Ref: BLACKBUCK/CORP/2024-25/18
December 18, 2024

To National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	To BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001

Scrip Code: 544288, Scrip Symbol: BLACKBUCK, Series – EQ
ISIN- INE0UIZ01018

Dear Sir/ Madam,

Sub: Transcript of the Earnings Conference Call for Analysts and Investors conducted on December 13, 2024.

Ref: Disclosure under Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby provide the transcript of the Earnings Conference Call for Analysts and Investors conducted on Friday, December 13, 2024.

Enclosed is the transcript of the Earnings Conference Call, which is also hosted on the website of the company. The link to access the transcript is provided below:
https://www.blackbuck.com/investor-relations.html

Kindly take the above information on record.

Thanking you

Yours Sincerely,
For Zinka Logistics Solutions Limited

BARUN PANDEY

Digitally signed by BARUN PANDEY
DN: c=IN, o=Personal,
2.5.4.20=366cf75fcfdbb05a890bf04c68aedc7a3dc98b400ce152509b070cc65b219055,
postalCode=560034, st=Karnataka,
serialNumber=4e4c20633efe9d7c88bd469b8adb2d55ffdf6d0c97f3d109771261d04ac2acce, cn=BARUN PANDEY
Date: 2024.12.18 18:05:37 +05'30'

Barun Pandey
Company Secretary and Compliance Officer
Membership No: A39508

+91 80461 22800
cs@blackbuck.com
blackbuck.com
Zinka Logistics Solutions Limited
(Formerly Known as Zinka Logistics Solutions Private Limited)
Registered office address:
Vaswani Presidio, No. 84/2, II Floor,
Panathur Main Road, Off Outer Ring Road,
Bangalore – 560103, Karnataka, India
CIN: U63030KA2015PLC079894

“Zinka Logistics Solutions Limited Q2 and H1 FY '25 Earnings Conference Call”

December 13, 2024

MANAGEMENT: **MR. RAJESH KUMAR NAIDU YABAJI – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ZINKA LOGISTICS SOLUTIONS LIMITED**
MR. SATYAKAM G N – CHIEF FINANCIAL OFFICER – ZINKA LOGISTICS SOLUTIONS LIMITED

MODERATOR: **MR. KANAV KHANNA -- ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day and welcome to Zinka Logistics Solutions Limited Q2 and H1 FY '25 Earnings Conference Call hosted by EY. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touch-tone phone. Participants who have joined via webcast can adjust their viewing quality by pressing settings button on the bottom right of your viewing panel. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kanav Khanna from EY. Thank you and over to you, sir.

Kanav Khanna: Thank you and good evening. Welcome to Zinka Logistics Solutions Limited Q2 and H1 FY '25 earnings call. Please note that a copy of the disclosure is available on the investor section of the website as well as on the stock exchanges.

Anything said on this call which reflects the outlook towards the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. Please note that the audio of the earnings call is the copyright material of Zinka Logistics Solutions Limited and cannot be copied or rebroadcasted, attributed in the PR media without specific or written consent of the company.

To give you an in-depth understanding of the company and answer to all your queries, we have from the management side Mr. Rajesh Kumar Naidu Yabaji, CMD and CEO and Mr. Satyakam G N, CFO. With this, I would like to hand over the call to Mr. Yabaji. Over to you, sir.

Rajesh Yabaji: Thanks, Kanav. I'll take it from here. Good evening, everyone. Welcome to BlackBuck's first earnings call as a public company. I hope I'm audible. So taking you guys into the results directly, the snapshot of Q2-25, as a company, we delivered close to about INR104 crores in overall revenues, which is about close to 54% growth on a year-on-year basis. Most of our revenues typically convert into contribution margin with a very high efficiency because of very small direct costs.

We made close to about INR95.36 crores in contribution margin, which is a growth of about roughly 56% on a year-on-year basis. And continuing to play on the operating leverage story of the company, we've been able to deliver an adjusted EBITDA of close to INR25 crores, which on a year-on-year basis is roughly INR30 crores over the previous year quarter. Because in the previous year quarter, we made roughly about close to negative of INR5 crores in adjusted EBITDA, which now is plus INR25 crores.

Most of these financial numbers are basically delivered through an underlay of very strong operating key KPIs. As you can see, we had close to about 7 lakh transacting customers in the last quarter, which is roughly close to about 20% of India's truck operators.

India has about 3.5 million truck operators of that 7 lakh have transacted with us on the platform, which is about close to 22% growth on a year-on-year basis. As our customers continue to use our services, as we continue to get better at multiple services, delivering to them, users who use greater than or equal to two services on the platform has risen to about 3.30 lakh users in the last quarter, which is again about 33% growth on a year-on-year basis. Payments is one of the core revenue verticals for us today, which basically contributes to the overall revenue of the company today.

The GTV in payments is a leading indicator of how revenue in this particular vertical compound. Close to about INR5,300 crores of GTV in payments is what we did in the last quarter, with about close to 32% growth on a year-on-year basis. The Q2 2025 for us was a strong growth quarter, at the same time delivering strong profitability, while not compromising on our long-term vision of organising India's transportation.

When I move to the next slide, taking a step back and looking at what we really are solving as a company. If you look at trucking, trucking is the core of how transportation gets executed in the country today. One of the largest un-organised sectors with about $180 billion spend happening, growing at a very strong pace of 8% to 9% from a cargo perspective. And India, from a logistics spend perspective, spends about between 14% to 16% points in logistics, and a bulk of that goes into transportation.

And compared to that of the Western world is like 7% to 9% points. So this is a big delta which essentially can be turned around and a future of transportation of India can be built. Now if you zoom down at the microeconomic level, this entire transport in India is executed by small and medium scale truck operators, who own less than 5 trucks largely.

And India has a land to 3.5 million truck operators who own 12.5 million trucks. Now if you look at each of the activities which these truck operators are involved in, right from entering this business buying a truck, right to financing which is done by local fund brokers, loads which has multiple intermediaries. Any value chain which serves this small truck operator in the country is layered by middlemen and has a lot of leakages.

What we believe is that the answer towards disrupting India's trucking, disrupting India's transportation and creating a very efficient trucking network for the country, the answer starts with organizing the truck operator which is going to help us in transforming Indian trucking. So in that direction, we have a very robust strategy which we have been executing over the last 5 years. Our strategy hasn't changed.

We continue to execute on this strategy. The three key pillars, we have offerings which we have built for our truck operators, offering essentially our problems we are solving for our customers, problems around fleet management, the first era of problems around making their payments efficient through tolling, through fueling, making their entire fleet management effective through helping them do vehicle tracking, launching fuel sensors, helping them get access to loans on the platform, helping them access to loads to be able to fill their capacities on time.

So we have been solving every possible problem in the life of a truck operator which digitally can be delivered 10x better and 10x efficient and we continue to double down in that area. Next, as these offerings are delivered through our platform, through our app, the BlackBuck app, which essentially keeps getting stronger.

As consumers, when we use mobile apps, apps on our mobile phone, we typically will have social media apps or browsers which typically will take largest mind share. For a truck operator, we are an app, I am very proud that we form in the top 2-3 apps what he uses on a daily basis. And on an average, a truck operator on a daily basis is using our app for like 41 minutes, which is continuously going up on an year-on-year basis.

We are talking about customers who are typically uneducated, middle-aged and need hand-holding in really leapfrogging into the digital era. We have a very unique omnichannel strategy where we are equipped with 10,000 physical touchpoint networks on the ground, combining salespeople, technicians who install a device, a fuel sensor, channel partners who keep our products and services available in their points like be it a lubricant shop will be having our products, a garage will be having our products all across the country. So these are the three key levers of our strategy which we have continuously doubled down and we are doubling down as we keep moving forward.

As we work on these strategies, our metrics continue to improve. This is a broad representation of how our metrics have improved on a quarter-on-quarter basis from an year-on-year perspective and from a half-year perspective. Most of our metrics, the way they are trending on a quarter-on-quarter basis also represent directionally the half-year trend metrics.

So we largely focus on quarter-on-quarter performance and call out selectively wherever the half-year performance has to be mentioned. The leading metric for us in terms of how many customers continue to transact with us, that's 7 lakh this quarter, which grew from 5.7 lakhs the previous year, the same quarter, which is close to about 22% growth on a year-on-year basis. Users who are using greater than or equal to two services, that's about 3,29,000 this quarter.

Last year, it was close to 2,50,000, which is a 33% growth. Time spent on the app by our customer is close to 41 minutes this year, which last year was 38 minutes, which is an 8% growth over a year-on-year. So that's like describing that users are using us, users are using us deeply.

Now, from getting into more use cases, GTV on payments, which is one of the leading vectors of revenues, moving from INR4,000 crores to INR5,300 crores, which is a 32% growth on a year-on-year basis. Again, similar to that, on a half-year basis, it's 35% growth. Number of payment transactions is again trending in line with the GTV of payments.

When all of these metrics go in, gross revenues continue to compound. As I mentioned, close to INR104 crores is what we've made in gross revenues this quarter, which is a 54% growth over the last year. Revenue from continuing operations, a few segments, that's INR99 crores this quarter, growing from INR63 crores from the last quarter, which is a 56% growth.

Cutting out the revenue from growth businesses, which basically removes tolling revenues and vehicle tracking service revenues because they contribute to the majority part of the revenues, we have grown at about close to 150% from an year-on-year basis, growing from INR5.5 crores to close to INR13.5 crores. And from a revenue mix perspective, roughly 8% to 9% of the revenue was contributed by the growth businesses, which are breaking out, which are scaling at a rapid pace. That number now is close to 14% in the recent quarter.

That defines that the new businesses continue to do well and continue to break out. At a contribution margin level, INR61 crores last quarter to this quarter 95 crores, which is 56% growth on a year-on-year basis. Contribution margin continues to be in the range of 91%-92% because of the quality of revenues what we have.

And as all of these compound, the platform continues to show a very strong operating leverage where the company has delivered close to about INR25 crores in adjusted EBITDA, adjusted for exceptional items and ESOP expenses, and which is roughly a turnaround of INR30 crores from the previous year of negative of 5 to this year of plus INR25, INR30 crores of movement in year-on-year adjusted EBITDA. And when you look that into the half-year basis, consistently, my negative of 11 years last year, H1, to this year, plus of INR43 crores, which is a INR54 crores shift in adjusted EBITDA metric for the business.

Moving forward, summarizing these things in like five key highlights, there is a strong performance on overall revenues, growing at 54% on a year-on-year basis in the last quarter. The core businesses continue to compound strongly, leveraging the digital tailwinds of the Indian economy and the modernization story of the truckers. We've grown at 47% in this quarter on a year-on-year basis. New business verticals continue to break out.

The revenue momentum right now is demonstrated from loads marketplace and vehicle finance businesses. These are the ones which are driving the revenue growth, about 144% in the recent quarter on a year-on-year basis. And as I mentioned, operational metrics continue to grow stronger with 22% growth in monthly transaction truck operators, 32% growth in payments, and 8% growth in the time spent by the users on the app.

All of this has helped us turn around our adjusted EBITDA story. In the first quarter, we have improved by, on a year-on-year basis, improved by INR30 crores in adjusted EBITDA, moving from negative of 5 to positive of plus INR25 crores in this quarter. And on a half-year basis, we've created a displacement of INR54 crores in the overall adjusted EBITDA basis, moving from negative of INR11 crores to positive of INR43 crores this particular half-year.

Now, just explaining the operating leverage story in a more zoomed-in fashion, if you see, I've put two comparisons. One comparison is a year-on-year comparison of the Q2-25 from Q2-24. Other comparison is the sequential quarter Q2-25 with Q1-25.

If you see, the revenue change in the year-on-year basis between quarters is close to INR37 crores. And the adjusted EBITDA change is close to INR30 crores. So that's an 81% efficiency in the revenue growth to the adjusted EBITDA flow-through.

And that's something which is demonstrated generally on a sequential quarter basis as well. As you can see, there is only a change of INR6 crores in revenues, but the adjusted EBITDA continued to climb at about INR6.5 crores, which is 107% efficiency. The core reason for this is, our revenues are recurring in nature, which means FY '20 customers, FY '21 customers which we acquired a long time back, there is no cost below the contribution margin line item which we really incur for the revenues which we have acquired from them in those years.

And hence, those revenues continue to become free and continue to basically help us demonstrate operating leverage. And the expense which we incur this quarter generates newer revenues. And that's largely the CAC for those revenues and gets paid back in a very healthy fashion in between like 9 to 12 months, whatever CAC we invest in our business.

And number two, the reason is that the revenues, when it translates into contribution margin, because of the platform nature of revenues, because of net income-based kind of businesses, it translates into efficiency of contribution margin of 91%-92%. And user churn is at a very low level on a year-on-year rolling basis that again contributes to a very strong operating leverage. And there is no real asset involved in our business in majority of the revenues what we deploy today.

These four reasons enable us to build a profile of revenues which creates a strong operating leverage. And we have seen this phenomena play out with us over the last eight quarters and would sufficiently be playing out as we keep building the company into the future as well. Now, wrapping up with the financial metrics, the P&L snapshot, broadly on the similar lines as the KPIs as we have mentioned, calling out the revenue from operations growing at 56%, other income growth 27%, largely interest income, total income growing at 54%, from INR68 crores to INR104 crores.

Direct costs, because some direct costs are more like semi-variable in nature. So some operating leverage kicking in there as well, have not grown with the pace of revenues grown at only 39% on a year-on-year basis. Contribution margin grew slightly at a higher pace, 56% on a year-on-year basis.

And total expenses grew at a meager 7% on a year-on-year basis, which led to adjusted EBITDA turnaround of plus INR30 crores on a year-on-year basis. Important story is that we continue to deliver profitability on a PAT basis in the last few quarters. On a PAT, when we exclude the exceptional line items and the discontinued operation, which was discontinued operation was positive, exceptional was negative.

We have delivered a PAT of INR12.36 crores the last quarter, which compared to the previous year same quarter was negative of close to INR40 crores, which is a turnaround of close to about plus INR52 crores on a PAT basis. So that's the summary on an overall P&L snapshot basis. Walking you through the entire numbers from PAT to adjusted EBITDA, the key points to note over here is that from PAT of negative INR270 crores, we have made a one-time profit from the discontinued operations, which was the hive-off of the enterprise business, which we had contract trade business, which we used to operate and which was hived-off in the last quarter.

The INR40 crores gain is coming from there. And exceptional item of close to INR321 crores, which was a share-based payment as per Ind-AS accounting, it was supposed to be accounted in this quarter, which was largely through conversion ratio change by the existing investors prior to DRHP in the month of July. So July, August, September is the quarter by which this expense has come over here.

And two other line items, which basically are material is the depreciation amortization, which is going to be in the range of INR7 crores, INR7 crores to INR8 crores, continually every quarter. And the ESOP expenses, which will be again in the range of INR4 crores to INR5 crores every quarter. So, if you remove the, if you less the discontinued operations and add back these items, you get to the adjusted PAT of INR25 crores in this quarter. Similarly, the same commentary holds good for the first half of this year.

Now, if you look at cash flow, cash flow again, the story from PAT of negative of INR240 crores on the overall H1 of '25, adding back the exceptional item of INR320 crores of share-based payment and employee share-based payment of about INR8 crores and the enterprise trade sale of INR41 crores. And if you add back the rest of the items, we get down to an operating cash flow of INR28 crores.

This number largely guides alongside adjusted EBITDA. This is for the first half of the full year. This number generally guides along with the adjusted EBITDA. This time it's lower by about INR12 crores-INR13 crores because of one-time cash flow associated with IPO expenses, which basically has led to this small dent in cash flow in this particular H1. But this should in the long-term trend with the adjusted EBITDA with some approximations of the cash flow for devices, GPS devices, which we'll be installing. So that's a broad summary of the earnings from our side.

And now we can open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Hi, thank you for taking my question and congrats on good execution. My first question is on tolling business. If you'd be able to share some metrics around GTV revenues and our market share there, that would be helpful?

Rajesh Yabaji: Yes. So Gaurav, as you have seen, we've reported the GTV of payments already. Right. GTV of payments basically has grown by close to about 32% at a quarter level on a year-on-year basis. That metric we've shared and we will continue to report that as we keep moving forward. On the market share, that's again an estimate which we had shared in the RHP.

There's an estimate which we make, basis the -- we engaged a market research company which helped us build that estimate. We calculate that estimate internally more from the NMDC data on a monthly basis.

On the market share, the company has actually improved, really well over the past two quarters. But we will not be sharing that number, on the earnings call because, the estimation is more an internal number and GTV is a very strong proxy to understand how the market share would have grown.

Gaurav Rateria: Got it, Rajesh. Secondly, just want to understand from monetization point of view, we have improved our monetization. ARPUs have been going up because we were able to charge our truck operators also apart from the commission income. So where are we in that journey and how to think about those monetization levers over the next one to two years?

Rajesh Yabaji: Yes. So I think, we as a company, three, four years back, as you rightly said, largely it was plain vanilla services. The first service out of the stack was the, payment stack, which gave us our first, 100- 200,000 users.

Then we launched the telematics stack where vehicle tracking solution was the next deeply penetrated, solution. And then we launched the, loads marketplace vertical, which again was a big success with, users getting 200,000 in like no time in that particular vertical. So, I think the way to look at monetization is that existing verticals, which basically is the payments, telematics.

How can we, monetize better and deeper in those verticals? Second is, how are we able to, launch new verticals with the same customer base and customer, you typically take a higher mindshare of the customer, be useful for the customer for newer areas by tracking multiple services for them. So our growth story, as you can see from a revenue compounding perspective, has been a mix of all of these levers.

The way to look at is that, in terms of revenues from the core verticals, from the key KPIs, what you've seen , they will be growing at that base definitely as we keep moving forward, because that comes from a function of how India is building roads, India is building roads at a CAGR of like 5%-6% on a year-on-year basis, number of trucks in the market are growing, they are growing again at a CAGR of 5%-6%, how the, toll fares, fuel prices, all of them are trending. Toll fares are growing at like 7% on a year-on-year basis.

So modeling all of this, like with the GTV gives rise to, how really, the monetization continues to expand in the core businesses itself. Multiplied by that, we, offer to customers various different value-added services, we charge them for different, incremental services, what they get us from the platform. Penetration of those services with the customers is the next lever, because different services have varied degrees of penetration anywhere in the range of like 10% to like 20%-25% points.

And they are penetrating at a different level. So penetration of those services gives rise to that. Third is our ability to charge these customers. So earlier, even if to, charge for the platform to use tolling, the one-time fees for tolling, be the replacement fee for a FASTag, be the service fee for a, repair for a GPS device, be the upfront cost of the first year program of the GPS device, all of these, because of the market shares what we have, we are able to exercise, pricing power. And we have seen that, over the last two quarters, and some of that, continues to follow through into the next following years as well.

Gaurav Rateria: Got it. Lastly, where are we in the journey of transition to the GNSS and how to, see what kind of new opportunities or headwinds that can come in our core business because of that transition? Thank you.

Rajesh Yabaji: Yes. I think one way to look at GNSS is because there is a change happening. I think that is why you probably use the word headwind. But the way, but the mechanism of how a GNSS is going to get implemented in the market. Government has laid out that, in a fully elaborate way. So, today, when a truck is going to cross a toll plaza, the default position of the toll plaza is closed.

And when the FASTag and authenticated, the plaza opens and the truck goes through. Then in the newer mechanism, the default position of the toll plaza is going to be open. And the FASTag, if it is not in the positive balance status as a hot listed or blacklisted, that's when basically the toll plaza will be closed and the truck won't be allowed to go through.

That's point number one. Second biggest change is that today, if you cross a particular toll plaza, depending on the toll plaza, the actual fare is charged to you directly, regardless of whether you travel one kilometer or you travel 100 kilometer on that particular highway. Tomorrow, the calculation of the distance of how much you travel is going to be done through a GPS based device, which is going to be fitted on the truck, which is going to be AI certified device.

So, if you look at it, today we operate and these are two of our core businesses, which are basically tolling and vehicle tracking, which also contribute to 85% of the revenue of the company. And today only one is mandatory product. Second is not. Second is largely a modernization tailwind, which we are riding on. Tomorrow, with GNSS based tolling, actually both the businesses become, mandatory. And there is like a regulatory and a digitization tailwind, which we essentially are going to, get access to.

And today in the country, BlackBuck is the only provider which has dominant market shares in both these two areas, has an on-ground technician network across the country, which can install, repair a GPS device, has an AI certified and a validated device, which we, have, ICAT certified device, which we have. And we are like ready to, get into the new era of GNSS based tolling. And has a very strong payment stack, which is best in class in the market.

And, for a trucker, trucker fast tag is a BlackBuck FASTag. We are synonymous to that. So, ability for BlackBuck to be able to play a dominant role in the new GNSS era is a 10x opportunity than probably, a change management driven, headwind, which we may face.

And there, government has launched the detail notification, government is being conducting pilots. And we still are yet to receive any incremental information on when this will essentially, happen. But a large initiative like this typically would take, anywhere in the range of three to five years to sort of come through is our estimate.

But we are fully prepared with both, on the GPS side with AI certifications. And today, we have large amount of sales in our vehicle tracking service devices on AI devices as well. And on the payment stack, continue to dominate.

So, yes, so that's the update from our side. And, that's what we think about how GNSS is going to be. And just to put in numbers, GNSS based tolling will probably create , a billion-dollar kind of opportunity in the telematics space in India, which today is a very smaller opportunity, because still truckers are getting, modernized continuously as months pass by. So that's going to unlock and make it an opportunity overnight. And we as a company really welcome that.

Moderator: Thank you. The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit: Hi, Rajesh and Satya. Congrats on getting listed and having your first call. So my first question is regards to the data point that you shared in the presentation, which is this 41 minutes daily on the app.

I mean, honestly thinking, obviously, we are not able to visualize, but it seems quite a lot of time on the app. Can you also dive further into like what exactly are they spending time on? Is it actually necessary or they are just slow in dealing with the app, which is why they're spending so much time?

Rajesh Yabaji: Yes. So basically, starting with, understanding, as rightly said, 40 minutes, that's the engagement we have on the app. First of all, the entire app definition of the trucking, the definition of BlackBuck for a truck operator is more like a app meant to run his business.

Assuming, probably if there is a stock trader, he would be really glued on to his, app, trading things. For him, app is the eyes, hands and legs and ears for him on the ground, when the truck is essentially being executed somewhere far away. India is a land of truck operators, where people own trucks, three to five, and they employ drivers who drive the truck.

So typical use case is, imagine a trucker who's sitting out of Chandigarh, have three trucks, has employed drivers, the truck is essentially going across the country is in Chennai. Now, if you look at it, so that's the use case, number one. Number two, if you look at the use case in payments for them, right?

We are talking about users who typically spend on our app per truck, INR16,000 to INR17,000 on tolling, on three, four trucks, like INR50,000 on a monthly basis, compared to a car user on Fastag, let's say I'm talking right now only on Fastag, compared to car user on Fastag, who spends like INR5,000 probably in a year, right? So this truck guy who's spending INR50,000 is also from the lower section of the demography, right? Because in the end, he ends up making INR30,000-INR35,000 on net earnings on a monthly basis.

So he's hand to mouth on working capital. So it typically recharges, every alternate day, typically 20-22 days is when he recharges. Second is, each of the swipe value is very high, really monitoring this expense, where is it going, each of the truck looking at balances, right? If there is any wrong deductions, how does he really use the app to manage that wrong deductions, right? So payments are a very intense use case for him, because he logs in, checks balances, does the entire account settlement management on the app.

Next, obviously, somebody is using all the payment stacks fueling as well. That's again, another use case, which gets added. Second biggest use case, which is the vehicle traction solution use case, is a very continuous use case, right? Every third day or fourth day, he has to deliver goods to the end customer. Now the truck is in transit, what is the number of hours it's going to take to reach? Where is it? Navigating the driver to the final end location, right?

Using the GPS device, which is fitted on the truck, he's able to see it on the app, right? Then in a day, how many rest stops has the driver taken? Is he stopping in wrong areas? How many kilometers has he driven, right? Because if a truck doesn't travel for more than 400 to 450 kilometers per day, he's going to incur a loss. So app essentially gives him the power to manage his operations on a click, sitting at the house with crossed legs, right?

So that's the use case for the truck operator, right? Then if you look at the next biggest use case, which is load searching, right? So on a daily basis, about a lakh users come and search loads on the platform, right? Now these guys typically come to the platform like to search for the loads when they really, their core networks essentially are getting broken today. Today that is a use case, right? And when typically he's coming onto the app, there are various transporters he has to call to, right? Searching for the load, searching for the right truck type for his load, right? Or doing a price comparison for the load which he's taking in the market, right? And searching on an alternate where he can get a better price, right?

So for all of these use cases, he uses the app and that's where he spends 40 minutes on the app daily. And I would say GPS use case probably will be the highest time spent. Second is the payments use case. Third will be the loads use case. This will be the descending order today on the app.

Sachin Dixit: Understood. Thanks for that. My second question is on basically the GNSS piece again, right? So there was some media articles that there's a pilot going on, on I think Dwarka Express way around Delhi NCR. If there are any updates regarding that with you. Secondly, there were also some articles which suggest like that there could be a potential of this instead of Fastag being the default payment ecosystem, it can shift to something like a bank account directly. I do find it slightly weird that bank accounts should get linked. But if you have any updates regarding those things, please share.

Rajesh Yabaji: So talking about the update, if you're talking about Dwarka Express highway, they are doing a pilot on ANPR, Automatic number-plate recognition, that is to detect which truck is going through. That's another mechanism they want to use to authenticate the truck, right? So it's the pilot, which is the recent one.

The pilot before which government released the detailed notification of GNSS based tolling was the pilot on the Bangalore-Mysore highway, in which execution of the pilot, we as Blackbuck were as well involved, because the truck was organized the Fastag was ours, and we had done that pilot. So if you're asking me, the ANPR pilot is still an exploration, right? And, because it's a way to recognize the truck, I would say that's the broad scope of the pilot, and really details of implementation on when is it going to really go through. That's still really uncertain at this point in time, right?

Next question on attaching the bank account. Fastag, today also you can attach a bank account, right? Because, if you have a car tag, you can attach your, any bank account which you use today, and your money will get debited from the bank account itself. That's a facility available today. That's a facility will be available tomorrow.

But our customers typically don't like attaching their bank account, they want control over their spends, they want control over their operations, they want to load money onto the BlackBuck account, and from there, use it and look at each of these use cases. And BlackBuck provides so many 10 times better value proposition, to manage their tolling payments with us, that they continue to use the BlackBuck as the primary area to recharge and manage their tolling expense.

Sachin Dixit: Fair enough. Just one final housekeeping question. Your EBITDA and revenue numbers, I believe, are inclusive of other income, right? The ones you mentioned that you want to share.

Rajesh Yabaji: Are inclusive of interest income.

Sachin Dixit: All right. Thanks. Thanks so much.

Moderator: Thank you. The next question is from the line of Ankur Pant from IIFL. Please go ahead.

Ankur Pant: Hi, Rajesh. Hi, Satya. Congrats on a successful listing. I have a few questions. The first is on tolling. I'm not sure if I missed this, but what was the market share that you mentioned? And going ahead, where do you see that? How much of a runway do we have in the tolling business to increase this market share? That's the first question.

Rajesh Yabaji: So basically, you would have seen that in the RHP, the last year full market share was close to 33%, right? As we ended the last quarter, we were close to at 40%. And we continue to trend ahead. And if you're asking me on future, I mean, we continue to acquire market share in the range of 0.4% to 0.5% every month, and continue to add customers on tolling very strongly on the platform. I would say as a guideline, I have decided not to give guidance.

Ankur Pant: Sure. Thank you. And on the tolling piece, are you thinking of increasing monetization by increasing the activation fees or the gold fees in near future? Or that is something that will happen over time and not really looking at it on an immediate basis or on a near term basis?

Rajesh Yabaji: There is an increase in fees in the range of 20% to 40%, depending on different fees and charges on the tolling and the GPS product both on renewals, both on first time activation and the various different charges. That has already got an effect in the last quarter. And you would see some of that helping us in driving revenue growth as we keep moving forward. So for this year, that charges growth has already been implemented for this financial year, has gotten also implemented very smoothly with no churn at all. And yes.

Ankur Pant: And so our one-edge growth has been very strong at 55% on our revenue. And so going ahead in 2H, is there anything that should be aware of in the base for last year that could lower growth for 2H? Or this is a normalized growth that we can see? So just trying to understand the base.

Rajesh Yabaji: I can answer probably the middle part of your question. I don't think there will be any base impact because it was pretty much a BAU. And yes, I mean, it's going to be a normal base of last of H2. And we continue to compound the way we were compounding right now.

Ankur Pant: Thank you so much. Yes, that's all from my side. Thank you.

Moderator: Thank you. We have the next question from the line of Manish Poddar from Invesco Asset Management. Please go ahead.

Manish Poddar: Hi, I just have two data points. One is, have you all shared gold members in the tolling business? That data point as a trend net?

Rajesh Yabaji: Sorry, can you come again, Manish?

Manish Poddar: Members which have this gold program?

Rajesh Yabaji: No, we have not shared that.

Manish Poddar: Can you help me understand, how is that number trending?

Rajesh Yabaji: Broadly in line with the growth of the users on the platform.

Manish Poddar: Okay. And on the new businesses in terms of the lending part, can you talk about the pipeline of lenders getting added up there? Thanks.

Rajesh Yabaji: So basically, right now, we have discussions with like a lot of players, because everybody is excited. They've seen the model breakout with multiple financiers and banks. So everybody wants to partner. But as we speak, in terms of active technology integrations, we have one partner, incrementally new, two partners in pipeline. And in terms of discussions, we definitely have about five to seven partners in pipeline. And, some of this should materialize over the next, two to three quarters.

Manish Poddar: Okay, fair enough. Thank you so much.

Moderator: Thank you. The next question is from the line of Pratik Poddar from Bandhan AMC. Please go ahead.

Pratik Poddar: Hi Rajesh, could you just split the newer businesses into loads and how much revenue would have come from, let's say, the vehicle finance business this quarter?

Rajesh Yabaji: So basically, these revenues are very small. So at this point in time, we're thinking that, we'll keep this at consol level and as these businesses mature, we'll start splitting this in the upcoming results. So probably for about, next, maybe three to four quarters, we'll continue to keep this in this way.

Pratik Poddar: And where does the fuel part of the business get reported? It's a part of the growth business only?

Rajesh Yabaji: Growth. It's part of the growth business only.

Pratik Poddar: Okay, but it's too minuscule to call out. I'm assuming that.

Rajesh Yabaji: Yes

Pratik Poddar: Okay. The second was just on this lending part. Today, this is not on our books, right? These are all partner books.

Rajesh Yabaji: These are all partner books, like in the lifetime, again, repeating the metric about, 8% kind of a number is what we've disbursed in our own book. 92% continues to be in the partner book.

Incrementally, the same strategy would continue. And we only would be using our book for new partner development and for new product development. As we have done before as well and into the future as well.

Pratik Poddar: Got it. And the MTU numbers which you disclose, is it the September exit MTU numbers or for the quarter, the average?

Rajesh Yabaji: No, it's the average of three months, July, August, September, July, monthly active, monthly transacting, August, monthly transacting, September, monthly transacting, average of the three numbers.

Pratik Poddar: The exit is higher than the average, right? That's a fair understanding. Given that you called out you're gaining 0.5%

Rajesh Yabaji: That's why you'll see H1 number will always be lower than the Q2 number.

Pratik Poddar: Yes, that answers the question. Okay. And just last question. When you say time spent, again, 41 would be a function of number of services which a customer takes, right? Like if he has taken the telematic services, his time spent will be higher versus someone who has not yet taken.

Rajesh Yabaji: It will be higher. Let's say one customer's standalone on tolling or standalone on vehicle tracking. Standalone vehicle tracking will be much higher because the sessions per day are way, way, way higher than the tolling user. But if it's combined, then it's like this breaks out, right? And load marketplace will not be more like everyday usage. But the day usage comes in, it'll be very intense. And the next couple of days, there'll be very high usage.

Pratik Poddar: So this 41 is an average of all the things, that's the way to understand

Rajesh Yabaji: When you have assuming that you had, we have let's say 7 lakh monthly transacting users, which on a daily basis will be 4 lakh transacting users, 3 lakh transacting users. Those 4 lakh transacting users on that day spent that multiplied by 41 minutes, basically. So it's basically all the like transacting day averages is what this number is.

Pratik Poddar: It's a sum product, right?

Rajesh Yabaji: It will be a sum product. Should be mostly be a sum product. We'll get back to you on that Pratik.

Pratik Poddar: Thanks Rajesh.

Moderator: Thank you. The next question is from the line of Chintan Shah from JM Financial Family Office. Please go ahead.

Chintan Shah: Hi, thank you so much for the opportunity. So I had a couple of questions. So first one is on our tolling business. So please help me understand, currently we already have a higher market share. So my sense is within 2 years to 3 years, there's a limit on basically how much market share that we gain.

So is it fair to say that within 2 years to 3 years the growth rate would be largely the macro factors that is the increase in tolling rate as well as the new routes that get added and the growth could slow down to say somewhere around the range of 15% to 20% that is my first question. And second, one is in terms of profitability and the loads business.

Now we have done very well in terms of acquisition of truck operators, but for the load business to materially kick in, we also need a lot of new shippers on the other end. So could you please help us understand if we acquire the shippers, we'll have to incur costs. So that could probably impact our profitability. So what's your sense on this? Could that impact our profitability materially or something else to say? Those are broadly my two questions.

Rajesh Yabaji: Answering the first question, as you rightly said the growth of revenues in tolling for us is a function of three vectors. First vector is basically the how India macro grows. As you rightly articulated, 15% to 20% growth directly comes from how India macro grows because government is laying more roads, state highways get replaced by national highways. So more toll spend happens, more flow through to FASTag happen and the number of trucks keep growing.

So 15% to 20% growth typically comes in from the macro factors. Second area is that we continue to gain market share. And we've always been positively surprised ourselves because with higher, at a very higher market share position, we've always gained higher percentage points of market share. That has happened continuously. And we've always tried to project that internal to the company that will grow a little lower.

But I think somebody really delivering a very strong value proposition to a small scale trucker in the country. I think we are the only ones who are doing and we continue to gain market share. Last FY24, we as a company gained like 7 percentage points market share over the previous year. This year again, probably we'll be gaining similar or more.

So I think the market share growth is the second lever of growth. Third lever of growth is our penetration of value added services. Like we provide much more better value to our customers than others. And we also charge our customers for these value streams. That has helped us break out and add another alpha on top of that, which has helped us compound our revenues at like 47 percentage kind of a level and in the core verticals.

So I would say that, as you rightly said the base growth will always be available, but I think we will, as a company, continue to generate some alpha from being a superior tag in the market and continue to keep gaining market share for a good long time of probably 3 years to 5 years and on top of that, for our value added services which we provide. So that's the answer to the question number one.

Question number two. In building the - as you rightly said the freight marketplace is at its nascent stages and we continue to double down in that area. And that's one of the very core dreams of the founding team and the management team here at BlackBuck to crack that as well. Important to understand is that one of our first attempts at cracking the freight marketplace couldn't happen largely because of non-availability of supply, sticky supply on the platform and a wrong choice of a business model.

And as you see, the fragmented side of the marketplace typically takes - the larger fragmented side of the marketplace typically takes the larger cost. And in this case, truck operators high resistance to get to a digital platform usage, learn a platform, trust the platform. So by having 7 lakh users actively transacting on a monthly basis on our platform, we've already solved one side of the marketplace problem.

And we broke a two-sided marketplace problem into more of one side because supply is getting solved through the fleet management use cases which we are solving. Now, a lot of money, like a lot of money which to build this marketplace was needed for supply which is again solved for.

Then a lot of money which was needed to build demand, we have actually incurred that money over the past 3 to 4 years. And the profitability of the freight marketplace business is also converging over the years as well and the growth in the revenue of the marketplace business is also coming through. So, the team which onboard supply because we need to continue to grow - the team which onboard demand because we need to continue to grow demand on the platform is again an independent team.

It's a 200-250 member sales team which is already there. The cost of that is already baked into the cost which you are seeing. So, to build the entire marketplace platform which is the classifieds-based way to crack the loads platform is already - costs are already loaded and it's converging on profitability. Second part which is the brokerage platform where we closed-loop the transaction and we basically are making money not out of subscription only, but we are making money from the take rate in a transaction.

That is a model again, where we again have to incrementally spend for demand and that's a model which we have tested out in Bangalore. We've expanded to five hubs. That's a model we're going to double down on too and that's going to be one of the newer vectors of growth for the company in the coming years. And probably 1 to 2 years down the line, you will see that being one of the strongest vectors of growth for the company, but if you're asking me the first model as I told you is converging on burn.

The second model doesn't need that burn because at a hub level, you need less money to break even, and then you generate surplus cash. So we don't see in the foreseeable future, this being a drain on profitability on the overall company, like at this point in time and continue to converge on the profitability from this business vertical.

Chintan Shah: Got it, Rajesh. It's very well explained, but just one follow up on this. When you see that this segment becomes of a significant scale for us in terms of revenue mix because my sense is a payment sometime in terms of time there's a limitation to it, but this is the real segment which can offers a larger time. So unless it's just materiality, there should be some constraint in terms of time for us. So when you think this will achieve material kind of a level for us?

Rajesh Yabaji: So, I mean, if you're asking me - so just to put out in perspective, the way we are organized as a company, the core businesses which are contributing to 85% of the revenue. From management bandwidth perspective takes up only like 20% of the management bandwidth. Management bandwidth is actually new initiatives. And more so in the marketplace businesses which is both the brokerage and the marketplace platform is where significant amount of time is invested today.

Now, the answer to the question we as a company have got into a zone where we don't let an initiative break out until unless we have like very high level of confidence on that initiative and that initiative incrementally generates higher contribution profit. I would say that freight marketplace platform is generating contribution profit continuously and that is probably we're going to converge.

But brokerage is where I would say your answer is also there is that when we make revenue out of the net commission from a brokerage transaction, that's where the largest part of the revenue is. I would say it'll take at least a couple of years to show really strong signs on when that would break out, but if you're asking me from a mindshare perspective, cracking that problem perspective, it's at the top of the mind for us as a management team on the brokerage business.

Chintan Shah: Okay, got it. Understood. That's good to hear. Thank you so much for answering all my questions and all the best.

Moderator: Thank you. The next question is from the line of Nilesh Jain from Astute Investments. Please go ahead.

Nilesh Jain: Hi, thank you for the opportunity. I mean we were studying global peers who are there in similar businesses in all your different platform offerings. So when we looked at FTA it does around 160 million orders against us currently which we are doing 2 million orders. And I mean like you mentioned in your previous answer there are various challenges, but over time, you feel that we can scale this model.

So do you think that in India, we can move or there's a growth as there's a story where India can move towards the FTA operating in China or it's going to be limited? I mean, if you can answer that?

Rajesh Yabaji: So if you're asking me in terms of like FTA kind of a model coming in place directly by anyone starting from scratch assuming. India is a land where as I was mentioning fleet operators are the ones who own the trucks, drivers drive it. In China, the large majority of the market is owner cum drivers who drive the truck themselves and own it as well. So the entire building of supply for full truck alliance was largely about capturing drivers and getting the phone, their smart app, their app installed in their smartphone and they were able to get the truck location, as well as the truck owner's mindshare.

In India, the location of the truck and the location of the truck owner is different. And you need to acquire the truck operator and also know the location of the truck. We as a company through the entire tolling dominance and the vehicle tracking solution dominance have been able to solve both the truck operator mindshare and the location of the truck. And on top of that, we are able to launch the entire loads marketplace platform.

And now as we speak, we are into very intensely building it. We have definitely, you would have seen the DRHP that the growth rates in the marketplace vertical businesses is very strong and we are able to also successfully close loop the transactions as well. So, I mean, if you're asking me whether the line of building is in the line of full truck alliance, answer is yes. But India will have a very independent path.

India will have an independent problem solving, where probably the pit stops are going to look very different. We have probably - we probably as a company stand with the very highest level of engagement with truck operators and probably at the same time also have the burden to crack this model. So, a lot of work is on and we, I mean, we believe we will be able to crack it in few years to come.

Nilesh Jain: Okay, sure. Thank you. My second question was right now we have around close to a million truck operators. So just wanted to understand a truck operator like you mentioned, owns around five or six trucks. So currently out of the 9 million truck operators, how many trucks would we have on a platform? So that gives us an idea in terms of from existing truck operators, there's further scope there apart from adding on new truck operators. If you can give some numbers on that?

Rajesh Yabaji: Just correcting the numbers there. India has 3.5 million truck operators who own 12.5 million trucks in the country. So of this 3.5 million truck operators on a monthly transacting active is roughly 700,000 users which is 20%. This is what I was mentioning. The 1 million number was full financial year ‘24, which was the annual transacting truck operators.

More relevant number is a monthly transacting truck operator because their business and everything happens on a monthly basis. So we have, from a truck operator share perspective, you can assume we have close to about 20% share, number one. Number two, of the visibility of fleet, what we have in terms of he either taking a FASTag or putting a truck on GPS on the platform, the visibility of what trucks we have of the truck operators who transact roughly 7 lakh truck operators, the ratio is roughly closer to two trucks per truck operator on our platform.

That is only for the trucks, which he's putting it up for use case with us. What we believe through our research is that he typically would be having another one or two trucks more as well, so I would assume a similar market share from a truck share perspective as well, which is roughly in the range of 20% as well.

Nilesh Jain: Right, Okay. Just last question, it's just going through your application. So INR700, which is the platform fee. So is it a recurring basis or just one time, if I have to onboard a truck, that's a onetime fee we have to pay?

Rajesh Yabaji: Yes. So on tolling, obviously, there are various different charges, the charge which you are referring to that charge is a one time fee to buy a tag from us and use the platform for tolling. And the way charges work on the platform. Just to explain and elaborate. Our app is more like, let's say, more like an a la carte, you come in, you can use the app for free.

The only service which is fully freely available, you don't have to pay even a single rupee is the lowest tier of the marketplace program, which is not a premium program, the standard program, where you can come, you can see loads and get in touch with the shippers on the platform. Other than that, if you have to use anything else, assuming that you need to buy a fuel sensor, you need to request for a fuel sensor, fuel sensor will be installed in your truck, and then you can start seeing the fuel sensor product. So if you pay for fuel sensor, fuel sensor will get unlocked.

If you want to buy a FASTag from us, you pay the platform fee for FASTag of INR700, and then you start, get a FASTag from us, then you start using the FASTag on the platform. So it's more like, there's no mandation that somebody has to come and use everything. He can come select what he wants to use, and start using that platform. And obviously, shorter answer INR700 is the one time fee for the FASTag what he's buying from us.

Nilesh Jain: Okay, sure. Thank you so much. And I wish you all the best.

Moderator: The next question is from the line of Devendra Wadhwa from Value Prolific. Please go ahead.

Devendra Wadhwa: Sir, I just wanted to ask that - I just want to understand that how you partner with the FASTag companies? And how is your business model different from the other bank who is providing FASTags?

Rajesh Yabaji: Yes. So basically, first thing is that in terms of differentiation, I'll answer differentiation question, and then I'll answer the partnership question. We as a company have solely focused on the truck operator as a customer segment, and we are cracking everything for them.

Now, when it comes to tolling, if you look at a truck operator, a truck operator is like 100 times more powerful user than a car FASTag user. Car FASTag user annually probably spends INR5000-INR10,000 on a FASTag. A truck operator who has three trucks, average monthly is INR16,000 per truck, three trucks monthly is INR48,000-50,000, annually is INR6 lakh.

And average swipe value ranges in the range of like INR500 to INR800 for a truck operator. So any sort of issues, double deduction issues, be it in terms of incremental value-added services, the truck, what he really needs, we are the only company which is building very specific FASTag, specific value-added services for this on the platform. And to support such a user, we also have a very strong on-ground network of close to 10,000 physical touchpoint networks.

So this is the differentiation which he gets, which is not there with any other competing tag. And this is the reason why we have gained market share tremendously. That's the answer to the second question.

Answer to the first question is that how do we partner? We have partner banks on the backend, whose tag we use, whose prepaid switch we use, and we technically, the tag is from the bank, but is a white label tag with the value-added services with the front-end customer interface of the mobile app and the on-ground network. It is the BlackBuck app which he uses to do the tolling end-to-end.

So we have two partner banks, which we have two partner banks, one, PPI issuer we have partnered with to do tolling. So we have three partners live as we speak on tolling on the backend.

Devendra Wadhwa: Okay. And my next question is that we know that you are entering into the NBFC business. So why can't we do just like channelizing the fund and arranging loans entering into NBFC? We are getting exposure of loans on our books. So can't we do by just being a channel partner, not entering into the NBFC?

Rajesh Yabaji: Of course. I mean, your question is absolutely right. We as a company do not have aspirations to be a large NBFC.

We as a company are doing majority of the business, as I mentioned before also, roughly in the lifetime of the vehicle finance business we have done over the last two years, only 8% of the loans have been originated on our balance sheet. A lot of that has been originated for compliance because as an NBFC, you need to kick start a business and demonstrate more than 50% of your assets are deployed in NBFC oriented nature of business. So as a first quote of toll NBFC is not the mainstay business.

92%++ of the business has been originated as a channel partner to the banks and NBFC's we have partnered with. We make,our majority of the revenue stream there comes from origination free income and the loan management fee income. That's the core business model which you are rightly guiding to.

And we use the NBFC only to launch a new partner, to build new processes, that's the use case of the NBFC, but not to build a balance sheet heavy business and to really outscale that. And hence you will never see a lot of growth in the NBFC business. It will only be used as a partner development or a product development lever in our business.

Devendra Wadhwa: Okay, got it sir. Thank you.

Moderator: As there are no further questions, I would now like to hand the conference over to the management, Mr. Yabaji for closing comments. Over to you, sir.

Rajesh Yabaji: Yes, thank you so much for joining our call. And this was our first earnings call in the public markets. I think we released the results, just very close to 10-15 minutes just before the earnings call start.

I think that was a miss from our side. I think we will ensure that results are released one and a half to two hours before the Earnings Call presentation. And because this time we had a very short time to get prepared. There was a miss from our side. We will ensure we will not repeat this as we move forward. And yes, I think we are back to BAU after the whole IPO journey, which took out a bit of mindshare from execution.

But I think we are back heads down executing in the last two weeks. And yes, focused on really building the future of trucking for India, because lots of work to do. Thank you so much for attending the call and see you in the next quarter.

Moderator: Thank you. On behalf of Zinka Logistics Solutions Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.