

ZINKA LOGISTICS SOLUTION LIMITED IPO



<p>+</p> <p>Issue Opens</p> <p>Nov 13, 2024</p>	<p>+</p> <p>Issue Closes</p> <p>Nov 18, 2024</p>	<p>+</p> <p>Total Issue Size (Rs. Cr)</p> <p>1,114.72</p> <p><small>Including Anchor Investor Portion</small></p>	<p>+</p> <p>Price Band (Rs.)</p> <p>259-273</p>
<p>+</p> <p>Face Value (Rs.)</p> <p>1</p>	<p>+</p> <p>Lot size (No. of units)</p> <p>54</p>	<p>+</p> <p>Listing at</p> <p>BSE, NSE</p>	<p>+</p> <p>Issue Type</p> <p>Book Building</p>

Tentative Timetable

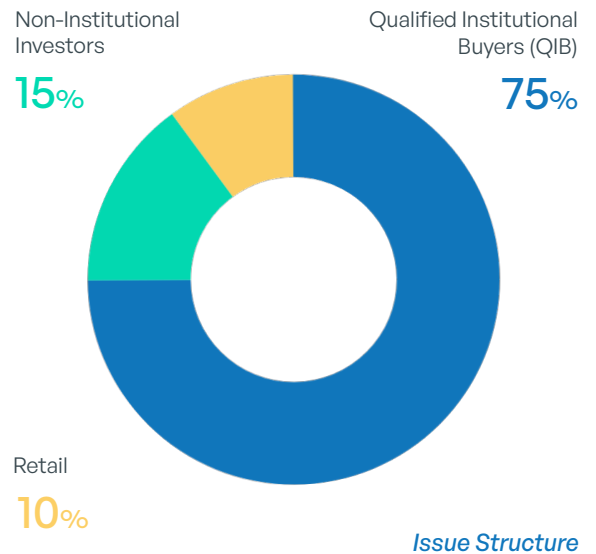
Basis of Allotment Date	November 19, 2024
Initiation of Refunds	November 20, 2024
Credit of Shares to Demat Account	November 20, 2024
IPO Listing Date	November 21, 2024

Application Structure

Application	Lot	Shares	Amount
Retail (Min)	1	54	14,742
Retail (Max)	13	702	1,91,646

Book Running Lead Managers

Axis Capital Limited
Morgan Stanley India Company Private Limited
JM Financial Limited
IIFL Capital Services Limited



Registrar

KFin Technologies Limited



Company Background

Incorporated in 2015, Zinka Logistics Solution Limited 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 platform in Fiscal 2024, which comprises 27.52% of India's truck operators. The company is on a mission to digitally empower India's truck operators, helping them manage their business and grow their income. Using the company platform, the customers (primarily comprising truck operators) digitally manage payments for tolling and fueling, monitor drivers and fleets using telematics, find loads on the marketplace, and get access to financing for the purchase of used vehicles. The company's product offering includes payments, load marketplaces, telematics, and vehicle financing.

The company omnichannel customer onboarding and servicing strategy, is made specifically for the demography of customer base. The company have a digital-led marketing strategy which provides awareness of solutions and brand to customers. Using a combination of an on-ground sales force, channel partners and telesales the company supports customers through their entire onboarding process. The company offerings solve critical problems for customers forming an integral part of their daily lives. The company have built it's offerings and distribution strategy specifically for these users and the industry with the aim of empowering r truck operators and help them operate their business effectively and efficiently.

Among new-age digital platforms in the trucking sector, the company have the largest physical network (in terms of number of Touchpoints) across India and as of June 30, 2024, the company have sold and serviced products across 628 districts constituting 80% of India's districts, including in all of the major transportation hubs and across 76% of the toll plaza network in India. The company have a digitally enabled network of 9,374 touchpoints to conduct onboarding and servicing activities as of June 30, 2024.

Objects of the Issue

The company proposes utilizing the Net Proceeds towards funding the following objects:

- Funding towards sales and marketing costs .
- Investment in Blackbuck Finserve Private Limited, company's NBFC subsidiary, for financing the augmentation of its capital base to meet its future capital requirements.
- Funding of expenditure in relation to product development.
- General corporate purposes.

Strengths

- India's largest digital platform for truck operators.
- Strong network effects of platform resulting in robust customer retention rates and higher monetization.
- Repeatable playbook of creating and launching new offerings.
- Omnichannel distribution network with robust sales and service strategy driving customer adoption.
- Scalable and reliable in-house technology integrating with multiple stakeholders.
- High growth business with operating leverage and strong unit economics.

Risks

- The company and its Subsidiary, TZF Logistics Solutions Private Limited have incurred losses and witnessed negative operating cash flows in the past.
- Dependence on business partners in payments and vehicle financing offerings, and any premature termination or non-renewal of arrangements or revisions in the terms of arrangements by any of these partners may expose to the risks of disruption in operations.
- The company depends on certain key suppliers to procure a significant portion of vehicle tracking solutions, any denial of supplies or loss of the relationship with 38 these suppliers or any supply chain disruption could adversely affect business.
- The company avails certain services of third-party service providers for platform to implement sales and service strategy, and any disruption of or interference with use of such service could adversely hinder business operations.

Profit and Loss

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Revenue from Operation	2,969.22	1,756.80	1,193.26
Other Income	195.92	194.12	368.02
Total Income	3,165.14	1,950.92	1,561.28
EBITDA	-1,387.80	-2,130.78	-1,977.35
Profit Before Tax	-1,669.10	-2,366.81	-2,301.11
Tax	0.76	1.68	2.38
Discontinued Operations	-269.63	-536.49	-542.15
Profit After Tax	-1,939.49	-2,904.98	-2,845.64

CA & CL Key Parameters

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Current Assets			
Trade receivables	208.41	1,265.56	2,145.40
Cash and cash equivalents	3,360.71	1,717.77	1,910.48
Other financial assets	292	347.76	378.47
Current Liabilities			
Trade Payables	148.07	161.01	270.98
Other financial Liabilities	635.80	536.22	478.36

Debt Matrices

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Long Term Borrowing	28.46	-	120
Short Term Borrowing	1,708.89	1,658.35	1,870
TOTAL	1,737.35	1,658.35	1,990

Cash Flows

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
CFO	445.51	-1,191.82	-781.64
CFI	191.85	1,686.06	-2,186
OFF	-138.21	-369.18	2,820.85

Our View

India's growing economy needs the support of robust logistical capabilities and Indian trucking industry stands as a vital component of the nation's logistics sector.

The Indian trucking sector is a US\$18 to US\$25 billion revenue pool in Fiscal 2024 and is expected to reach US\$35 billion by Fiscal 2028. Trucking in India is highly fragmented in nature, making their operations inefficient. Innovating digital products to tailor solutions for meeting truckers' specific needs and scaling these offerings through strong distribution networks can unlock significant opportunities. Zinka Logistics Solution Limited being one of the India's largest digital platform for truck operators offers accessible solutions for Indian truck operators. The company intends to continue to focus on growing customer base by attracting new transacting truck operators to platform. The company is also focused on growing its loads marketplace and vehicle finance verticals through investments in product and technology. Investors looking to invest can invest in the IPO for the long term.

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