

नफा नुकसान

राज्यस्तरीय कारोबारी दैनिक

RNI No.: 63636/96

www.nafanuksan.com

सोमवार, 18 दिसम्बर, 2023

जो पढ़ें... आगे बढ़ें...

₹ 28 अंक 145 ■ मूल्य: ₹ 6.00 ■ पृष्ठ: 8

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES. NOT FOR RELEASE, INFORMATION OR DISTRIBUTION DIRECTLY OR INDIRECTLY OUTSIDE INDIA. Initial Public Offer of equity shares on the main board of the BSE in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").



ZAGGLE PREPAID OCEAN SERVICES LIMITED

Our Company was incorporated as 'Zaggle Prepaid Ocean Services Private Limited' as a private limited company under the Companies Act, 1956 (amended) in a certificate of incorporation dated June 7, 2011 issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, our Company was converted into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by our Shareholders at the EGM held on August 22, 2022 and consequently, the name of our Company was changed to 'Zaggle Prepaid Ocean Services Limited' and a fresh certificate of incorporation dated September 13, 2022 was issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. For details of the changes in the name and the incorporation of our Company, see 'History and Details Corporate Matters' on page 177 of the Red Herring Prospectus dated September 8, 2023 filed with the RHP. Registered Office: 301, II Floor, 1255, Connaught Place, Sector 1, HUDA, Techno Enclave, Madhapur Main Road, Hyderabad, Karnataka - 500 081, Telangana. India. Telephone: 91 40 2311 9919. Corporate Office: 21-024, Ground Floor, Boushery Building, C.T.S. No. 4A, Village Sali Naka, Andhra (East), Telangana, District Marathahalli, Hyderabad, India. Telephone: +91 22 4871 4871. Contact Person: Harshika, Company Secretary and Compliance Officer. Telephone: +91 40 2311 9949. E-mail: harshika.king@zaggle.in. Website: www.zaggle.in. Corporate Identity Number: 1858987220119. CDD495.



(Please scan this QR code to view the Red Herring Prospectus and the abridged prospectus)

OUR PROMOTERS: RAJ P NARAYANAM AND AVINASH RAMESH GODKHINDI

INITIAL PUBLIC OFFER OF UP TO 10,448,816 EQUITY SHARES BEARING FACE VALUE OF ₹1 EACH ("EQUITY SHARES") OF ZAGGLE PREPAID OCEAN SERVICES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹164 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹163 PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹1,720.57 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO 10,448,816 EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹3,920 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10,448,816 EQUITY SHARES AGGREGATING UP TO ₹1,720.57 MILLION (THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE 100% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION

NAME OF THE SELLING SHAREHOLDERS	TYPE	NO. OF EQUITY SHARES OFFERED	WACA* PER EQUITY SHARE (₹)
Raj P Narayanam	Promoter Selling Shareholder	Up to 1,529,677 Equity Shares aggregating up to ₹1,720.57 million	0.02
Avinash Ramesh Godkhindi	Promoter Selling Shareholder	Up to 1,529,677 Equity Shares aggregating up to ₹1,720.57 million	0.02
VentureEast Proactive Fund LLC	Investor Selling Shareholder	Up to 2,830,499 Equity Shares aggregating up to ₹3,671.86 million	2.17
GKFF Ventures	Investor Selling Shareholder	Up to 2,046,026 Equity Shares aggregating up to ₹2,659.48 million	0.02
VentureEast SEDCO Proactive Fund LLC	Investor Selling Shareholder	Up to 538,557 Equity Shares aggregating up to ₹702.43 million	1.72
VentureEast Trustee Company Private Limited (acting on behalf of VentureEast Proactive Fund)	Investor Selling Shareholder	Up to 118,040 Equity Shares aggregating up to ₹1,530.81 million	3.78
Zuzu Software Services Private Limited	Corporate Selling Shareholder	Up to 1,765,540 Equity Shares aggregating up to ₹2,296.53 million	0.00
Koteswara Rao Meduri	Individual Selling Shareholder	Up to 91,800 Equity Shares aggregating up to ₹1,200.00 million	0.02

WACA: Weighted Average Cost of Acquisition

Calculated on a fully diluted basis as of the date of the Red Herring Prospectus. As certified by P R S V & Co. LLP, Chartered Accountants, by way of their certificate dated September 8, 2023.

We operate in the business-to-business-to-customer segment where we interact and interface with our Customers (i.e., businesses) and end Users (i.e., employees), with a diversified offering of fintech products and software-as-a-service (SaaS) (including tax and payroll software) and have issued prepaid cards in India in partnership with certain of our banking partners. Our SaaS platforms are designed for business spend management (including vendor management and expense management), rewards and incentives management for employees and channel partners and gift card management for merchants.

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations

QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not more than 15% of the Offer

Retail Portion: Not more than 10% of the Offer

PRICE BAND: ₹156 TO ₹164 PER EQUITY SHARE OF FACE VALUE OF ₹1 EACH.

THE FLOOR PRICE IS 156 TIMES AND THE CAP PRICE IS 164 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FINANCIAL YEAR 2023 FOR THE COMPANY AT THE HIGHER END OF THE PRICE BAND IS AS HIGH AS 66.67 TIMES AND AT THE LOWER END OF THE PRICE BAND IS 63.41 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 90 EQUITY SHARES AND IN MULTIPLES OF 90 EQUITY SHARES THEREAFTER.

DETAILS OF PRE-IPO PLACEMENT

Our Company has undertaken a preferential issue of 4,451,218 Equity Shares and 1,524,390 Equity Shares at an Issue Price of ₹164 per Equity Share for a cash consideration aggregating to ₹730 million and ₹260 million, on August 16, 2023 and August 21, 2023, respectively (the "Pre-IPO Placement").

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated September 9, 2023, the above provided price band is justified based on quantitative factors/KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), disclosed in 'Basis for Offer Price' section on pages 110 to 114 of the RHP.

In making an investment decision, potential investors must rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS

- We have limited operating history at our current scale. Our revenue grew at a CAGR of 100.83% during the period between Fiscal 2020 and Fiscal 2023, which may not be indicative of our future financial performance
- We experienced negative operating cash flows, i.e., net cash flows used in operating activities, of ₹156.18 million in Fiscal 2023 and negative net worth of ₹(35.58) million and ₹(455.51) million as of March 31, 2022 and March 31, 2021, respectively, which may make it difficult or expensive for us to obtain future financing or meet our liquidity needs
- We propose to invest ₹3,000 million out of the Net Proceeds for expenditure towards Customer acquisition and retention over the course of the next three Fiscals, which is not consistent with the level of expenditure towards Customer acquisition and retention of ₹327.40 million, ₹185.83 million and ₹136.17 million incurred by us in Fiscals 2023, 2022 and 2021, respectively
- We propose to utilise an estimated amount of ₹170.83 million from the Net Proceeds towards repayment or pre-payment of a term loan of ₹250.00 million (of which, ₹187.50 million was outstanding as of March 31, 2023) obtained pursuant to a facility agreement dated December 27, 2021, as amended and supplemented by an agreement dated August 12, 2022, entered into by us with ICICI Bank Limited, which is an affiliate of one of our BRLMs
- We may encounter challenges with adoption and usage of our products if they are not able to successfully integrate with other software applications. Further, real or perceived software errors, interruptions, failures, vulnerabilities, bugs in our products, defects, outages or security incidents/ breaches of our technology platforms/IT systems, sites or networks in the future could impair our ability to effectively provide our products, services and solutions or damage our reputation
- We are exposed to counterparty credit risk with trade receivables of ₹1,026.59 million, ₹429.51 million and ₹226.81 million and allowances for credit impaired trade receivables of ₹57.56 million, ₹73.79 million and ₹359.05 million, as of March 31, 2023, March 31, 2022 and March 31, 2021, respectively. Any delay in, or non-receipt of, payments may materially and adversely affect our cash flows and results of operations
- Our Company does not have any listed industry peers in India or abroad and it may be difficult to benchmark and evaluate our financial performance against other operators who operate in the same industry as us
- Termination of, or failure to maintain, our relationships with our banking partners, including our Preferred Banking Partners, or any changes to our interchange fees due to a variety of factors
- We are dependent on third-party Payment Networks, channel partners and third-party providers for various aspects of our business and our growth
- Our Company will not receive the entire proceeds from the Offer. Some of our Shareholders, including our Promoters, are selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale.
- The Offer Price of the Equity Shares, price to earnings ratio ("P/E") ratio, market capitalization to revenue from operations ratio and enterprise value ("EV") to EBITDA ratio of our Company may not be indicative of the market price of the Equity Shares on listing, for the years indicated.

Particulars	Number of times of Cap Price (₹164)	Number of times of Floor Price (₹156)
Market Cap to Revenue	45.33	44.88
Market Cap to Tangible Asset	0.19	0.19
EV/EBITDA	52.94	50.35

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