



BLACKBUCK



Issue Opens - November 13, 2024 to November 18, 2024

Price Band
₹259 to ₹273

Face Value
₹1

Issue Size
₹1,114.72 Cr

Lot Size
54 Shares

Issue Type
Book Built

Issue Size

40,832,320 shares / ₹1,114.72 Cr

Fresh Issue

20,146,520 shares / ₹550.00 Cr

Offer for Sale

20,685,800 shares / ₹564.72 Cr

Basis of Allotment

Tuesday, November 19, 2024

Initiation of Refunds

Wednesday, November 20, 2024

Credit of Shares to Demat

Wednesday, November 20, 2024

Zinka Logistics Listing Day

Thursday, November 21, 2024

research@ganeshstock.com

Objects of The Offer



The company propose to utilise the Net Proceeds towards funding the following objects:

1. Funding towards sales and marketing costs;
2. Investment in Blackbuck Finserve Private Limited, its NBFC subsidiary, for financing the augmentation of its capital base to meet its future capital requirements;
3. Funding of expenditure about product development; and
4. General corporate purposes.

Brief profile of the Directors

Rajesh Kumar Naidu Yabaji is one of the Promoters and is currently the Chairman, Managing Director and Chief Executive Officer of the Company. He holds a bachelor's degree in metallurgical and materials engineering and a master's degree in business administration from the Indian Institute of Technology, Kharagpur. Prior to founding our Company, he was a manager at ITC Limited where he handled the technical function of ITC Limited's foods division business. He has approximately 14 years of work experience.

Chanakya Hridaya is one of the Promoters and is currently the Executive Director and Chief Operating Officer of the Company. He holds a bachelor's degree in technology in mechanical engineering and a master's degree in manufacturing science and engineering from the Indian Institute of Technology, Kharagpur. Prior to founding zinka, he was part of the supply chain division at ITC Limited. In the year 2017, he was featured in 'Forbes India 30 under 30' list. He has approximately 11 years of work experience.

Ramasubramanian Balasubramaniam is one of the Promoters and is currently the Executive Director and Head - New Initiatives of our Company. He holds a post graduate diploma in business management from the Institute of Integrated Learning in Management. He is also associated with Miebach Consulting India Private Limited. He has approximately 27 years of work experience.

Anand Daniel is a Non-Executive Nominee Director of the Company. He holds a bachelor's degree in engineering (computer science) from the University of Madras, a master's degree in engineering from Purdue University and a master's degree in business administration from Massachusetts Institute of Technology. He was previously associated with Accel India Management LLP and is currently associated with Accel Partners India LLP as a Partner.



About The Company

They are 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. 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 (Source: Redseer Report). They are 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 fueling, monitor drivers and fleets using telematics, find loads on our marketplace and get access to financing for the purchase of used vehicles.

Key Business Operations

Digital Platform for Truck Operators

- Zinka Logistics operates primarily through its BlackBuck app, which serves as a comprehensive digital platform for truck operators in India. The app facilitates several essential services:
 - Payments Management: It enables digital payments for tolls and fuel, helping truck operators manage their expenses efficiently.
- Telematics Services: The platform offers monitoring solutions for drivers and fleets, enhancing operational oversight.
- Marketplace for Loads: Truck operators can find loads through the app, optimizing their logistics operations.
- Vehicle Financing: The app provides access to financing options for purchasing used vehicles, thereby supporting operators in expanding their fleet.

The company claims to have a significant market presence, with 27.52% of India's truck operators using its platform. In fiscal 2024, Zinka Logistics processed a Gross Transaction Value (GTV) of ₹17,396 crore and facilitated transactions worth ₹5,356 crore in just the three months ending June 30, 2024.



963,345

Annual Transacting Truck Operators (FY24)



₹ 173.96 Bn

Payments GTV (FY24)



310,989

Users Use Two Services (Q1 FY25)



9,374

Touchpoint Distribution Network (as of June 30, 2024)



413.34 Mn

Payment Transactions (FY24)



390,088

Average Monthly Active Telematics Device (MFY25)



2.12 Mn

Lead Postings (FY24)



5,109

Vehicles Financed as of June 30, 2024

The following table sets out certain key operational and financial information as of and for the periods/years indicated

Key metrics		Three months ended June 30,		Fiscal	
		2024	2023	2024	2023
Key Operating Metrics					
Annual transacting truck operator ¹	units	NA	NA	963,345	761,871
Year-on-year growth ²	%	-	-	26.44%	57.92%
Average monthly transacting truck operator ²	units	687,994	556,437	597,638	458,025
Year-on-year growth ²	%	23.64%	-	30.48%	75.28%
Monthly to annual truck operator ratio	%	NA	NA	62.04%	60.12%
Monthly transacting users using at least twoservices ³	units	310,989	225,209	259,011	152,151
Year-on-year growth ³	%	38.09%	-	70.23%	179.60%
Gross transaction value of payments for Fiscal Year ⁴	₹ in million	53,562.01	38,970.71	173,961.93	121,945.86
Year-on-year growth ⁴	%	37.44%	-	42.66%	52.37%
Total number of payments transactions for Fiscal Year ⁵	units in million	128.31	94.93	413.34	298.61
Year-on-year growth ⁵	%	35.17%	-	38.42%	56.57%
Key Financial Metrics					
Revenue from continuing operations	₹ in million	921.66	594.67	2,969.22	1,756.80
Year-on-year growth ⁶	%	54.99%	-	69.01%	47.23%
Contribution margin ⁶	₹ in million	917.06	586.15	2,883.48	1,769.19
Year-on-year growth ⁶	%	56.46%	-	62.98%	33.79%
Contribution margin (%) ⁷	%	93.27%	91.07%	91.10%	90.68%
Adjusted EBITDA ⁸	₹ in million	182.55	(58.13)	133.35	(1,544.65)

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the	For the	For the	For the	For the
	three months ended June 30, 2024 (Rs. in million)	three months ended June 30, 2023 (Rs. in million)	year ended March 31, 2024 (Rs. in million)	year ended March 31, 2023 (Rs. in million)	year ended March 31, 2022 (Rs. in million)
Continuing operations					
Income					
Revenue from operations	921.65	594.67	2,969.22	1,756.80	1,193.26
Other income	61.59	48.92	195.92	194.12	241.54
Other gains (net)	0.05		126.48		
Total Income	983.3	643.59	3,165.14	1,950.92	1,561.28
Expenses					
Employee benefits expense	391.93	529	2,869.27	2,195.54	2,160.80
Finance costs	7.64	6.1	27.95	31.96	171.26
Depreciation and amortisation expense	69.49	69.43	253.35	204.07	152.5
Other expenses (net)	446.15	337.84	1,657.62	1,866.78	1,377.83
Total Expenses	915.21	976.53	4,834.24	4,317.73	3,862.39
Restated Profit/(Loss) before exceptional items and tax from continuing operations	68.09	-332.94	-1,669.10	-2,366.81	-2,301.11
Exceptional item	256.23				
Restated Profit/(Loss) before tax from continuing operations	324.32	-332.94	-1,669.10	-2,366.81	-2,301.11
Income tax expense					
- Current tax	0.54	0.24	0.76	1.68	2.38
- Deferred tax charge/(credit)					
Total tax expense	0.54	0.24	0.76	1.68	2.38
Restated Profit/(Loss) for the period/year from continuing operations (A)	323.78	-333.18	-1,669.86	-2,368.49	-2,303.49
Basic EPS	1.56	-1.96	-10.52	-15.86	-16.01
Diluted EPS	1.54	-1.96	-10.52	-15.86	-16.5

Strengths



- **Market Leadership:** Zinka Logistics is the largest digital platform for truck operators in India, with 27.52% of the market share, serving approximately 963,345 truck operators as of fiscal 2024. This significant user base enhances customer retention and revenue potential
- **Innovative Services:** The company offers a comprehensive suite of services via its BlackBuck app, including telematics, payments for tolls and fuel, load-finding capabilities, and vehicle financing. This diverse offering addresses critical needs in the trucking industry, positioning Zinka as a one-stop solution for operators.
- **Scalable Business Model:** Zinka's asset-light business model focuses on platform fees and subscriptions, which allows for rapid scaling without heavy capital expenditures. This approach supports strong unit economics and operational leverage.
- **Strong Financial Metrics:** In the latest fiscal period, Zinka reported a Gross Transaction Value (GTV) of ₹17,396 crore and a profit after tax of ₹28.67 crore for the quarter ending June 2024. These figures reflect a robust operational performance and the potential for future growth.

Threats

- **Financial Instability:** The company has faced historical losses and negative operating cash flows, particularly in its subsidiaries. Such financial instability raises concerns about long-term sustainability and profitability.
- **Dependency on Key Partnerships:** Zinka relies heavily on a few key providers for its vehicle tracking solutions and financing services. Any disruption in these partnerships could adversely affect its operations and revenue streams.
- **Market Vulnerabilities:** The logistics sector is subject to regulatory changes, fluctuations in fuel prices, and evolving customer preferences. These factors could impact Zinka's business model and profitability.
- **Operational Challenges:** As the company expands its services, it may encounter challenges related to managing growth effectively while maintaining service quality and operational efficiency.

Valuation and Outlook



inka Logistics Solutions Ltd IPO is expected to be priced between ₹ 259 - 273 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of -vex whereas the industry average is 305.96x

Name of the Company	Face Value	Price to Earning	EPS (Basic) (₹)	EPS (Diluted) (₹)	Return on Net Worth (%)	NAV per share (₹)
Zinka Logistics Solutions Limited(1)	1	#	-10.52	-10.52	-53.64	16.89
C.E. Info Systems Ltd	2	92.9	24.78	24.58	0.2	12.09
International Listed Peers						
FLEETCOR Technologies, Inc.	0.0834	20.2	1,118.83	1,100.48	0.3	36,78,737.81
Full Truck Alliance Co. Ltd.	0.0008	804.77	0.83	0.83	0.06	19.76

Zinka Logistics Solutions Ltd. is a leading digital platform for truck owners, providing a broad variety of services in one place. After losing money till FY24, the company began to earn a profit in Q1-FY25. While the IPO targets India's burgeoning digital logistics business, which has significant transaction potential, it is priced aggressively based on FY25 earnings projections. This makes it ideal for intelligent, cash-rich investors looking to invest moderate money over the long run. Given its key position and market growth,

we rate **"Subscribe"** to long-term investors.

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