

## Zinka Logistics Solution Ltd (BlackBuck)

- 11th November 2024

### IPO Details :

IPO Date	November 13, 2024 to November 18, 2024
Face Value	₹1 per share
Price Band	₹259 to ₹273 per share
Lot Size	54 Shares
Total Issue Size	40,832,320 shares (aggregating up to ₹1,114.72 Cr)
Fresh Issue	20,146,520 shares (aggregating up to ₹550.00 Cr)
Offer for Sale	20,685,800 shares of ₹1 (aggregating up to ₹564.72 Cr)
Employee Discount	₹25 per share
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE
Share holding pre issue	156,330,160
Share holding post issue	176,476,680
Investor Category	Shares Offered
QIB Shares Offered	Not less than 75% of the Net Issue
Retail Shares Offered	Not less than 10% of the Net Issue
NII (HNI) Shares Offered	Not more than 15% of the Net Issue
Retail (Min & Max ) shares	54 shares & 702 shares
Retail (Min & Max ) application amount	₹14,742 & ₹191,646
S-HNI (Min shares & application amount)	756 Shares & ₹206,388
S-HNI (Max shares & application amount)	3,618 Shares & ₹987,714
B-HNI (Min shares & application amount)	3,672 Shares & ₹1,002,456
Basis of Allotment	Tuesday, November 19, 2024
Initiation of Refunds	Wednesday, November 20, 2024
Credit of Shares to Demat	Wednesday, November 20, 2024
Listing Date	Thursday, November 21, 2024
Cut-off time for UPI mandate confirmation	5 PM on November 18, 2024
Promoters	Mr. Rajesh Kumar Naidu Yabaji, Chanakya Hridaya and Ramasubramanian Balasubramaniam.
Registrar	<a href="#">Kfin Technologies Limited</a>

### Company Profile :

Incorporated in April 2015, Zinka Logistics Solution Limited is a digital platform for truck operators. In fiscal year 2024, 963,345 truck operators in the country transacted on the platform, representing 27.52% of India's total truck operators. Zinka Logistics is a digital platform for truck operators through the "BlackBuck" mobile application, using its platform, truck operators digitally manage payments for tolling and fuelling, monitor drivers and fleets using telematics, find loads on its marketplace, and get access to financing for the purchase of used vehicles. Extensive network yields high customer retention and monetization: Having built a nationwide network of truck operators over nine years through digital campaigns, telemarketing, and on-ground teams, High-growth business with operating leverage and strong unit economics.

BlackBuck App offers a range of services including toll and fuel payments (covering 72% of fuel stations), telematics for fleet management (with 356,050 active devices monthly), and a digital freight marketplace with 2.12 million load postings. Additionally, BlackBuck provides vehicle financing, with ₹252.76 crore in loans disbursed by June 2024, and supports 80% of India's districts through its omnichannel network of 9,374 touchpoints.

## Object of the issue :

- Funding towards sales and marketing cost - ₹200 cr
- Investment in Blackbuck Finserve Pvt Ltd, its NBFC subsidiary, for financing the argumentation of its capital base to meet its future capital requirements - ₹140 cr
- Funding of expenditure in relation to product development - ₹75 cr
- General corporate purposes

## Financial Details:

Particulars (Amount in Crores)	30 June 2024	31 March 2024	31 March 2023	31 March 2022
Income				
Revenue from Operations (Net)	92.16	296.92	175.68	119.32
Other Income	6.15	19.59	19.41	24.15
Other Gain/ Losses (net)	0.005	--	--	12.64
<b>Total Income</b>	<b>98.33</b>	<b>316.51</b>	<b>195.09</b>	<b>156.12</b>
Expenses				
Employee Benefits Expenses	39.19	286.92	219.55	216.08
Depreciation and Amortization Expense	6.94	25.33	20.40	15.25
Finance Costs	0.76	2.79	3.19	17.12
Other Gain/ Losses (net)	--	2.60	1.93	--
Other Expenses	44.61	165.76	186.67	137.78
<b>Total Expenses</b>	<b>91.52</b>	<b>483.42</b>	<b>431.77</b>	<b>386.23</b>
<b>Profit/Loss before exceptional items</b>	<b>6.80</b>	<b>(166.91)</b>	<b>(236.68)</b>	<b>(230.11)</b>
Exceptional Items	25.62	--	--	--
<b>Profit/Loss before Tax</b>	<b>32.43</b>	<b>(166.91)</b>	<b>(236.68)</b>	<b>(230.11)</b>
Tax Expense	0.05	0.07	0.16	0.23
<b>Profit for the year (PAT)</b>	<b>32.37</b>	<b>(166.98)</b>	<b>(236.84)</b>	<b>(230.34)</b>

## Competitive Strengths :

- **India's largest digital platform for truck operators:** Zinka is India's largest digital platform for truck operators (in terms of users). In Fiscal Year 2024, it facilitated over 41.33 cr transactions for 9,63,345 annual transacting truck operators. It served 27.52% of truck operators in India and facilitated 32.92% of the commercial vehicle tolling payments in the same period (Source- RedseerReport).
- **Strong network effects resulting in robust customer retention:** Zinka's customer base of annual transacting truck operators increased to 9,63,345 in Fiscal 2024 from 4,82,446 in Fiscal 2022. It has high customer engagement rates since offerings were 62.04%, 60.12%, and 54.16% of annual transacting truck operators transacting on a monthly basis in Fiscal 2024, 2023, and 2022, respectively.
- **Omnichannel distribution network:** It uses a mix of digital marketing and targeted notifications through BlackBuckApp and its 9,374 Touchpoints on the ground. These initiatives help acquire new customers and cross-sell products and services to existing customers. As of June 30, 2024, it has covered 80% of the districts of India and 76% of the toll plaza network.
- **Repeatable playbook of creating and launching new offerings:** The company's customer base has been growing year-on-year through its products and services. Its first offering i.e., Payments took 33 months for 1 lakh customers to subscribe to its services, GBS PP 100\*\* took 22 months for the same figure and last Loads Marketplace just took 9 months for the same figure. It was achieved due to the platform-led strong network effects playing in its business.

## Key Risk Factors :

- **Company and its subsidiaries incurred losses:** Zinka Logistics Solution and its subsidiaries like TZF Logistics Solution Pvt Ltd and BlackBuck Finserve Pvt Ltd incurred losses and negative cash flows from operations. In the first quarter of FY25, the company generated profits from the business. Now, it has to be seen, if the company may continue this trend otherwise impact on its operations and cash flows.
- **Depends on business partners:** Zinka Logistics depends on its business partners in payments and vehicle financing offerings. Its partners contributed more than 40% of the overall revenue in FY2023-24 and the first quarter of FY25. One of its FASTag partners contributed ~30% in total revenue in the same period. The loss of any such partners may adversely affect the company's operations and financial condition.
- **Revenue depends on payments and telematics offerings:** These two offerings contributed more than 90% of the overall revenue in the FY2023-24 and first quarter of FY25. Any negative impact on these offerings could materially affect the company's business.
- **Depends on key suppliers:** Zinka Logistics depends on certain key suppliers to procure a significant portion of vehicle tracking solutions. It didn't enter into a long-term agreement with them, and any failure from the supply side, may adversely in the company's operational and financial condition.

## Key Metrics :

Company's Key Metrics	Units	June 2024	2024	2023	2022
GTV Payments (tolling)	₹ in crores	4,613.37	14,793.67	10,008.20	6,009.66
YoY growth	%	38.25%	47.82%	66.54%	--
Number of transactions	units in crores	12.78	41.18	29.72	18.93
YoY growth	%	35.18%	38.55%	56.99%	--
Tolling Market Share	%	--	32.92%	26.42%	22.55%
Number of transacting users	numbers	--	9,63,345	7,61,871	4,82,446

## Comparison with Listed Peers :

Name of the Companies	Market Price	Face Value (per Equity Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Equity Share)
Zinka Logistics Solutions Pvt Ltd	NA	1.00	NA	(10.52)	(10.52)	(55.64)	16.89
Peers Group :							
C.E. Info Systems Ltd	1900	2.00	76.6	24.78	24.58	0.20	12.09
International Peers Group :							
FLEETCOR Technologies, Inc	--	0.08337	20.20	1,118.8	1,118.8	0.30	3,678,737.81
Full Track Alliance Co. Ltd	--	0.0008337	804.77	0.83	0.83	0.06	19.76

## SUMMARY :

ZinkaLogistics Solutions reported a 62.73% growth in revenue coming from its operations for the FY 2023-24, led by its commission income and subscription fees. EBITDA turned in positive trajectory from negative and was reported ₹14.52 for the June quarter along with the company's reported first-time net profit of ₹32.37 cr including an exceptional item of ₹25.62.

Revenue breakup of the company, its commission income grew by 44.54% to ₹127.24 cr and subscription fees by 58.76% to ₹117.88 cr in fy2024. The service fees saw a sharp growth and grew by 285% from ₹13.27 to ₹50.95 cr and its contribution increased from 7.56% to 17.16% in total income in the same year.

Some key parameters such as EBITDA margin and PAT margin turned positive, and they were at 14.77% and 32.91% for the June quarter of the current year respectively. The company reported its EPS of ₹1.54 from ₹(10.52) for the same period. Key valuation metrics for investors like ROE and ROCE were 9.39% and 1.50% for the same period. The P/BV of the company as of June 30, 2024 is 14.6x.

Therefore, it is recommended to **“Subscribe”** to the IPO as for long-term investment, and considering its valuation and growth potential.

**DISCLAIMER**

**Prepared By:**

**Research Analyst : Priyanka Mantri**

*Email ID: [priyanka@adroitfinancial.com](mailto:priyanka@adroitfinancial.com)*

**Research Associate : Gaurav Pundir**

*Email ID: [gauravpundir@adroitfinancial.com](mailto:gauravpundir@adroitfinancial.com)*

**Phone Number: 0120-4550300\*270/388**

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