



IPO NOTE

ZINKA LOGISTICS SOLUTION LIMITED (BLACKBUCK)



Rating:
NEUTRAL



The Company offers a digital platform, the BlackBuck App, which provides payments, telematics, loads marketplace and vehicle financing services to truck operators.

ISSUE OFFER

Issue Opens on	NOV 13, 2024
Issue Close on	NOV 18, 2024
Total IPO size (cr)	₹1,114.72
Fresh issue (cr)	₹550.00
Offer For Sale (cr)	₹564.72
Price Band (INR)	259-273
Market Lot	54
Face Value (INR)	₹1
Listing At	NSE, BSE
Market Capitalization (cr)	4817.81

OBJECTS OF THE ISSUE

- Funding towards sales and marketing costs.
- Investment in Blackbuck Finserve Private Limited.
- Funding of expenditure about product development.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2024	FY 2023	FY 2022
Equity Share Capital	0.01	0.01	0.01
Net Worth	311.29	352.66	585.07
ROCE %	(33.84%)	(45.03%)	(27.16%)
Revenue	296.92	175.68	119.32
Operating Profit Margin %	(43.85%)	(109.22)%	(126.65)%
Net Profit of the year	(166.98)	(236.84)	(230.34)

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 75%;"></div>	75%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 10%;"></div>	10%

FINANCIAL RATIOS OF FY24



D/E



P/E



Asset Turnover

PROMOTER HOLDING %

Pre Issue	Post Issue
32.91%	27.84%

INDICATIVE TIMETABLE

Basis of Allotment	19-11-2024
Refunds/Unblocking ASBA Fund	20-11-2024
Credit of Share to Demat A/c	20-11-2024
Listing Date	21-11-2024

OUTLOOK & VALUATION

- The largest digital platform for truck operators, benefiting from strong network effects.
- Financially challenged with ongoing losses and negative cash flow, though it has shown signs of recovery in the first quarter of the current year.
- Low promoter holding, which may impact investor confidence.
- Difficult to assess on a P/E basis due to negative earnings.
- Overall, investors may consider skipping this IPO for now.



COMPANY PROFILE

- India's largest digital platform for truck operators with 963,345 truck operators in the country transacting on its platform in Fiscal 2024, which comprises 27.52% of India's truck operators.
- It follows an omnichannel customer onboarding and servicing strategy, which is made specifically for the demography of its customer base.
- It has a digital-led marketing strategy that provides awareness of its solutions and brand to customers.
- Among new-age digital platforms in the trucking sector, it has the largest physical network across India.



COMPETITIVE STRATEGIES

- Deepen distribution and continue strengthening the truck operator base.
- Continue investing in its core verticals of payments and telematics.
- Focus on growing its loads marketplace and vehicle finance verticals.
- Continue to innovate, launch new offerings and solve problems for truck operators.
- Continue to scale and invest in technology infrastructure and data science capabilities.



KEY CONCERNS

- Company and its Subsidiary have incurred losses and witnessed negative operating cash flows in the past.
- Business is dependent on revenues generated from its key strategic partners.
- Dependent on certain key suppliers for purchasing its vehicle tracking solutions.
- Derive a significant portion of its revenues through commission income and subscription fees.
- High attrition among its employees.
- Its revenue is significantly dependent on its payments and telematics offerings.

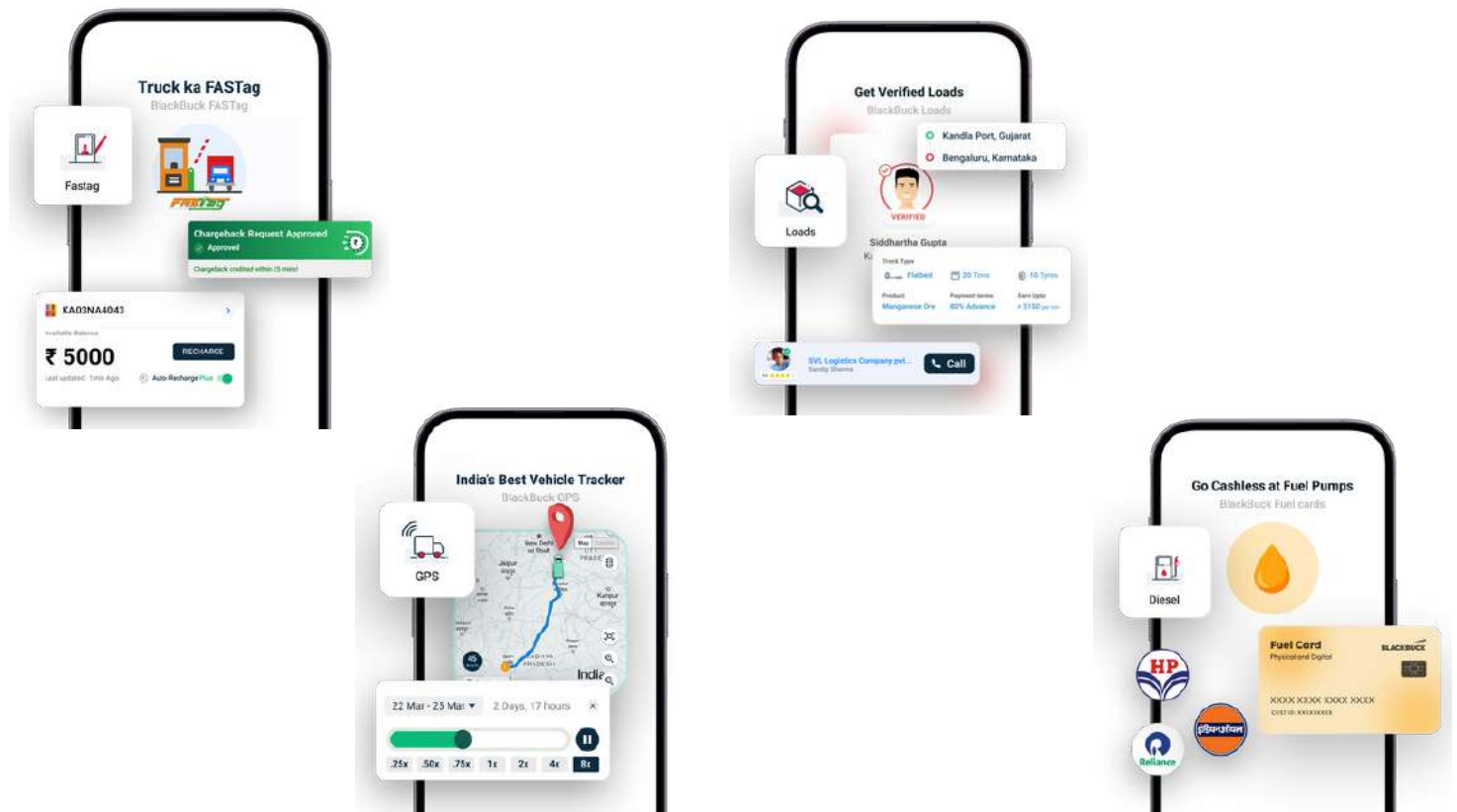


KEY STRENGTHS

- India's largest digital platform for truck operators.
- Strong network effects of the 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.
- Scalable and reliable in-house technology.
- High growth business with operating leverage.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In CR.)	ROCE (%)
Zinka Logistics Solutions Limited	(10.52)	16.89	NA	296.92	(33.84%)
Peer Group					
C.E. Info Systems Ltd	24.78	12.09	92.90	379.42	26.2%



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CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.