AXIS CAPITAL

ZINKA LOGISTICS SOLUTIONS LIMITED

IPO NOTE

November 2024

ISSUE HIGHLIGHTS

- Incorporated on April 20, 2015, Zinka Logistics Solutions ("**Zinka**") is an **India's largest digital platform for truck operators** (in terms of number of users), with 963,345 truck operators in the country transacting on their platform in Fiscal 2024, which comprises 27.52% of India's truck operators.
- Using their platform, their customers (primarily comprising truck operators) digitally manage payments for tolling and fuelling, monitor drivers and fleets using telematics, find loads on their marketplace and get access to financing for the purchase of used vehicles. Truck operators use the BlackBuck mobile application (the "**BlackBuck App**") for their diverse business needs.
- The gross transaction value ("**GTV**") in payments was ₹5,356.20 crore and ₹17,396.19 crore in the 3 months ended June 30, 2024 and Fiscal 2024, respectively. Their customers recharge for tolling and fuelling through the BlackBuck App into the payment instrument of the FASTag and fuel partners. Truck operators manage their truck-level tolling and fuelling operations through the BlackBuck App, and gain cost benefits and effective control over expenses through decreased risk of pilferage and unauthorized spending.
- Truck operators purchase telematics services such as vehicle tracking and fuel sensors to manage their drivers and fleets. Zinka had 390,088 and 356,050 average monthly active telematics devices in the 3 months ended June 30, 2024 and Fiscal 2024, respectively.
- Truck operators use their loads marketplace product to search for loads to fill their empty capacities or to get a better price for a load. Zinka had 0.71 million and 2.12 million load postings in the 3 months ended June 30, 2024 and Fiscal 2024, respectively, which enabled 133,369 and 256,685 truck operators to get a load during the same periods.
- Truck operators avail used commercial vehicle financing through their platform. As on June 30, 2024, they have facilitated disbursements of ₹252.76 crore
- Company's offerings solve critical problems for their customers and form an integral part of their daily lives. In the 3 months ended June 30, 2024 and Fiscal 2024, their monthly transacting truck operators were active for more than 16.26 days and 16.18 days, respectively, in a month and on an average spent 41.54 minutes and 39.56 minutes, respectively, daily, on the BlackBuck App.
- Zinka has the largest physical network (in terms of number of Touchpoints) across India and as of June 30, 2024, they have sold and serviced their products across 628 districts constituting 80% of India's districts, including in all the major transportation hubs and across 76% of the toll plaza network in India. They have a digitally enabled network of 9,374 touchpoints to conduct onboarding and servicing activities as of June 30, 2024.

BRIEF FINANCIAL DETAILS*

(₹ IN CR)

	As at Jun'30,		As at Mar' 31,		
	2024 (03)	2023 (03)	2024 (12)	2023 (12)	2022 (12)
Equity Share Capital~	5.66	0.01	0.01	0.01	0.01
Net Worth	344.98	333.54	311.29	352.66	585.08
Total Borrowings	161.01	158.08	173.74	165.84	199.00
Revenue from Operations	92.17	59.47	296.92	175.68	119.33
Revenue Growth (%)	54.99%	-	69.01%	47.23%	-
Adj. EBITDA	18.26	(5.81)	13.34	(154.47)	(120.53)
Adj. EBITDA Margin (%)	18.57%	(9.03)%	4.21%	(79.18)%	(84.01)%
Net Profit for the period/year#	28.67	(35.94)	(193.95)	(290.50)	(284.56)
EPS – Basic (₹)	1.76^	(1.82)^	(9.06)	(12.93)	(12.96)
EPS – Diluted (₹)	1.74^	(1.82)^	(9.06)	(12.93)	(13.49)
RONW (%)&	9.39%^	(9.99)%^	(53.64)%	(67.16)%	(39.37)%
ROCE (%)	1.50%	(6.65)%	(33.84)%	(45.03)%	(27.16)%
NAV (₹)	18.70	18.18	16.89	19.25	32.92
Debt Equity Ratio	0.47	0.47	0.56	0.47	0.34

*Source: RHP, *Restated Statement, ~Equity share capital is ₹15.63 Cr as on 07.11.2024 after conversion of CCPS into Equity shares., ^not annualized, Adj.EBITDAfrom Continued Operations, #PAT from Continued and Discontinued operations.*

Issue Details

Fresh Issue of Equity Shares aggregating upto ₹ 550 Cr and Offer for Sale of 20,685,800 Equity Shares

Issue size: ₹ 1,086 – 1,115 Cr
Face value: ₹ 1/-
Employee Reservation: Upto 26,000 Shares

Price band: ₹ 259 – 273
Bid Lot: 54 Shares and in multiple thereof
Employee Discount: ₹ 25/- per share

Post Issue Implied Market Cap
₹ 4,599 – 4,818 Cr

BRLMs: Axis Capital, Morgan Stanley, JM Financial, IIFL Capital

Registrar: KFin Technologies Ltd

Issue opens on: Wednesday, **13th Nov'2024**
Issue closes on: Monday, **18th Nov'2024**

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-11-2024
Refunds/Unblocking ASBA Fund	20-11-2024
Credit of equity shares to DP A/c	20-11-2024
Trading commences	21-11-2024

Issue Break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@Upper	@Lower	@Upper	
QIB	3,14,23,374	3,06,06,526	813.87	835.56	**75%**
NIB	62,84,674	61,21,305	162.77	167.11	**15%**
-NIB2	*41,89,783*	*40,80,870*	*108.52*	*111.41*	-
-NIB1	*20,94,891*	*20,40,435*	*54.26*	*55.70*	-
RET	41,89,783	40,80,870	108.52	111.41	**10%**
EMP	26,000	26,000	0.61	0.64	-
Total	**4,19,23,831**	**4,08,34,701**	**1,085.76**	**1,114.72**	

NIB-2 =NII Bid Above ₹ 10 Lakhs
NIB-1=NII Bid between ₹ 2 to 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	54 Shares	756 Shares	3,672 Shares
Minimum Bid Lot Amount (₹)	₹14,742^	₹2,06,388^	₹10,02,456^
Appl for 1x	75,572 Applications	2,699 Applications	5,398 Applications

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre-issue	Post-issue~#	Post-issue^#
15,63,30,160	17,75,65,681	17,64,76,680

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoter	34.19%	27.77%
Promoters Group	0.14%	0.07%
Public – Investor Selling S/h	47.37%	32.81%
Public - Others	18.30%	39.35%
Total	**100.00%**	**100.00%**

BACKGROUND

The company was incorporated as 'Zinka Logistics Solutions Private Limited', on April 20, 2015 at Bengaluru, Karnataka. Rajesh Kumar Naidu Yabaji, Chanakya Hridaya, and Ramasubramanian Balasubramaniam are the Promoters of the company. Currently, the promoters hold 53,446,188 Equity Shares in the company, representing 32.78% of the shareholding in the company on a fully diluted basis.

Brief Biographies of Directors and Senior Management Personnel

Rajesh Kumar Naidu Yabaji is one of the Promoters, Chairman, Managing Director and Chief Executive Officer of the company. Prior to founding the company, he was a manager at ITC Ltd. He has approximately 14 years of work experience.

Chanakya Hridaya is one of the Promoters, Executive Director and Chief Operating Officer of the company. Prior to founding the company, he was part of the supply chain division at ITC Ltd. He has approximately 11 years of work experience.

Ramasubramanian Balasubramaniam is one of the Promoters, Executive Director and Head – New Initiatives of the company. He is also associated with Miebach Consulting India Pvt Ltd. He has approximately 27 years of work experience.

Anand Daniel is the Non-Executive Nominee Director of the Company. He is currently associated with Accel Partners India LLP as a Partner.

Kaushik Dutta is the Non-Executive Independent Director of the company. He has over 27 years of work experience. He was associated with Price Waterhouse & Co., Chartered Accountants LLP as its executive director and Lovelock & Lewes, Chartered Accountants as its partner. He has been retained as an expert on corporate governance by the Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs in matters relating to future of corporate governance in India.

Niraj Singh is the Non-Executive Independent Director of the company. He is the founder and director of Valuedrive Technologies Pvt Ltd (Spinny). He was previously associated with Locus Education and TechMonkey. He was also the founder of Outbox Ventures Pvt Ltd.

Hardika Shah is a Non-Executive Independent Director of the company. She is the founder and chief executive officer of Kinara Capital Pvt Ltd.

Rajamani Muthuchamy is a Non-Executive Independent Director of the company. He has approximately 40 years of work experience with 29 years of work experience serving in Indian Administrative Services. He was previously associated with Janalakshmi Financial Services and Jana Small Finance Bank as its consultant. He is currently associated with Jana Capital Ltd and its wholly owned subsidiary, Jana Holdings Ltd.

Satyakam GN is the Chief Financial Officer of the company. He joined the company on August 6, 2018. He has approximately 10 years of experience in the field of finance and accounting.

Barun Pandey is the Company Secretary and Compliance Officer of the company. He joined the company on June 26, 2024. He has over 8 years of work experience.

OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
• Funding towards sales and marketing costs	200.00
• Investment in Blackbuck Finserve Pvt Ltd, the NBFC subsidiary, for financing the augmentation of its capital base to meet its future capital requirements	140.00
• Funding of expenditure in relation to product development	75.00
• General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

Particulars	No. of Shares	WACA per Equity Share (₹)
Fresh Issue (₹ 550 Cr)	Upto 2,12,35,521~ - 2,01,46,520^ Equity Shares^	_
The Offer for Sale by:	***Upto 2,06,85,800 Equity Shares***	
The Promoter Selling Shareholders:		
Rajesh Kumar Naidu Yabaji	Upto 22,18,822 Equity Shares	0.00
Chanakya Hridaya	Upto 11,09,411 Equity Shares	0.00
Ramasubramanian Balasubramaniam	Upto 11,09,411 Equity Shares	0.00

The Promoter Group Selling Shareholders:		
Rajkumar Yabaji	Upto 85,405 Equity Shares	3.88
The Investor Selling Shareholders:		
Accel India IV (Mauritius) Ltd	Upto 43,09,350 Equity Shares	62.71
Quickroutes International Pvt Ltd	Upto 55,34,341 Equity Shares	52.04
International Finance Corporation	Upto 23,40,277 Equity Shares	195.31
Internet Fund III Pte Ltd	Upto 13,69,149 Equity Shares	69.07
Sands Capital Private Growth II Ltd	Upto 5,29,783 Equity Shares	132.09
Peak XV Partners Investments VI	Upto 11,26,236 Equity Shares	308.98
VEF AB (publ)	Upto 6,18,373 Equity Shares	481.84
Sands Capital Private Growth Ltd PCC, Cell D	Upto 2,05,898 Equity Shares	192.14
Sanjiv Rangrass	Upto 1,29,344 Equity Shares	18.57

(~Net Shares at lower price band and ^at upper price band); WACA=Weighted Average Cost of Acquisition

SHAREHOLDING PATTERN

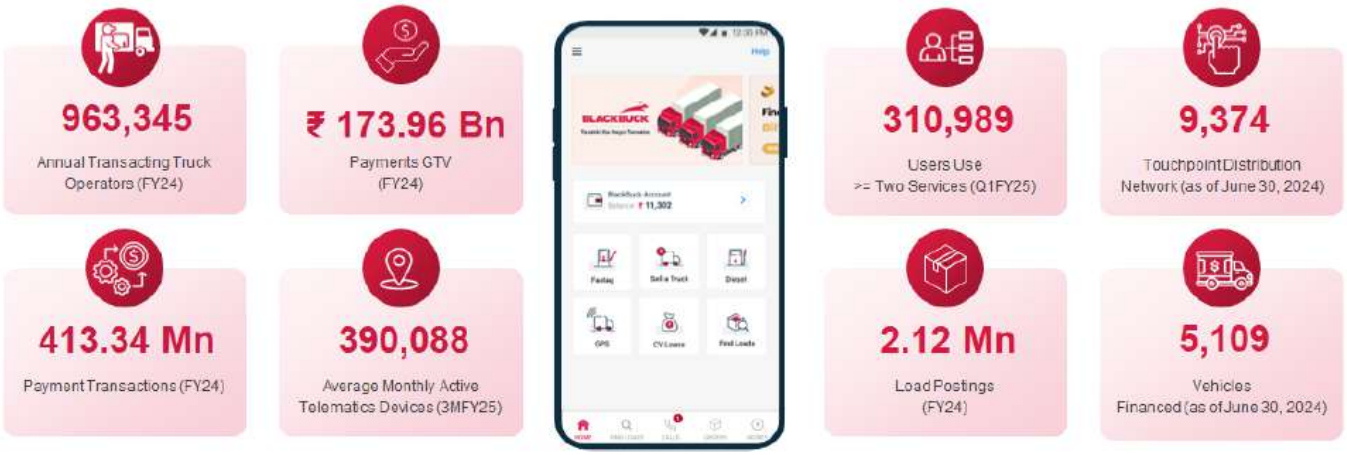
Shareholders	Pre-offer		Fresh Issue Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital*		Number of Equity Shares	% of Total Equity Share Capital
Promoter	*5,34,46,188*	*34.19%*	*44,37,644*	*4,90,08,544*	*27.77%*
Promoters Group	*2,12,356*	*0.14%*	*85,405*	*1,26,951*	*0.07%*
Total for Promoter and Promoter Group	**5,36,58,544**	**34.32%**	**45,23,049**	**4,91,35,495**	***27.84%***
Public – Investor Selling Shareholders	*7,40,61,270*	*47.37%*	*1,61,62,751*	*5,78,98,519*	*32.81%*
Public - Others	*28,61,0346*	*18.30%*	*2,01,46,520*	*6,94,42,666*	*39.35%*
Total for Public Shareholders	**10,26,71,616**	**65.68%**		**12,73,41,185**	***72.16%***
Total Equity Share Capital	**15,63,30,160**	**100.00%**		**17,64,76,680**	***100.00%***

** As per RHP page 102; (without considering number of Equity Shares which will result upon exercise of vested options under the ESOP Schemes).*

BUSINESS OVERVIEW

Zinka Logistics Solutions ("**Zinka**") is India's largest digital platform for truck operators (in terms of number of users), with 963,345 truck operators in the country transacting on their platform in Fiscal 2024, which comprises 27.52% of India's truck operators. These truck operators are served through value chains which are unorganized and fragmented, making their operations inefficient. Zinka is on a mission to digitally empower India's truck operators, helping them manage their business and grow their income. Using their platform, their customers (primarily comprising truck operators) digitally manage payments for tolling and fuelling, monitor drivers and fleets using telematics, find loads on their marketplace and get access to financing for the purchase of used vehicles. Truck operators use the BlackBuck mobile application (the "**BlackBuck App**") for their diverse business needs.

The graphic representation of certain key metrics related to the business:



The key highlights in relation to the business:

- The gross transaction value ("**GTV**") in payments was ₹5,356.20 crore and ₹17,396.19 crore in the 3 months ended June 30, 2024 and Fiscal 2024, respectively. Their customers recharge for tolling and fuelling through the BlackBuck App into

the payment instrument of the FASTag and fuel partners. Significant portion of this amount is deposited into company's account and onward remitted to their partners' account. GTV payments do not represent the revenue of the company. The commission income in any period/year is only an agreed percentage of the total GTV payments in that period/year.

- Truck operators manage their truck-level tolling and fuelling operations through the BlackBuck App, and gain cost benefits and effective control over expenses through decreased risk of pilferage and unauthorized spending.
- Truck operators purchase telematics services such as vehicle tracking and fuel sensors to manage their drivers and fleets. Zinka had 390,088 and 356,050 average monthly active telematics devices in the 3 months ended June 30, 2024 and Fiscal 2024, respectively.
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The needs of the trucking industry are very specific and the truck operator's demography in India is unique. They have built their offerings and distribution strategy specifically for these users and the industry, and this is the key underlying reason for the strong truck operator engagement on the BlackBuck App and the market share they possess.

Zinka follows an omnichannel customer onboarding and servicing strategy, which is made specifically for the demography of their customer base. They have a digital-led marketing strategy which provides awareness of their solutions and brand to customers. Using a combination of an on-ground sales force, channel partners and telesales they support customers through their entire onboarding process. Among new-age digital platforms in the trucking sector, they have the largest physical network (in terms of number of Touchpoints) across India and as of June 30, 2024, they have sold and serviced their products across 628 districts constituting 80% of India's districts, including in all the major transportation hubs and across 76% of the toll plaza network in India.

They have a digitally enabled network of 9,374 touchpoints to conduct onboarding and servicing activities as of June 30, 2024. Their network is one of their core strengths and enables them to build trust with customers and provides the necessary service infrastructure for their customers.

Certain key financial and operational information

Particulars	3 months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
Key Operating Metrics					
Annual transacting truck operator (Units)	Na	Na	963,345	761,871	482,446
Year-on-year growth	-	-	26.44%	57.92%	-
Average monthly transacting truck operator (Units)	687,994	556,437	597,638	458,025	261,304
Year-on-year growth	23.64%	-	30.48%	75.28%	-
Monthly to annual truck operator ratio	Na	Na	62.04%	60.12%	54.16%
Monthly transacting users using at least 2 services (Units)	310,989	225,209	259,011	152,151	54,417
Year-on-year growth	37.44%	-	42.66%	52.37%	-
Gross transaction value of payments for the period (₹ in Cr)	12.83	9.49	41.33	29.86	19.07
Year-on-year growth	37.44%	-	42.66%	52.37%	-
Total number of payments transactions for Fiscal Year (Units in Cr)	12.83	9.49	41.33	29.86	19.07
Year-on-year growth	35.17%	-	38.42%	56.57%	-
Key Financial Metrics					
Revenue from continuing operations (₹ in Cr)	92.17	59.47	296.92	175.68	119.33
Year-on-year growth	54.99%	-	69.01%	47.23%	-
Contribution margin (₹ in Cr)	91.71	58.62	288.35	176.92	132.23
Year-on-year growth	56.46%	-	62.98%	33.79%	-
Contribution margin (%)	93.27%	91.07%	91.10%	90.68%	92.16%
Adjusted EBITDA (₹ in Cr)	18.26	(5.81)	13.34	(154.47)	(120.53)%