activities	**29.3**	**222.8**	**(196.3)**	**263.1**	**122.3**	**323.8**	**508.7**
Investment in Fixed Assets	(9.8)	(82.0)	(231.2)	(294.9)	(333.6)	(356.5)	(350.0)
Net Cash from Investing Activities	**(9.5)**	**(106.5)**	**(264.2)**	**(265.4)**	**(344.9)**	**(359.9)**	**(350.0)**
Equity Raised	-	-	149.6	4,601.8	-	-	-
Changes in Borrowings	27.0	(46.1)	566.0	(574.2)	(400.7)	(200.0)	(35.8)
Finance Costs	(77.1)	(69.9)	(113.8)	(120.1)	(43.6)	(13.6)	(1.8)
Net Cash from Financing Activities	**(50.1)**	**(116.0)**	**601.8**	**3,907.5**	**(444.3)**	**(213.6)**	**(37.6)**
Net Cash Generated during the year	**(30.3)**	**0.3**	**141.4**	**3,905.3**	**(666.9)**	**(249.7)**	**121.1**

Rating & Coverage Definitions:	Registered Office:
Absolute Rating • LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies • ADD: ATR >= 5% but less than Ke over investment horizon • REDUCE: ATR >= negative 10% but <5% over investment horizon • SHORT: ATR < negative 10% over investment horizon	Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 – (0)22 – 4332 0600 Fax No: +91- (0)22 – 4332 0601
Relative Rating • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon **Investment Horizon** Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter	**Corporate Office:** 3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 – 6190 9560

Analyst Certification

I, Rohan Mandora/Shreyash Kumath, author to this report, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Disclosure of Interest statement for the subject Company	Yes/No	If Yes, nature of such interest
Research Analyst' or Relatives' financial interest	No	
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