

Rating: Subscribe for listing gain

Issue Offer

Total issue size of INR 11,147 mn including Fresh Issue of shares aggregating up to INR 5500 mn and OFS aggregating up to INR 5647 mn.

Issue Summary

Price Band (INR)	259-273
Face Value (INR)	1
Implied Market Cap (INR Mn)	48,178
Market Lot	54
Issue Opens on	November 13, 2024
Issue Close on	November 18, 2024
No. of share pre-issue	156,330,160
No. of share post issue	176,476,680
Listing	NSE , BSE

Issue Break-up (%)

QIB Portion	≤50
NII Portion	≥15
Retail Portion	≥35

Book Running Lead Managers

Axis Capital Limited, Morgan Stanley India Company Pvt Ltd, Jm Financial Limited and Iifl Securities Ltd

Registrar

Kfin Technologies Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	34.15%	18.53%
Public & Others	65.8%	81.47%

Objects of the issue

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

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Zinka Logistics Solution Limited, established in April 2015, operates the BlackBuck app, a digital platform tailored for truck operators. In the fiscal year 2024, the platform was used by 963,345 truck operators, representing 27.52% of all truck operators in India. The BlackBuck app provides a comprehensive range of services including payments, telematics, a freight marketplace, and vehicle financing, all aimed at helping truck operators streamline their operations. By the end of March 2024, the company had processed a Gross Transaction Value (GTV) of Rs. 173,961.93 million in payments and maintained an average of 356,050 active telematics devices each month. Additionally, it facilitated 4,035 loans totaling Rs. 1,967.88 million and offered vehicle financing services across 48 districts in seven states in India.

Investment Rationale

Market Leadership in Digital Trucking Solutions with High User Penetration:

Zinka Logistics, through its Blackbuck platform, has established itself as India's largest digital platform for truck operators, facilitating 413.34 million transactions and capturing 27.52% of the truck operator market as of Fiscal 2024 (Redseer Report). With services available across 80% of India's districts, the platform benefits from significant network effects that attract both truck operators and shippers, reinforcing its market position. This extensive market reach, combined with offerings tailored to specific needs of truck operators (such as tolling, fueling, and load matching), secures Zinka's leadership in the fragmented Indian trucking industry, creating a strong foundation for growth and value creation.

Scalable In-House Technology Infrastructure Driving Operational Efficiency:

Zinka's proprietary technology stack, developed by a dedicated in-house team, allows for seamless integration across critical functions such as payments, telematics, and vehicle financing. The microservice-based architecture ensures that the Blackbuck app provides reliable, real-time service to truck operators, enabling efficient remote fleet management. By focusing on high uptime, scalability, and ease of use, It differentiates itself as a technology-driven leader, able to handle increasing data and operational complexity as it scales. This efficient infrastructure not only enhances customer experience but also optimizes operating costs, positioning Zinka favorably for margin expansion.

Proven Strategy in Launching New Offerings to Drive Customer Growth and Retention:

Its agile product development approach has enabled it to successfully introduce new services such as telematics and loads marketplace with high adoption rates. The company's ability to generate a substantial customer base through its payments offering, and then cross-sell telematics and marketplace solutions, demonstrates a repeatable and effective growth strategy. The rapid adoption timeline (e.g., nine months to 100,000 users for the loads marketplace) reflects the platform's strong network effects and value-add for users. This strategic playbook positions Zinka to continually introduce relevant offerings, fostering sustained customer engagement and expanding revenue streams.

Valuation and View: Zinka Logistics Solutions Limited, through its Blackbuck platform, is a key player in India's digital trucking solutions market, addressing core needs of truck operators such as tolling, fueling, fleet tracking, and load matching. Its in-house, scalable technology is designed for ease of use and delivers real-time data, making remote fleet management simpler for operators. Zinka's effective user acquisition approach has driven strong growth, reaching major milestones by facilitating 413.34 million transactions and serving 80% of India's districts as of Fiscal 2024. At the upper band price of INR 273 the EV/Sales stands at 15.7x. We have a "Subscribe for listing gain" rating for the issue.

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Stock Rating Scale	Absolute Return
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NEUTRAL	
REDUCE	
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