

IPO ANALYSIS

Sector: Fintech

Issue Price: INR 156 to INR 164

Issue Size: INR 555 to 563 Crores

Issue Opens/Closes: Sep 14/ Sep 18

IPO Basics

Promoter: Raj P Narayanam, Avinash Ramesh Godkhindi

Selling Shareholders: Promoters, VenturEast Proactive Fund LLC, GKFF Ventures, VenturEast SEDCO Proactive Fund LLC, Ventureast Trustee Company Private Limited, Zuzu Software Services Private Limited, Koteswara Rao Meduri

Lead Managers: ICICI Securities Limited, Equirus Capital Private Limited, IIFL Securities Limited, JM Financial Limited

Registered Office: Hyderabad

Registrar: KFin Technologies Ltd.

Listing: BSE and NSE

ZAGGLE PREPAID OCEAN SERVICES LIMITED

Sep 13, 2023

Issue Highlights:

- Zaggie Prepaid Ocean Services Limited ("Zaggie") was incorporated on June 2, 2011. Zaggie operates in a segment where they interact and interface with the Customers (i.e., businesses) and end Users (i.e., employees) and are among a small number of uniquely positioned players with a diversified offering of fintech products and services, having one of the largest number of issued prepaid cards in India in partnership with certain of their banking partners (which constituted approximately 16% of India's total prepaid transaction volume, as of March 31, 2023), a diversified portfolio of SaaS, including tax and payroll software, and a wide touchpoint reach.
- Zaggie is a leading player in spend management, with more than 50 million prepaid cards issued in partnership with banking partners and more than 2.27 million users served, as of March 31, 2023. They offer a differentiated value proposition and diversified user base.
- Company's core product includes Propel, a corporate SaaS platform; Save, a SaaS-based platform, 'CEMS', a customer engagement management system, Zaggie Payroll Card, a prepaid payroll card and Zoyer, an integrated data driven SaaS based business spend management platform.
- As of March 31, 2023, Zaggie had 1,832 corporate accounts and 579 SMB accounts. As of March 31, 2023, March 31, 2022 and March 31, 2021, their average User base per business was 943, 983 and 828 Users, respectively. As of March 31, 2023, they had issued 10.83 million active cards to 2,411 Customers across India. These Customers used their software to manage spends related to their employees, business, channel partners and customers. As of March 31, 2023, they had served more than 2.27 million Users.
- The company offers an ecosystem-based approach across SaaS and fintech, with low customer acquisition and retention costs in the business-to-business ("B2B") segment. Their approach revolves around cross-selling, up-selling, and offering their products and services in partnership with other players in the operating ecosystems.
- As part of their offering, they have collaborated with certain key banking partners, including IndusInd Bank Ltd, Yes Bank Ltd and NSDL Payments Bank Ltd (together, the "Preferred Banking Partners"), and have issued more than 50 million co-branded prepaid cards since inception of their business.

IPO Capital Structure

Fresh Issue	INR 392 Cr.
Offer for Sale	10,449,816 Equity Shares (Aggregating upto INR 171.38Cr.)
Total Issue as % of total capital (Post-Issue)	28.14%
Post Issue No. of Shares	122,096,758
Post Issue Market Cap	INR 1924 – 2002 Cr
Face Value	INR 1
Issue Route	Book Build Issue
Bid Lot (Shares)	90
Minimum Bid Amount	INR 14,760
<i>All values calculated at upper band</i>	

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	0.18	0.18	9.22
Reserves	(45.73)	(3.74)	39.53
Net worth	(45.55)	(3.56)	48.75
Revenue from Operations	239.97	371.26	553.46
Revenue Growth (%)	-	54.71%	49.08%
EBITDA as stated	27.63	59.85	48.10
EBITDA (%)	11.51%	16.12%	8.69%
Profit Before Tax	18.20	51.18	31.64
Net Profit for the period	19.33	41.92	22.90
Net Profit (%)	8.06%	11.29%	4.14%
EPS - Basic (₹)	2.11	4.57	2.48
EPS - Diluted (₹)	2.11	4.57	2.46
RONW (%)	(42.44)%	(1,178.22)%	46.98%
NAV (₹)	(4.94)	(0.39)	5.29

Shareholding

Holders	Pre-issue	Post Issue
Promoters	57.91%	44.07%
Public	42.09%	55.93%
Total	100%	100%

ISSUE SIZE

Particulars	No of Shares Lower (Rs cr)	No of Shares Upper (Rs cr)	Issue size amount Lower (Rs cr)	Issue size amount Upper (Rs cr)	% Of Issue
QIB	2.67	2.57	416.26	422.53	75.00%
NIB	0.53	0.52	83.25	84.51	15.00%
Retail	0.36	0.34	55.5	56.34	10.00%
Total Issue	3.56	3.43	555.02	563.38	100.00%

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalisation of Basis of Allotment	September 22, 2023
Refunds/Unblocking ASBA Fund	September 25, 2023
Credit of equity shares to DP A/c	September 26, 2023
Trading commences	September 27, 2023

Investors are advised to refer disclosures made at the end of the research report.

Company and Directors

The company was originally incorporated as 'Zaggle Prepaid Ocean Services Private Limited' on June 2, 2011. Raj P Narayanam and Avinash Ramesh Godkhindi are the Promoters of the Company. Currently, the Promoters hold 56,865,000 Equity Shares, which constitutes 57.91% of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Raj P Narayanam is the Promoter and Executive Chairman of the company. He has been on the Board of the company since April 30, 2012. He has experience in the technology and fintech industry.

Avinash Ramesh Godkhindi is the Promoter and Managing Director and Chief Executive officer of the company. He has been on the Board of the company since May 7, 2012. Prior to this, he worked as an Assistant Vice President at Citibank N.A, India.

Arun Vijaykumar Gupta is a Non-Executive Director of the company. He has been on the Board of the company since September 26, 2022. Currently, he is a director at Route Mobile Ltd.

Aravamudan Krishna Kumar is an Independent Director of the company. He has been on the Board of the company since September 26, 2022. Prior to this, he worked at the State Bank of India.

Abhay Deshpande Raosaheb is an Independent Director of the company. He has been on the Board of the company since August 22, 2022. He has experience in the IT industry and is currently a director at Payswiff Technologies Pvt Ltd.

Prerna Tandon is an Independent Director of the company. She has been on the Board of the company since September 26, 2022. Prior to this, she has worked at Infosys BPO Ltd and at Genpact India.

Objects of the Issue

Objects	Amount (₹ Cr)
• Expenditure towards Customer acquisition and retention	300.00
• Expenditure towards development of technology and products	40.00
• Repayment or prepayment of certain borrowings, in full or part, availed by the company	17.08
• General Corporate Purposes	[·]
Total	[·]

Offer Details

The Offer	No. of Shares	
Fresh Issue (₹ 392 Cr)	Upto 25,128,205~ - 23,902,439^ Equity Shares	
Offer for Sale	Upto 10,449,816 Equity Shares	Weighted Average Price per share (₹)
The Promoter Group Selling Shareholder		
Raj P Narayanam	Upto 1,529,677 Equity Shares	0.2
Avinash Ramesh Godkhindi	Upto 1,529,677 Equity Shares	0.2
The Other Selling Shareholder		
VenturEast Proactive Fund LLC	Upto 2,830,499 Equity Share	2.17
GKFF Ventures	Upto 2,046,026 Equity Shares	0.02
VenturEast SEDCO Proactive Fund LLC	Upto 538,557 Equity Shares	1.72
Ventureast Trustee Company Pvt Ltd*	Upto 118,040 Equity Shares	3.78
Zuzu Software Services Pvt Ltd	Upto 1,765,540 Equity Shares	0.00
Koteswara Rao Meduri	Upto 91,800 Equity Shares	0.02

Shareholding Pattern

Shareholders	Pre-offer		Fresh Issue and Offer for Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	56,865,000	57.91%	3,059,354	53,805,646	44.07%
Total for Promoter & Promoter Gr	56,865,000	57.91%	3,059,354	53,805,646	44.07%
Public – Investor Selling Shareholders	13,218,579	13.46%	5,533,122	7,685,457	6.29%
Public – Corporate Selling Shareholders	17,476,992	17.80%	1,765,540	15,711,452	12.87%
Public – Individual Selling Shareholders	183,600	0.19%	91,800	91,800	0.08%
Public - Others	10,450,148	10.64%	23,902,439	44,802,403	36.69%
Total for Public Shareholders	41,329,319	42.09%	31,292,901	68,291,112	55.93%
Total Equity Share Capital	98,194,319	100.00%	34,352,255	122,096,758	100.00%

Details of Pre- IPO Placement of ₹ 98 Cr

The company has undertaken a Pre-IPO Placement of **5,975,609 Equity Shares** at a price of **₹ 164/-** per share, aggregating to **₹ 98 crore** as under:

Name of the Entity	No. of Equity Shares	Amount (₹ Cr)
Ashish Kacholia	1,829,269	30.00
Bengal Finance & Investment Pvt Ltd	1,829,269	30.00
Himanshi Kela	579,268	9.50
Absolute Returns Scheme	91,461	1.50
Bvikasa India EIF I Fund-Incube Global Opportunities	60,976	1.00
Acintyo Investment Fund PCC - Cell I	60,976	1.00
Valuequest SCALE Fund	1,524,390	25.00
Total	5,975,609	98.00

OFFER DETAILS

The Offer	No. of Shares
Fresh Issue (₹ 392 Cr)	Approx. upto 25,128,205~ - 3,902,439^ Equity Shares

BUSINESS OVERVIEW

Zaggle Prepaid Ocean Services Limited (“Zaggle”) operates in a segment where they interact and interface with the Customers (i.e., businesses) and end Users (i.e., employees) and are among a small number of uniquely positioned players with a diversified offering of fintech products and services, having one of the largest number of issued prepaid cards in India in partnership with certain of their banking partners (which constituted approximately 16% of India’s total prepaid transaction volume, as of March 31, 2023), a diversified portfolio of SaaS, including tax and payroll software, and a wide touchpoint reach. They are a leading player in spend management, with more than 50 million prepaid cards issued in partnership with banking partners and more than 2.27 million users served, as of March 31, 2023. They offer a differentiated value proposition and diversified user base.

They are sector-agnostic, and their network of corporate customers (“Customers”) covers the banking and finance, technology, healthcare, manufacturing, FMCG, infrastructure and automobile industries, among others, where they have relationships with brands such as TATA Steel, Persistent Systems, Vitech, Inox, Pitney Bowes, Wockhardt, MAZDA, PCBL (RP – Sanjiv Goenka Group), Hiranandani group, Cotiviti and Greenply Industries.

Zaggle is placed at the intersection of the SaaS and fintech ecosystems, and their SaaS platform is designed for: (i) business spend management (including expense management and vendor management); (ii) rewards and incentives management for employees and channel partners; and (iii) gift card management for merchants, which they refer to as customer engagement management system (“CEMS”).

COMPANY’S CORE PRODUCT PORTFOLIO INCLUDES:

‘**Propel**’, a corporate SaaS platform for channel rewards and incentives, employee rewards and recognition; ‘Propel’, through its automated rewards and recognition platform, solves everyday business problems for their customers, enabling them to drive growth and unlock value in their business operations. Propel allows their customers to have an increased engagement with their employees and channel partners, contributing to their business performance.

‘**Save**’, a SaaS-based platform and a mobile application to offer expense management solution for business spend management facilitating digitised employee reimbursements and tax benefits; ‘Save’ enables their customers to digitise, aggregate and manage their business and employee spends, enabling efficiencies through automated workflows.

‘**CEMS**’, a customer engagement management system that enables merchants to comprehensively manage their customer experiences including rewarding merchants through gift card and loyalty benefits.

Zaggle Payroll Card, a prepaid payroll card that allows the customers to pay contractors, consultants, seasonal and temporary employees, and unbanked wage workers as an alternative to direct deposits to bank accounts or cash payments.

‘**Zoyer**’, an integrated data driven, SaaS based business spend management platform with embedded automated finance capabilities in core invoice to pay workflows. ‘Zoyer’ embeds automation, intelligence, and payments into core invoice to pay workflows, providing insights into enterprise wide spends, allowing digitised management of cash outflows and improving business performance.

Fintech players in India are increasingly focusing on the employee-oriented services market as this segment of customers is easy to acquire and retain at lower costs. The overall market for spend management software and services (in-house and outsourced; including procurement management, expense management, and payroll management) was estimated to be ₹82 billion in Fiscal 2022 and is expected to surpass ₹200 billion by Fiscal 2027, with the share of outsourced spend management estimated to be around 60% during that period. Company’s primary Customers provide them with access to their employees, channel partners and customers (together, the “Users”), giving them the benefit of a diversified User base. As of March 31, 2023, Zaggle had 1,832 corporate accounts and 579 SMB accounts. As of March 31, 2023, March 31, 2022 and March 31, 2021, their average User base per business was 943, 983 and 828 Users, respectively. As of March 31, 2023, they had issued 10.83 million active cards to 2,411 Customers across India. These Customers used their software to manage spends related to their employees, business, channel partners and customers. As of March 31, 2023, they had served more than 2.27 million Users.

The company offers an ecosystem-based approach across SaaS and fintech, with low customer acquisition and retention costs in the business-to-business (“B2B”) segment. Their approach revolves around cross-selling, up-selling, and offering their products and services in partnership with other players in the operating ecosystems. Through their arrangements with partner banks and fintechs, customers are able to offer their employees, channel partners and consumers a suite of SaaS and fintech solutions. Zaggle offers an integrated value proposition through their SaaS platform, providing a combination of payment instruments as well as an integrated mobile application that digitises business and employee spendings. Application programming interface (“API”) integrations on the platforms provided to their customers

offer them enhanced convenience and an efficient user experience through a simplified dashboard. This enables clear distinct and integrated access to their products and gives them an opportunity to promote and offer their third-party associations through the same dashboard. Their ability to offer diversified SaaS offerings to an existing customer base enables them to launch new products and cross-sell products to their wide User base. Accordingly, they have partnered with, and have entered into arrangements with, DBS Bank, Fibe (formerly, EarlySalary) and Tata Securities to offer their products and value-added services ("VAS"), including insurance, investment and tax planning, to their Users on their platform.

Company's offerings have features such as a configurable platform for each Customer, allowing for partner on-boarding and automated workflows to track spends and reconciliations, which has helped maintain a consistent Customer retention rate, with only 1.54%, 0.37% and 1.17% of Customers terminating their contracts during Fiscals 2023, 2022 and 2021, respectively. As part of their offering, they have collaborated with certain key banking partners, including IndusInd Bank Ltd, Yes Bank Ltd and NSDL Payments Bank Ltd (together, the "Preferred Banking Partners"), and have issued more than 50 million co-branded prepaid cards since inception of their business.

Currently, Zagggle had 51 trademark registrations. The registered trademarks in their name include, amongst others, "Zagggle", "Zagggle, the Prepaid Ocean", "Zagggle Stored Value Discount Card", "Zagggle Wave", "Zagggle Zinger", and "BoMB". Further, they have filed a trademark application for obtaining copyright for their logo, 'Zagggle' which is currently pending.

Company's business promotion expense was ₹20.06 crore, ₹12.97 crore and ₹11.41 crore during Fiscals 2023, 2022 and 2021, respectively.

The breakdown of the Customer and User base:

Particulars	As of and for the Fiscal		
	2023	2022	2021
Customer base			
- Corporate accounts (more than 250 Users)	1,832	1,318	797
- SMB accounts (up to 250 Users)	579	435	295
User base	2,274,138	1,723,350	904,713

Zagggle has received various industry awards across employee engagement, card systems, and the broader fintech spectrum. They received "Best B2B Payment Solution Provider" at the "10th Payments Industry Awards, 2023". In addition, they received "Best Payments Solutions of the Year", at BW Businessworld Festival of Fintech Conclave Awards, 2023.

Key Performance Indicators

Particulars	As of and for the Fiscal		
	2023	2022	2021
Revenue from operations (₹ Cr)	553.46	371.26	239.97
Gross profit (₹ Cr)	218.14	215.12	194.45
Gross margin (%)	39.41%	57.94%	81.03%
EBITDA (₹ Cr)	48.10	59.85	27.63
Profit/ (loss) after tax for the year (₹ Cr)	22.90	41.92	19.33
EBITDA Margin (%)	8.69%	16.12%	11.51%
Net Profit Ratio/Margin	4.14	11.29	8.06
Return on Equity (RoE) (%)	46.98%	(1178.22)%	(42.44)
Debt to Equity Ratio	2.48	(18.12)	(1.52)
Interest Coverage Ratio	6.30	18.00	6.21
Debt Service Coverage Ratio	2.66	5.17	4.63
Current Ratio	1.49	1.46	0.55
Net Capital Turnover Ratio	9.52	19.05	(8.00)

The key operational performance indicators:

Particulars	Units	As of and for the financial year ended March 31,		
		2023	2022	2021
Platform fee / SaaS fee / Service fee	₹ Cr	24.23	16.63	12.92
Program Fees	₹ Cr	169.45	200.70	195.49
Propel platform revenue/gift cards	₹ Cr	359.78	153.92	31.55
Total Customers catered to	-	2,411	1,753	1,092
Aggregate Users on the platform	-	2,274,138	1,723,350	904,713
Average Users per account	-	943	983	828
Customer Acquisition and Retention Cost	₹ Cr	32.74	18.58	13.62
Acquisition and Retention Cost per Customer	₹ Cr	0.50	0.28	0.20
Cash back expense per ₹1 earned from revenue from operations	₹	0.18	0.32	0.58
Churn	%	1.54%	0.37%	1.17%
Average revenue per customer	₹ Cr	0.23	0.21	0.22
Number of new Customers added during the year	-	685	665	670

BUSINESS OPERATIONS**Value Proposition**

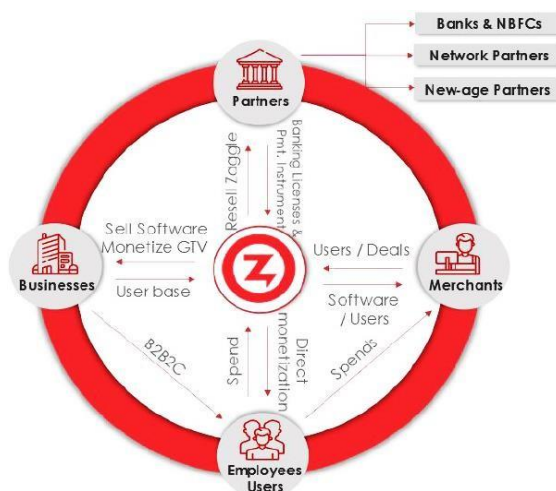
Zaggle provides differentiated offerings for corporate accounts as well as the SMB accounts:

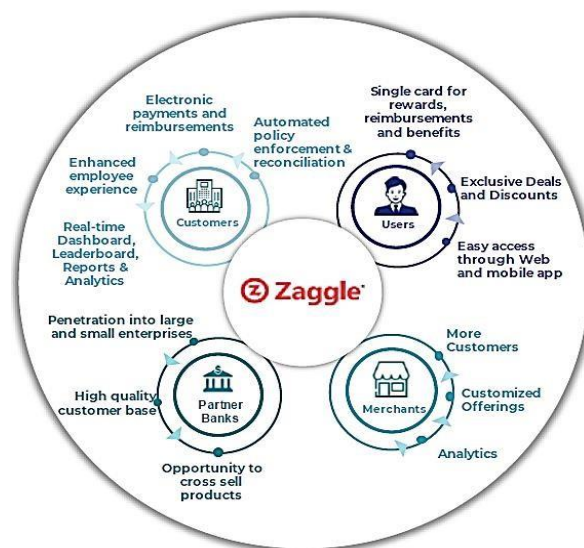
Corporate accounts (i.e., organisations with more than 250 Users): Zaggle acquires their corporate account customers through inbound, outbound and partner demand generation. They focus on serving divisions or departments within these accounts. They had approximately 1,832 corporate account Customers as of March 31, 2023, compared to approximately 1,318 and 797 as of March 31, 2022 and March 31, 2021, respectively. Program fees generated from corporate account Customers accounted for 98.82%, 99.31% and 99.51% of the revenue from operations in Fiscals 2023, 2022 and 2021, respectively.

SMB accounts (i.e., organisations with 250 or fewer Users): Zaggle acquire their SMB account Customers through inbound and partner demand generation as well as through their digital marketing initiatives which are low-cost, low-touch, and self-service. SMB Customers are acquired through the platform digitally and, in many cases, the number of interactions required to onboard a SMB customer are significantly lower than a corporate account. They had approximately 579 SMB accounts as of March 31, 2023, compared to Program Fee generated from SMB account customers accounted for 1.18%, 0.69% and 0.49% of revenue from operations in Fiscals 2023, 2022 and 2021, respectively.

The Zaggle Eco-system

The company provides their offerings to their Customers and Users who include employees, channel partners and customers, while partnering with merchants, banks and NBFCs, providing a strong value proposition to each stakeholder. Their integrated, technology-first business model is depicted in the graphic below.



COMPANY'S OFFERINGS

‘Propel’, a corporate SaaS platform for channel rewards and incentives, employee rewards and recognition; ‘Propel’, through its automated rewards and recognition platform, solves everyday business problems for their customers, enabling them to drive growth and unlock value in their business operations. Propel allows their customers to have an increased engagement with their employees and channel partners, contributing to their business performance. Propel has contributed 61.04%, 69.61% and 81.63% to their revenue from their Program Fee in Fiscals 2023, 2022 and 2021, respectively.

key features:

- ‘Real-time dashboard’ to monitor reward spends;
- ‘On-the-go point redemption’ program through the mobile application;
- peer-to-peer recognition with in-built gamification tools to drive increased adoption of the system and framework;
- employee rewards with nomination workflow;
- ability to set targets, measure and reward based on the achievement with metric-based rewards;
- configurable platform with multiple custom rules and settings;
- library of plug and play frameworks for employee and channel programs;
- reports and analytics to drive recognition, engagement and performance.

‘Save’, a SaaS-based platform and a mobile application to offer expense management solution for business spend management facilitating digitised employee reimbursements and tax benefits; ‘Save’ enables their customers to digitise, aggregate and manage their business and employee spends, enabling efficiencies through automated workflows. Save has contributed 38.96%, 30.39% and 18.37% to their revenue from operations during Fiscals 2023, 2022 and 2021, respectively.

Key features:

- Ability to submit expense receipts on the Zagggle mobile application, which allows Users to click a digitised picture of receipts to facilitate processing. The OCR technology extracts data from the receipts, generating a report that is automatically shared with the relevant party for approvals;
- Reduction of the employee reimbursement cycle time and associated processing costs, along with centralised visibility and audit trails;
- Real-time visibility into company-wide expenses, bringing all employees and expenses on one platform;
- Integration with accounting and ERP systems, helping to save time on repetitive tasks with one-click imports;
- AI-powered fraud detection leverages historical data to look for aberrations such as duplicate claims, policy exceptions or overstated expenses;
- Ability to define expense policies and approval settings, customise spending limits and workflows to enable payments;
- Offer employees the ability to avail of multiple tax benefits such as meal allowance, fuel allowance, broadband and telecom on a single multi-wallet card and application;
- Corporate dashboard to manage and track all spends of employees classified by project codes and cost codes.

‘CEMS’, Launched in Fiscal 2022, the customer engagement management system that enables merchants to comprehensively manage their customer experiences including rewarding merchants through gift card and loyalty benefits.

Key features:

- Onboard online, offline and online and offline merchants including registrations on a per store level to be able to send communication and offers at a store level as well as a brand level;
- Manage user registration and onboarding for every new consumer of the merchant;
- Design and implement marketing campaigns for merchants on the platform;
- Send communications to the Users through online channels such as emails and SMS, among other things, for latest deals, offers and coupons depending on factors including seasonality and festive occasions;
- Send personalised offers to individuals based on their behaviour and preferences as well as for occasions such as birthdays and anniversaries;
- Manage issuance, redemption and revalidation, among other things, of gift cards issued for the merchant;
- Conceptualise, implement and effectively run loyalty programs for merchants depending on their business objectives and requirements;
- Ability to manage fraud and risk for the merchants for their campaigns, deals, offers, gift cards and loyalty programs;
- Ability to onboard merchants and manage User life cycle;
- Enable and facilitate reconciliation and settlement for the merchant within a store, across stores and across online and offline formats.

Zaggle Payroll Card, a prepaid payroll card that allows thier Customers to pay contractors, consultants, seasonal and temporary employees, and unbanked wage workers as an alternative to direct deposits to bank accounts or cash payments; This card is launched in Fiscal 2022 and are yet to recognise any revenues under this offering.

Key features:

- Reloadable cards that can be used at all Visa merchants – at retail stores, e-commerce platforms as well as for cash withdrawals at ATMs;
- Administrative convenience, as cards can be uploaded through online fund transfer. Users can receive payments on bank holidays and weekends as card loading is independent of banking hours;
- Elimination of cash or cheque-based payments and associated paperwork, along with the facility to transfer money to the bank account;
- Automated salary payments with the “Schedule Payments” feature;
- Dedicated account manager;
- Safer in comparison to cash payments as card can be blocked and reissued if lost. SMS and e-mail (if subscribed) alerts are available for every transaction undertaken on the card.

‘Zoyer’, an integrated data driven, SaaS based business spend management platform with embedded automated finance capabilities in core invoice to pay workflows. ‘Zoyer’ embeds automation, intelligence and payments into core invoice to pay workflows, providing insights into enterprise wide spends, allowing digitised management of cash outflows and improving business performance. The company has launched Zoyer in Fiscal 2022 and are yet to recognise any revenues under this offering.

Key features:

- Rouchless invoice automation that digitises and automates the invoice lifecycle from the time of receipt through capture, matching, coding and approvals;
- Integrated payables and credit cards that help businesses capture early payment discounts, earn cash back rebates on spends and deliver real-time visibility into cash flows;
- ‘Zoyer Pay’ is a feature that supports a range of payment options, enabling businesses to make payments using their preferred instrument such as online bank transfer, credit card, purchase cards, prepaid cards IMPS, RTGS, NEFT and UPI;
- Timely payments and self-service mobile app for enrolment, raising and tracking invoice progress and proactive payment notifications that help deepen supplier engagement;
- Configurable dashboards that provide an instant, big picture view into spend and status of payables;
- API-first approach and architecture for seamless integration with existing ERP and accounting systems as well as payment processors, banks and third-party value-added service providers.

Zakey: Zakey is a contactless payment device in the form of a key fob, which Zaggle has launched in Fiscal 2023, in partnership with their Preferred Banking Partners. They are yet to recognise any revenues under this offering.

Key features:

- Through Zakey, users can make cashless and contactless payments at various locations such as cafeterias, fuel outlets and fast food counters up to ₹5,000 without entering a PIN by tapping the key fob on the POS machine.
- The Zaggle app can used to view transaction history, load money onto the device, upload bills against any expense, and also lock and unlock the device through the Zaggle app.

ZatiX: ZatiX is an analytics platform, which helps businesses to bring in greater cost efficiencies.

Company's Online Platform and Zaggle App

Company's online platform includes their mobile application and website. Their online presence is anchored by the Zaggle app, which is an integrated application allowing users to report their expenses, manage allowances, and redeem rewards from a single application.

Zaggle had 2.27 million, 1.72 million and 0.90 million aggregate users, as of March 31, 2023, March 31, 2022 and March 31, 2021, respectively. Their current platform handles a large volume of Users. A technology scale-up is currently in progress. While certain enhanced features have been rolled out in Fiscal 2023, certain other enhanced features may be rolled out in Fiscal 2024.

REVENUE FROM OPERATIONS

Particulars	For the year ended March 31,					
	2023		2022		2021	
	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total
Program fee	169.45	30.62%	200.70	54.06%	195.49	81.46%
Propel platform revenue / gift cards	359.78	65.01%	153.92	41.46%	31.55	13.15%
Platform fee / saaS fee / service fee	24.23	4.38%	16.63	4.48%	12.92	5.38%
Total	553.46	100.00%	371.26	100.00%	239.97	100.005

Disaggregated Revenue Information:

Particulars	For the year ended March 31,					
	2023		2022		2021	
	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total
Income from Platform and gift card	359.78	65.01%	153.92	41.46%	31.55	13.15%
Income from Program fee and SaaS fee	193.68	34.99%	217.33	58.54%	208.41	86.85%
Total	553.46	100.00%	371.26	100.00%	239.97	100.005

The Revenue Contribution Based on Geographical Area:

Particulars	For the year ended March 31,		
	2023	2022	2021
	Revenue (₹ Cr)	Revenue (₹ Cr)	Revenue (₹ Cr)
Within India	550.27	367.80	239.97
Outside India	3.19	3.46	-
Total	553.46	371.26	239.97

CUSTOMERS

As of March 31, 2023, they had 2,411 Customers in India with varying sizes, User bases, operating histories, sectors, and annual turnovers. Some of their well-known customers include Tata Steel, Wockhardt, Pitney Bowes, AON, Inox and PCBL (RP – Sanjiv Goenka Group). Zaggle is sector-agnostic, and their network of customers covers the banking and finance, technology, healthcare, manufacturing, FMCG, infrastructure and automobile industries, among others, where they have relationships with brands such as Persistent Systems, Vitech, Inox, MAZDA, Hiranandani group, Cotiviti and Greenply Industries.

COMPETITIVE STRENGTHS

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

Company's SaaS offerings (comprising of Propel, Save, CEMS and Zoyer) for businesses includes business and employee spend management, employee benefits management, employee incentives, channel rewards and incentives, employee rewards and recognition and employee tax benefits. Zaggle combine their unified SaaS-based platform with a comprehensive product stack that digitizes business and employee spend management and rewards for businesses, along with their offering of payment instruments, such as the Zaggle Payroll Card, Kuber Gift Card (a gift card that works at both online and offline outlets where Visa cards are accepted in India) and Zinger Multi-wallet Card (a reloadable card with multiple wallets that works at both online and offline outlets where Visa cards are accepted in India).

One of their key fintech offerings, 'Save', includes a physical as well as virtual prepaid card by way of their mobile application, with an ability to create multiple wallets for a single User that can be used at any online or offline terminal accepting Visa cards across India. Their mobile application provides their Customers and Users with a real time view of card details, account balance, transactions (including transfers to

bank accounts), card security, easy expense management and can be used for setting spending limits for employees according to their role and designation.

• ***In-house developed technology and strong network effect***

Zaggle provides a composite SaaS and fintech offering under a single application and payment instrument. They also offer Customer engagement management system (“CEMS,”) that enables merchants to comprehensively manage their customer experiences including rewarding them through gift card and loyalty benefits. The API integrations with customers’ enterprise resource planning (“ERP”) and other internal platforms provide their Customers and Users with ease of access and utility under a single application. The APIs are representational state transfer (“REST”) based which makes them configurable and are designed with the developers in mind for easy consumption and quick integration.

• ***Business model with diverse sources of revenue and low customer acquisition and retention costs***

Zaggle is profitable in Fiscals 2023, 2022 and 2021 and profit after tax (“PAT”) in Fiscals 2023, 2022 and 2021 was ₹22.90 crore, ₹41.92 crore and ₹19.33 crore, respectively, demonstrating growth in scale across their businesses which was primarily attributable to an increase of 151.37% in their User base from 904,713 Users as of March 31, 2021 to 2,274,138

Users as of March 31, 2023, along with a corresponding increase in spending by their Users that facilitated an increase in the interchange fees received due to an overall increase in the scale of their business, commensurate with the growth in the digital payments industry.

Zaggle charge their customers a platform fee, SaaS fee and service fee for implementing their product offerings. They earn fees from periodic subscriptions from Customers for the usage of their software that has represented 4.38%, 4.48% and 5.39% of their revenue from operations in Fiscals 2023, 2022 and 2021, respectively. In addition to the revenue stream from subscription fees (including add-on charges, if any), they have also begun to earn merchant commissions and commission on VAS sales.

Zaggle work with lending and wealth management partners such as DBS Bank, Fibe (formerly, EarlySalary) and Tata Securities to offer their loan and wealth management products to their Users.

• ***Diversified customer relationships across sectors along with preferred banking and merchant partnerships***

Zaggle has a diversified Customer base covering leading brands across multiple industry verticals and successful in developing relationships with some of the well-known names. They have been successful in building continuing relationship with the following Customers:

Name of Customer

Name of Customer	Years of relationship
Persistent Systems	10 Years
Hiranandani Realtors	5 Years
Vitech	4 Years
PCBL (RP – Sanjiv Goenka Group)	4 Years
Cotiviti	3 Years
Tata Steel	3 Years
AON	3 Years
Greenply	3 Years
Pitney Bowes	2 Years

They have been serving some of these Customers since 2013. As of March 31, 2023, they had more than 2.27 million Active Users with 579 SMB accounts and 1,832 corporate accounts. Their customer base as of March 31, 2023 was 151.37% higher than their customer base of 904,713 Active Customers as of March 31, 2021. To further develop their fintech capabilities, Zaggle has partnered with Payment Networks such as Visa and other fintechs such as Razorpay. They have issued more than 50 million prepaid cards in collaboration with certain of their Preferred Banking Partners since the inception.

• ***Seasoned management team with deep domain expertise supported by a professional workforce***

The company’s promoters play a pivotal role in providing strategic guidance and direction. They have been instrumental in their growth, and their vision and expertise will continue to provide them with a significant competitive advantage as they seek to expand their business and operations. The senior management team is supported by their educated and professionally qualified workforce, comprising professionals with extensive knowledge, understanding and experience in the fintech, banking, technology, infrastructure, and healthcare industries.

KEY BUSINESS STRATEGIES

- **Continue to increase Customer base of corporate accounts, SMB accounts, start-ups and merchants**

The details of customers using company's products and services:

Particulars	As at March 31,		
	2023	2022	2021
Number of Customers	2,411	1,753	1,092
Increase in number of Customers from the prior financial year end (%)	37.54%	60.53%	-

The details of the Active Users, total Users and average User base per business:

Particulars	As at March 31,		
	2023	2022	2021
Active Users*	2,274,138	1,723,350	904,713
Increase in number of Users from the prior financial year end (%)	31.96%	90.49	185.90
Total Users	2,997,816	2,643,545	1,646,781
Average User base per business	943	983	828

* **Active Users are Users who have used their products or services on any of the platforms during the relevant year**

- **Continue to scale and expand by increasing user penetration and cross selling within the existing Customer base**

The company's customer base of approximately 2,411 organisations as of March 31, 2023 represents a growth opportunity for them through potential access to their employees, partners, and their customers. Expansion in these organisations is driven by adding Users, increasing adoption of their products by other departments within the organisation, displaying the offerings to their customers through a variety of third-party products. By offering their products and services to different departments within an existing Customer, they continue to grow their users base by increasing penetration within their existing Customers.

- **Continue to innovate to introduce new products and use cases**

Zaggle plans to continue scaling their offerings through effective cross-sell and up-sell opportunities to offer new products to their existing customers. Their customer base and partnerships with their Preferred Banking Partners, financial institutions and merchants, provides them with the ability to cross-sell and up-sell their products and services to a large User base.

- **Leverage strategic partnerships with financial institutions and merchants**

Company's partnerships are categorised into 2 broad categories: (i) growth; and (ii) VAS.

To drive growth, Zaggle has partnered with industry participants and financial institutions such as DBS Bank and Razorpay who offer their products 'Save', 'Propel' and 'Zoyer' to their customers. Zaggle intends to leverage on the insights of their partners to provide and build new solutions for their customers and users, while acquiring new customers, merchants and users with the support of their partners including the development of new technologies and ideas.

They also have VAS partnerships for services such as insurance, investment and tax planning. In addition to using their own sales and marketing teams, they plan to leverage their partner networks while adding new partners to explore additional go-to-market opportunities and grow their customer base. Going forward, they also intend to enable their Preferred Banking Partners to penetrate into large and small businesses, attracting a wider customer base that provides an opportunity to cross-sell their offerings.

- **Pursue selective strategic acquisitions and investments to grow the business**

The company intends to actively pursue strategic investments and acquisitions that are complementary to their business and in the fintech space that they operate in. These acquisitions could include companies providing access to software and services that may be seen as a VAS for their users to enhance their experience and increase user retention and loyalty, other SaaS companies and companies that provide them access to newer target demographics and markets within India and in international geographies that are positioned to support their business model and products.

They are also working towards expanding their footprint globally. In June 2022, they commissioned a study by Aranca of 16 international markets for potential expansion and have shortlisted the United States, the United Kingdom and Brazil, each of which exhibits a large target audience, high fintech adoption, economic stability, and a large addressable market for their offerings. They may undertake certain investments in certain target markets.

COMPETITION

Based on a comparison of various product offerings and key features, Zaggle compete with domestic and international companies in the spend management, fintech solutions and loyalty cards industry, including **Divvy, Brex, Pleo, Ramp, Coupa, Expensify, Fleetcor, Edenered, Wex and Happay**. Some of these companies have greater financial resources, geographical presence, and substantially larger bases of users and/or clients than Zaggle do, which may provide them with significant competitive advantages.

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