

**NOT  
RATED**
**ZINKA LOGISTICS  
(BLACKBUCK)**

| LOGISTICS

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## Turning inefficiencies into opportunities

We hosted Mr. Prashant Soni – Partner and Head of Greylink, a wholly owned subsidiary of Blackbuck. The company operates an online freight marketplace connecting manufacturers and truckers, and is reshaping the trucking infrastructure in India. Currently, it offers intercity, long-haul FTL transportation (>850 kms) services. Although Blackbuck has rapidly gained scale and emerged as one of the leading logistics start-ups in India, it still has large growth potential in a ~US\$100bn FTL industry. Following are the key takeaways from the interaction.

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- Blackbuck strives to address the inefficiencies in the logistics ecosystem that prevent a seamless connectivity between available freight and truck supply, through demand and network aggregation.
- It has three business verticals – freight aggregation, services to suppliers, and software-as-a-service.
- Key value-adds include - 1) increasing number of trips for truckers (through better load management, unlocking asset utilisation), 2) higher lead distance per trip, 3) better services (truck visibility, customised solutions), and 4) lower per trip rates to manufacturers, while ensuring better earnings for truckers through cost synergies.
- The company has had transactions with ~600,000 trucks till date on its platform; generating repeat business with ~200,000 trucks (2-3 transactions per month), within just 4 years of inception. **However, penetration still remains miniscule given universe of ~6mn trucks.**
- Its clientele is categorised into – 1) large corporates which are generally contractual in nature (~80% of revenues), and 2) SMEs with transaction-specific needs. Pricing models are different for both set of clienteles.
- Focus sectors include cement, agrochemicals, FMCG, construction materials, chemicals (paint, agrochem), fertilisers, and consumer durables.
- Blackbuck does not intend to enter into warehousing/LTL segments in foreseeable future, given the large untapped opportunity in the FTL space. **We therefore see limited threat to 3PL/LTL companies in near-medium term.**
- Expects GST and e-way bill implementation to benefit primary transportation; secondary distribution and last-mile to be unaffected.

## KEY RECOMMENDATIONS

Ticker	Price	Target	Rating
AGLL IN	107	135	BUY
CCRI IN	538	520	REDUCE
FSCS IN	594	780	BUY
MAHLOG IN	488	600	BUY
TCIEXP IN	673	880	BUY
TRPC IN	300	365	BUY

Price & Target in Rupees



## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

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