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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	11,147
Fresh Issue (No. of Shares in Lakhs)	201
Offer for Sale (No. of Shares in Lakhs)	207
Bid/Issue opens on	13th-Nov-24
Bid/Issue closes on	18th-Nov-24
Face Value	Rs.1
Price Band	259-273
Minimum Lot	54

Objects of the Issue

- **Fresh Issue : ₹ 5,500 million**
 - Funding towards sales and marketing costs
 - Investment in Blackbuck Finserve Pvt Ltd, the NBFC subsidiary for financing its future capital requirements.
 - Funding of expenditure in relation to product development.
 - General Corporate Purposes
- **Offer for sale: ₹ 5,647 million**

Book Running Lead Managers	
	Morgan Stanley
	JM Financial
	IIFL Capital
Registrar to the Offer	
	KFin Technologies Ltd

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	395.0
Subscribed paid up capital (Pre-Offer)	156.3
Paid up capital (post-Offer)	176.5

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	34.3	27.9
Public – Selling shareholders	47.4	49.0
Public – Others	18.3	23.1
Total	100	100

Financials

Particulars (₹ In million)	Q1FY25	FY24	FY23	FY22
Revenue from operations	922	2,969	1,757	1,193
Operating expenses	838	4,553	4,082	3,539
EBITDA	84	(1,584)	(2,325)	(2,345)
Other Income	62	196	194	368
Depreciation	69	253	204	153
EBIT	76	(1,641)	(2,335)	(2,130)
Interest	8	28	32	171
Exceptional items	256			
PBT	324	(1,669)	(2,367)	(2,301)
Tax	1	1	2	2
PAT	324	(1,670)	(2,368)	(2,303)
Ratios	Q1FY25	FY24	FY23	FY22
EBITDAM		69.0%	47.2%	-
PATM	9.1%	-53.3%	132.3%	196.6%
Sales growth	35.1%	-56.2%	132.4%	193.4%

Company Description

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.

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.

Valuation & Outlook

Zinka Logistics Solutions Ltd 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 its platform in FY24, which comprises 27.52% of India’s truck operators. The company generates revenue from truck operators through commission income from the company’s payment’s offerings, subscription fees from a combination of telematics, payments and loads marketplace offerings and service fees from vehicle financing offering.

In terms of financial aspect, from being a loss making entity, company turned profitable in Q1FY25. At the upper price band company is valuing at Mcap/Sales of 16.2x on FY24 basis with a market cap of ₹ 48,178 million post issue of equity shares.

On the valuation front, we believe that the company is fairly priced. Therefore, we recommend a “**SUBSCRIBE - Long term**” rating to the IPO.

Company’s Operations

Zinka Logistics Solutions 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.

Key metrics related to the business



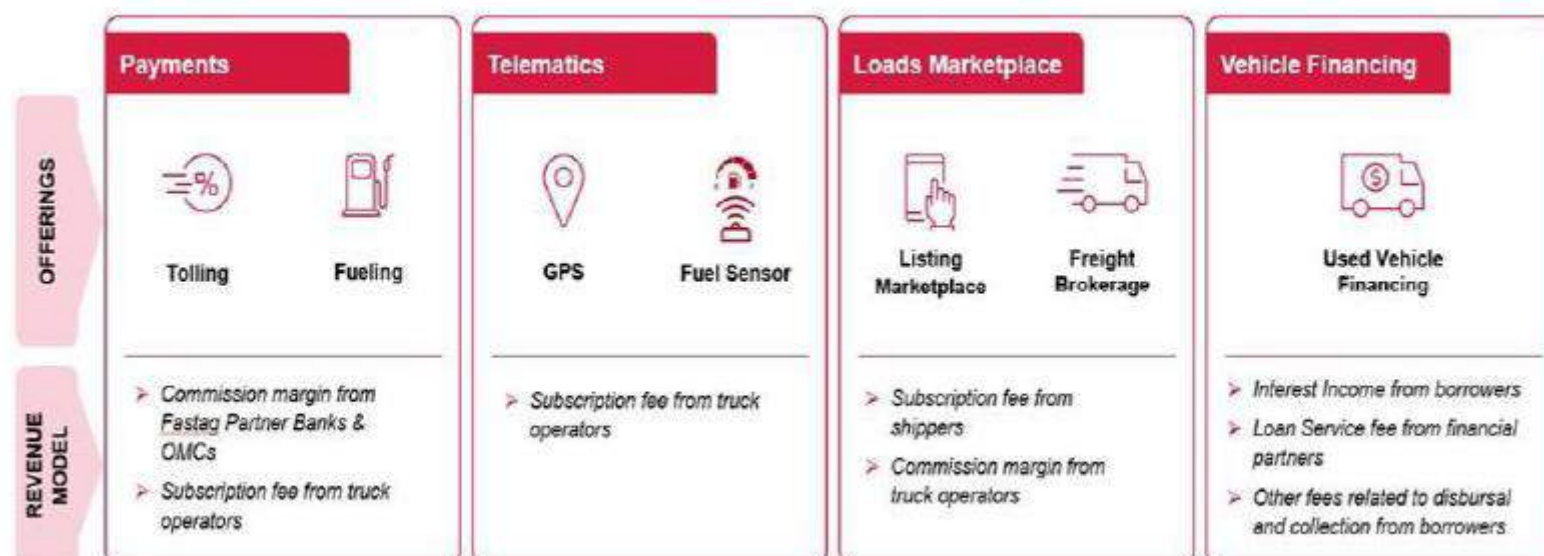
Company’s offerings solve critical problems for their customers and form an integral part of their daily lives. In the 3 months ended June 30, 2024 and Fiscal 2024, their monthly transacting truck operators were active for more than 16.26 days and 16.18 days, respectively, in a month and on an average spent 41.54 minutes and 39.56 minutes, respectively, daily, on the BlackBuck App.

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.

Revenue Model



Zinka generates revenue through these offerings primarily through:

Commission margins from FASTag Bank Partners on the toll transaction flowthrough (based on the monthly transaction value of the FASTags distributed by them); and

Commission margin from OMCs in fueling transaction flowthrough (based on either the monthly consumption volume of fuel or monthly transaction value of fuel purchased).

In addition to this, they also earn revenue through an activation or convenience fee from truck operators in relation to FASTags, subscription fees to access specific services on the platform in relation to their tolling offering and service fees in relation to their fueling offering for providing services such as distribution and recharge of fuel cards, dedicated customer support, alerts and transaction history.

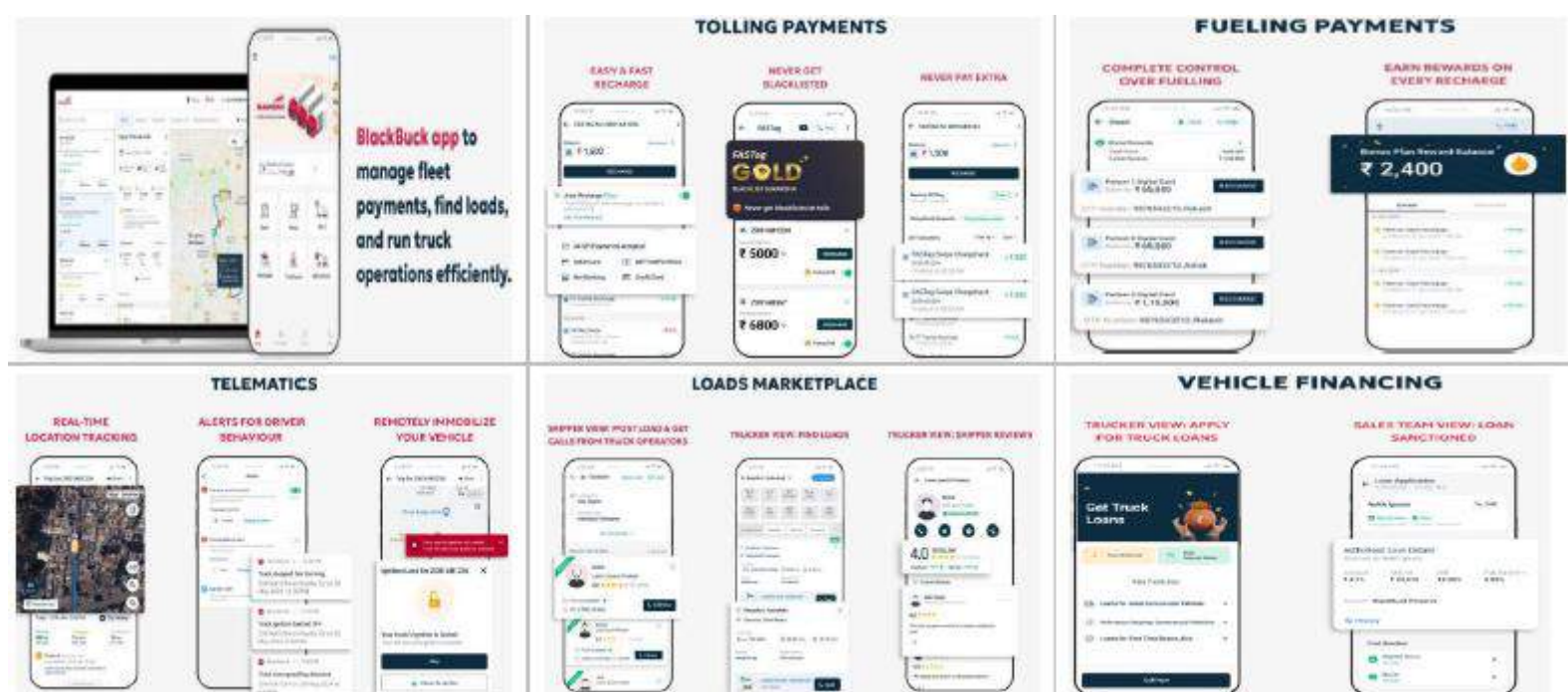
Telematics: The company offers telematics solutions for truck operators that provide real-time visibility into fleet movements, route optimization and enhanced fuel management, with the aim of increasing cost savings and improving efficiency. They are one of the largest players for vehicle tracking solutions in the trucking segment in India, with 356,050 average monthly active telematics devices in Fiscal 2024 and 390,088 average monthly active telematics devices in 3 months ended 30 June 2024.

Zinka generate revenue from truck operators through monthly or annual subscription fees.

Loads marketplace: Company's loads marketplace efficiently matches truck operators (who need loads) with shippers (who are looking for trucks) across commodities, load weights, truck types and distance ranges. Their loads marketplace is India's largest digital freight platform with 2.12 million digital loads posted in Fiscal 2024. Through their listing marketplace, registered shippers post loads on the BlackBuck Transporter mobile application ("BB Transporter App") to find a truck. The BlackBuck App thereafter provides recommendation-based loads to truck operators, matching available trucks to shippers.

In January 2024, Zinka also started a freight brokerage business which is an extension of their listing marketplace where they enable end-to-end logistics transactions for shippers. For the freight brokerage business model, they leverage the listing marketplace to discover trucks which meet the shipper's requirements, negotiate the price and payment terms, and handle fulfillment responsibilities with the truck operator, on behalf of shippers.

The company generates revenue through subscription fees which are charged to shippers for posting loads on the BB Transporter App. They also charge subscription fees to truck operators for preferred matching services on the BlackBuck App. The company offers various subscription plans to shippers and truck operators. The loads marketplace offering is in the early stages of monetization.



Vehicle Financing: Zinka enables truck operators to buy used commercial vehicles or to avail financing on an existing vehicle by providing financing solutions. They primarily facilitate disbursement of credit in partnership with their Financial Partners. They generate revenue from their vehicle financing business through loan service fees. In addition, they are entitled to certain other fees charged to the borrowers in the process of loan disbursement and collections, either partially or in full. The company derives their revenues primarily through commission income from their payments offerings, subscription fees from a combination of their telematics, payments and their loads marketplace offerings and service fees from their vehicle financing offering.

The BlackBuck App is a platform providing **payments, telematics, loads marketplace and vehicle financing services**. These solutions aim to digitally empower truck operators and help them operate their business effectively and efficiently.

Payments: Company's payments platform provides solutions in relation to 2 significant expenses of truck operators, i.e., tolls and fuel payments. They enable truck operators to make these payments efficiently and securely through their platform.

Tolling: The company provides tolling solutions (FASTags) in partnership with FASTag Partner Banks. They are the largest distributor and technology provider of FASTags for truck operators in Fiscal 2024 (in terms of GTV). In addition, they are the largest player with a market share (in terms of GTV payment) of 32.92% in Fiscal 2024 (compared to 26.42% in Fiscal 2023 and 22.55% in Fiscal 2022) in tolling for truck operator segment with a GTV of ₹14793.68 crore in Fiscal 2024, growing at 47.82% year on year from Fiscal 2023.

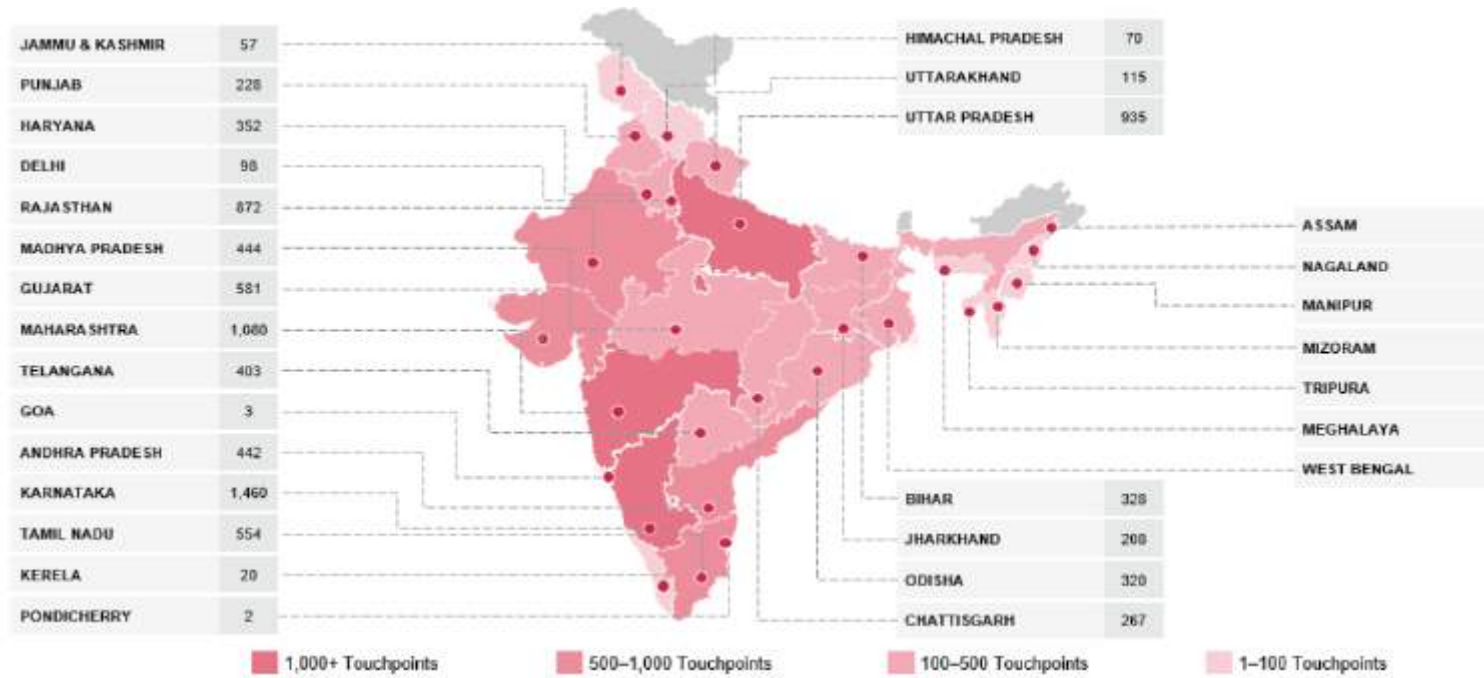


Fueling: The company provides fueling payments solution through a cashless fuel payments platform, in partnership with multiple oil marketing companies (“OMCs”). They are the largest fuel loyalty management platform for truck operators in India, in terms of GTV in Fiscal 2024, with coverage enabling 72% of total fuel stations in India.

Distribution network

Truck operators in India are spread across metro, urban and rural communities. Building trust with truck operators on digital platforms requires significant handholding, due to a perceived lack of trust and familiarity with smartphone applications.

Company’s distribution strategy, covering both sales and servicing, is a mix of digital and physical Touchpoints to cater to the specific requirements of this set of users.



Zinka uses a mix of digital marketing and targeted notifications through the BlackBuck App and their 9,374 Touchpoints (as of June 30, 2024) on the ground, to acquire new customers, as well as cross-sell/upsell their products to existing customers. As of June 30, 2024, their Touchpoints include a 843-member telesales unit that reaches out primarily to their existing customers for upselling and cross-selling their products as well as 587 channel partners through whom they reach out to truck operators for sales across multiple product offerings.

As of June 30, 2024, they have sold and serviced their products in 80% of India’s districts, including in all the major transportation hubs and across 76% of the toll plaza network in India. They also have implemented a robust customer servicing strategy, to ensure that the needs of their existing customers are met. They offer multiple avenues for customer servicing, including the BlackBuck App, where their customers can resolve issues through self-service options, an on-field service network, customer support through a dedicated hotline, and their channel partners. As a result of their sales, distribution and marketing strategies, they have been able to increase their base of annual transacting truck operators to 963,345 customers in Fiscal 2024 from 761,871 in Fiscal 2023 and 482,446 in Fiscal 2022.

Key Strengths

- **India’s largest digital platform for truck operators**

Zinka is India’s largest digital platform for truck operators (in terms of number of users) as of March 31, 2024, and they facilitated over 41.33 crore transactions for 963,345 annual transacting truck operators in Fiscal 2024. They served 27.52% truck operators in India and facilitated 32.92% of the commercial vehicles tolling payments in Fiscal 2024. Their services are available across 628 districts, constituting 80% of India’s districts as of March 31, 2024.

➤ **Strong network effects of platform resulting in robust customer retention rates and higher monetization**

Zinka has strong network effects of platform built over 9 years of operations resulting in robust customer retention rates and higher monetization. They have been able to build a nationwide truck operator base through targeted digital and telemarketing campaigns and effective nationwide on-ground teams. Further, they have achieved strong retention rates among their customers, driven by their offerings which aim to address key challenges faced by their customers and their ability to continually innovate and offer new products to streamline their customers' operations.

➤ **Omnichannel distribution network with robust sales and service strategy driving customer adoption**

Zinka has an omnichannel distribution network with robust sales and service strategy driving customer adoption. Their distribution strategy, covering both sales and servicing, is a mix of digital and physical Touchpoints to cater to the specific requirements of this set of users. Zinka use a mix of digital marketing and targeted notifications through the BlackBuck App and their 9,395 Touchpoints (as of March 31, 2024) on the ground, to acquire new customers, as well as cross-sell/upsell their products to existing customers.

➤ **Scalable and reliable in-house technology integrating with multiple stakeholders**

Zinka has a scalable and reliable in-house technology integrating with multiple stakeholders. Being a solution provider, focused exclusively on truck operators, they have developed most of their technology stack and solutions in-house aimed at providing reliable, accurate and real-time solutions to several key challenges faced by truck operators in India through their platform. Zinka has a dedicated in-house product, engineering and data science team which develops technology layers enabling the comprehensive suite of solutions to address these challenges and they are assisted by inputs from their customers to ensure continuous feedback-driven new product development.

➤ **Repeatable playbook of creating and launching new offerings**

Zinka has a repeatable playbook of creating and launching new offerings. They focus on addressing challenges faced by truck operators in India by creating innovative solutions. They aim to create new offerings that fill market gaps and meet customer needs. Using an agile product development approach, they utilize feedback from their customers, to develop products which address their pain points in operations.

Key Strategies

➤ **Focus on growing the loads marketplace and vehicle finance verticals**

Company's customer base of 963,345 truck operators, as on March 31, 2024, provides them with the opportunity to offer new products to existing customers and develop newer offerings by leveraging data and insight into the day-to-day operations of truck operators. Their loads marketplace and vehicle financing offerings are currently in their growth phase, and they aim to continue to expand these offerings. They intend to focus on growing the loads marketplace in the upcoming years through investments in product and technology. Further, based on the performance of the freight brokerage offering, they propose to expand use of this offering to other cities across the country.

➤ **Continue to innovate, launch new offerings and solve problems for truck operators**

The company follows a customer-centric approach in their business, which involves actively listening to the evolving needs of their customers and developing innovative solutions to address the pain points of the typical Indian truck operator. This has helped them to launch multiple offerings since their incorporation. As they onboard more truck operators onto their platform and gather more operational data, they continue to gain deeper insights into their operating challenges. This enables them to create tailored product offerings which simplify operations, improve efficiency, and enhance profitability for their truck operator partners. They aim to continue to leverage their domain expertise, data-led insights, and technology capabilities to continuously iterate and expand their suite of products and services.

➤ **Deepen distribution and continue strengthening the truck operator base**

Zinka intends to continue to focus on growing their customer base by attracting new transacting truck operators to their platform by investing in deepening their distribution base and increasing the density of the distribution in key strategic pockets across India. This will make their offerings available to a larger number of truck operators and allow them to gain market share. They will also continue to focus on increasing engagement with their existing base of truck operators to use their platform more frequently, including by investing towards their sales and marketing initiatives.

➤ **Continue to scale and invest in technology infrastructure and data science capabilities**

Company's scale of operations and nature of businesses, in particular the payment and telematics verticals, require them to invest in building technology capabilities. As the scale of their operations continue to increase and launching of new offerings, they need to continuously build technology to manage scale. In the vehicle financing space, they intend to innovate through technology-enabled loan origination system, fraud detection and prevention systems, and sales enablement products. In newer telematics offerings of fuel sensors they will invest in further product development to enable affordability and accuracy to scale ahead. Their multiple business offerings also rely on usage of data capabilities, which help build intelligence interfaces and enable optimization of operations for their customers.

➤ **Continue investing in the core verticals of payments and telematics**

In order to grow their offerings, Zinka has continually built strong customer value proposition. The fuel sensor is one of their newest products in their telematics offering and they intend to continue to work on its product value proposition and customer experience, with an aim to increase customer acceptance and reliance.

Industry Snapshot

Indian trucking landscape

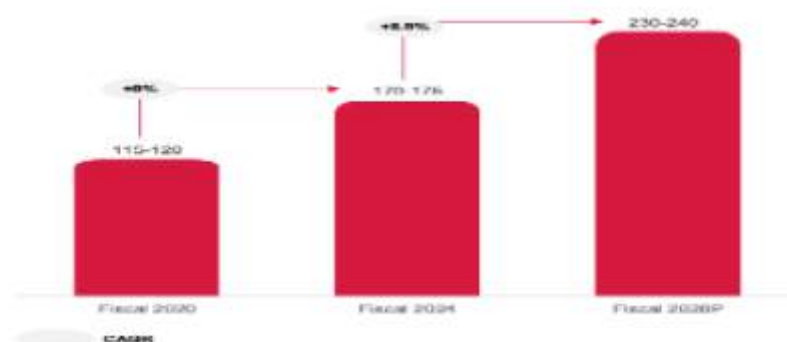
Investments and efficiency improvements are propelling India's trucking market, expected to grow at an 8-9% CAGR from Fiscal 2024 to Fiscal 2028. The industry has a widespread presence across India, however, is fragmented. Government reforms aim to digitize this traditionally cash-driven industry, addressing long-standing inefficiencies.

Trucking is one of the fastest-growing sectors in logistics in India.

The Indian trucking industry stands as a vital component of the nation's logistics sector. With approximately 12.5 million trucks and about 3.5 million truck operators as of Fiscal 2024 traversing Indian roads, the total freight value through trucks has witnessed a steady growth rate of 8-9% CAGR over the past four years. This growth trajectory is expected to persist over the next four years, driven by several key factors

- **Higher consumption:** The anticipated increase in per-capita income is poised to drive heightened levels of consumption, consequently increasing the demand for logistics and transportation services.
- **Expansion of capacity on high-density routes:** Roads have seen an increase in capacity on high density routes, necessitated by the growing production of trucks. This has enabled a surge in freight movement along these routes.
- **Development of supporting infrastructure and ecosystem:** Roads have benefitted from both government and private sector initiatives. The private sector has played a significant role in producing commercial vehicles, anticipating future demand. Construction of highways with a focus on four-lane roads and above, have been undertaken to accommodate the increasing volume of vehicles. As per MoRTH, four-lane highways have increased at a rate of approximately 10% from Fiscal 2014 to Fiscal 2023. This directly improves the efficiency and utilization of trucks.
- **Vehicle Scrapage Policy:** The Government of India introduced vehicle scrappage policies in 2021. As per MoRTH, commercial vehicles older than 15 years must pass a fitness test. In case they fail, the vehicle shall be deemed unfit and will be scrapped. As a result, newer vehicle will have to be purchased by truck operators if current vehicles fail to meet the fitness test, leading to overall increase in the total number of trucks on the roads.

Freight movement via roads in India



India's growing economy needs the support of robust logistical capabilities and small and medium size truck operators are the backbone of logistics in the country. These truck operators are served through value chains which are unorganized and fragmented, making their operations inefficient.

Trucking is a highly fragmented industry.

Trucking in India is highly fragmented in nature, with 75% of truck operators having less than 5 trucks. This pattern of fragmentation is visible in trucking across the globe. For instance, in China, 85% of trucks are owned by truck operators with less than five trucks. Similarly, the US has 80% of truck operators owning less than six trucks.

High fragmentation in this industry is a result of multiple operationally complex processes required to run the business efficiently. Truck operators need to be actively involved in searching for loads for their trucks, managing payments, monitoring their truck movement, carrying out maintenance activities, managing drivers, taking care of working capital, amongst various other activities.

Significant percentage of truck operators in India rely on professional drivers to run their vehicles. This means that truck operators need to manage their operations remotely, which makes their task even more complex. As the number of trucks increases, the need for operator's control escalates exponentially. Given the complexity of trucking operations, an operator's oversight can significantly impact profitability. Consequently, managing ownership beyond a few trucks becomes increasingly cumbersome, leading to this industry being fragmented even globally.

Trucking industry is a Bharat (Pan-India but driven by Tier 2+ India) phenomenon extending across all geographies of the country. Trucking in India transcends the urban landscapes of metro and tier 1 cities, extending its reach into the rural heartlands. While urban centers drive higher consumption, rural areas, home to 65-70% of the country's population, constitute a vital market for goods and services. Agriculture, the backbone of India's economy, further underscores the importance of trucking as a lifeline connecting disparate regions. With diverse crops cultivated across the country, the transportation network plays a pivotal role in distributing agricultural produce to markets far and wide. Moreover, the strategic positioning of industries, factories, and manufacturing units in areas abundant in raw materials and labor, often distant from major urban hubs,

accentuates the need for robust transportation infrastructure. As per VAHAN approximately 80% of trucks are registered across 80% of sq. km area of India. This large breadth of distribution, as opposed to being a concentrated distribution, clearly indicates the extensive geographic spread of truckers in the country.

Truck operators in India are spread across metro, urban and rural communities. A typical truck operator in India is middle - aged, fluent in the local vernacular language, has low digital literacy and uses a limited set of smartphone applications. They have lower digital literacy and are not accepting of online products, especially in relation to payments. Hence, building trust with such truck operators on digital platforms requires significant handholding.

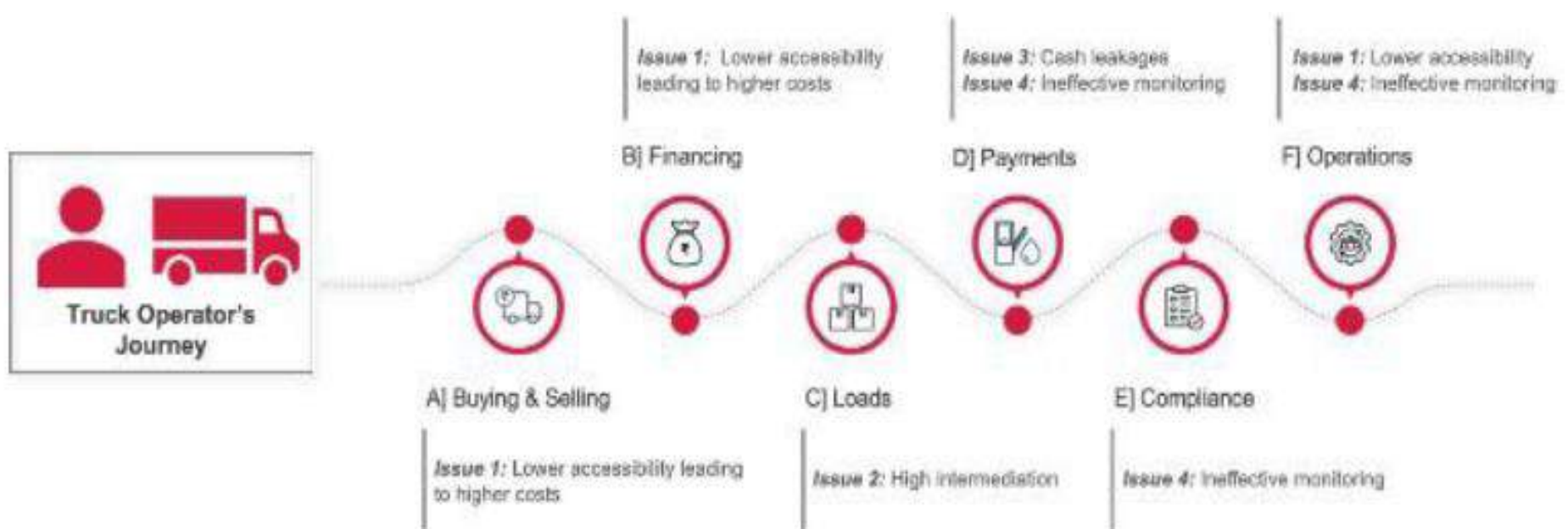
Multiple government initiatives have focused on introducing digital reforms to transform the trucking industry in India.

At a policy level, there is a clear realization regarding the value and prosperity that can be unlocked by digitizing transactions, introducing more efficiencies and fostering transparency in trucking operations in India. Below are some of the noteworthy initiatives towards this transformation:

- Electronic tolling:** The government's implementation of FASTags has digitally transformed the tolling system, achieving 98% penetration by March 24 in toll collection. This move aims to modernize the cash-based industry, curbing leakages and enhancing efficiency by minimizing congestion and travel time on roads. Moreover, the transition to digital payments has spurred growth in toll payments through the NETC platform, with 3.5-4 billion transactions in Fiscal 2024.
- Mandatory GPS requirement:** In India, the implementation of the Automotive Industry Standard (“AIS”) 140 protocol has been pivotal in mandating the installation of GPS devices in trucks requiring fitness certificates and specific mining permissions to improve safety, security and compliance. This regulatory requirement has significantly increased the adoption of telematics devices within the trucking industry, enhancing monitoring capabilities and promoting operational efficiency.
- E-way bills:** E-way bills ensure faster movement of goods and optimal vehicle utilization at check posts. With preregistration required online for goods over ₹50,000 and a single e-way bill system, transportation processes are streamlined across the country. This eradicates the need for separate transit passes in each state, facilitating seamless road freight transportation.
- National Logistics Policy:** Government of India’s launch of the National Logistics Policy (“NLP”) aims to revolutionize India's logistics sector, reducing costs from 11-13% of GDP to align with global standards. By enhancing efficiency and lowering expenses, the policy will boost the competitiveness of Indian products globally. Leveraging a holistic approach, the NLP integrates digital infrastructure, manpower, and policy reforms to create a seamless logistics ecosystem.

Thus, the trucking industry in India presents a complex yet promising landscape. Characterized by fragmentation and pervasive across the nation, facilitating the movement of goods even to the most remote corners. With rapid growth and increasing adoption of digital tools, the industry is undergoing a transformative shift towards efficiency and transparency. In this context, there are significant challenges that the Indian trucking ecosystem needs to solve. Solving these challenges represents significant opportunities as we elaborate in the subsequent sections.

Value chain of the trucking industry in India



Source(s): Redseer analysis

Accounting ratios

Particulars	Q1FY25	FY 24	FY 23	FY22
Revenue from Operations	922	2,969	1,757	1,193
Growth in revenue from operations (%)	NA	69.0%	47.2%	-
EBITDA	84	(1,584)	(2,325)	(2,345)
EBITDA Margin (%)	9.1%	-53.3%	-132.3%	-196.6%
PAT/Net loss	324	(1,670)	(2,368)	(2,303)
PAT Margin (%)	35.1%	-56.2%	-132.4%	-193.4%

Comparison with listed entity

Name of the company	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Zinka Logistics Solutions Ltd	1	NA	(9.5)	(9.5)	(53.64)	16.9
Listed peers						
C.E. Info Systems Ltd	2	74.8	24.8	24.6	0.20	12.09
International peers						
Fleetcor technologies, Inc	0.08337	20.2	1,118.83	1,100.48	0.30	254.1
Full Truck Alliance Co Ltd	0.0008337	804.7	0.83	0.83	0.06	86.9

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Nov 12, 2024.

2) * P/E of company is calculated on FY24 basis.

Key Risks

- The Company and their Subsidiary, TZF Logistics Solutions Private Limited have incurred losses and witnessed negative operating cash flows in the past. Further, their Subsidiary, BlackBuck Finserve Private Limited, has witnessed negative operating cash flows in the past three financial years.
- They are dependent on certain key suppliers to procure a significant portion of their vehicle tracking solutions. They do not enter into long-term agreements with these suppliers and any denial of supplies or loss of the relationship with these suppliers or any supply chain disruption could adversely affect their business, results of operations and financial condition.
- The company enters into non-exclusive agreements with their business partners and certain of these agreements may be terminated by their partners without cause.
- Their related party transactions may increase in the future and they cannot assure you that these would be entered into on favorable terms, which may adversely affect their business, results of operations and financial condition.
- The Company relies on their BlackBuck App and other telecommunications and information technology systems, networks and infrastructure to operate their business and any interruption or breakdown in such systems, networks or infrastructure or their technical systems could impact their ability to effectively operate their platform or provide their products and services.

Valuation

Zinka Logistics Solutions Ltd 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 its platform in FY24, which comprises 27.52% of India's truck operators. The company generates revenue from truck operators through commission income from the company's payment's offerings, subscription fees from a combination of telematics, payments and loads marketplace offerings and service fees from vehicle financing offering.

In terms of financial aspect, from being a loss making entity, company turned profitable in Q1FY25. At the upper price band company is valuing at Mcap/Sales of 16.2x with a market cap of ₹ 48,178 million post issue of equity shares and return on net worth of 9.39% (Q1FY25). On the valuation front, we believe that the company is fairly priced. Therefore, we recommend a "SUBSCRIBE - Long term" rating to the IPO.

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Ratings Methodology

- ❑ Analysts’ ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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