June 24, 2025

Zinka Logistics Solutions Limited: Rating upgraded to [ICRA]A3+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term – Fund based	401.00	147.00	[ICRA]A3+; upgraded from [ICRA]A4+
Short-term – Non-fund based	20.00	-	-
Total	**421.00**	**147.00**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade of the short-term rating of Zinka Logistics Solutions Limited (Zinka) factors in the improvement in its business and financial risk profiles and expectation that the same will sustain, going forward. Over the course of the previous year, the company had hived off its loss-making, working capital intensive corporate freight business and raised fresh equity of Rs. 550 crore through listing on the bourses, which strengthened its operational and financial risk profiles materially. ICRA expects Zinka to generate healthy accruals, going forward, while maintaining a comfortable capital structure as the residual business in the company is the profitable technology-focussed service platform with minimal working capital requirement.

Zinka's app, Blackbuck, is India's largest digital platform for truck operators, providing services related to tolling and fuelling, monitoring vehicles using telematics, marketplace for loads and used vehicles, and financing purchase of used vehicles. With the average monthly transacting truck operators on Blackbuck increasing at a CAGR of 40.3% to 7.21 lakh over FY2022-FY2025, it is estimated to cover approximately 20% of the truck operators in the country. Further, with its expansive network of channel partners/employees covering 10,000+ touch points across 80% of India's districts and 76% of toll plaza network, the prospects for expansion of its customer base remain strong. Besides, the variety of services on offer and digital marketing techniques enable it to upsell/cross sell its services as well. As the company has an established presence in these service segments, and with modest direct costs associated with incremental revenue generation, Zinka has been able to post operating profits in FY2025, although one-off expenses and deferred tax charge resulted in a net loss of Rs. 8.7 crore during the year. ICRA expects the turnaround in operations to sustain, going forward, and Zinka to generate self-sustaining cash flows.

The rating also favourably factors in the experienced promoter and management team, asset-light business model, and its early-mover advantage in the technology-enabled logistics services space. Further, ICRA derives comfort from the strong financial profile of the entity. Post slump sale of the corporate freight division and the Initial Public Offering (IPO), the company's coverage and capitalisation metrics have improved significantly, with an interest coverage of 21.7 times and gearing of 0.03 times as on March 31, 2025. Moreover, with cash and bank balances of Rs. 914.4 crore as of March 2025, and entire working capital limits of Rs. 147.0 crore remaining unutilised, and minimal capex/investment requirements, the liquidity position is strong, providing additional comfort.

However, the ratings remain constrained as the company's earnings prospects are closely associated with economic cycles and any slowdown in domestic manufacturing/industrial activities due to slowing economic activity can have a negative impact on the company's revenues, earnings and cash flows. The ratings also factor in the regulatory risks, particularly for the payments business and NBFC operations in the subsidiary. Zinka's wholly owned subsidiary, Blackbuck Finserve Private Limited, provides financing of used vehicles, wherein the credit profiles of the borrowers is relatively weaker. Accordingly, the evolution of the NBFC's loan book, including the asset quality would be a key monitorable. However, comfort can be derived from the fact that the scale of this business is relatively small in the overall consolidated financial profile of the entity, and the management does not intend to scale it up significantly.

Key rating drivers and their description

Credit strengths

Strong promoter and management team; asset-light business model – Zinka has a strong promoter and management team with relevant experience and an in-depth understanding of the domestic logistics industry. Accordingly, it is able to develop service offerings, which are of high relevance to its key customer segment, the truck operators, and accordingly improve its business prospects. Post the hive-off of the corporate freight business, the company operates on an asset-light business model, wherein it generates revenue from platform fees, subscription fees and commissions. Moreover, with low direct costs and prospects of high cross-sell among various services, Zinka's business model has strong unit economics and high operating leverage, which are expected to support its earnings, going forward.

Strong operational metrics – Zinka is the largest digital platform for truck operators in India with 7.21 lakh average monthly transacting truck operators. ICRA notes that this number has increased at a CAGR of 40.3% over FY2022-FY2025. The company has been able to upsell/cross sell its products well, as reflected in the increase in the monthly transacting users using at least two services, which rose to 3.39 lakhs, a CAGR of 84.1% during the same period. Moreover, the retention rates have been supportive, with 66% of the users transacting on the platform in FY2021 retained in FY2024. Overall, Zinka has reported an operating income of Rs. 426.7 crore with an operating margin of 22.1% in FY2025.

Strong financial profile characterised by healthy cash position and robust debt coverage metrics – Zinka's financial profile is characterised by a conservative capital structure and healthy accruals. After the hive-off of the corporate freight business, the company's dependence on external borrowings has reduced significantly to Rs. 29.7 crore as of March 2025, from Rs. 173.7 crore in the previous year. Further, with Rs. 550-crore equity issuance via its IPO in November 2024, the company's balance sheet is well capitalised. The gearing stood at 0.03 times and total debt/OPBITDA stood at 0.4 times as on March 31, 2025. Zinka's financial profile is further supported by its strong liquidity position with cash and liquid investments of Rs. 914.4 crore as of March 2025. Going forward, ICRA expects these metrics to remain comfortable, given its low reliance on external borrowings, and expectations of healthy accruals from operations.

Credit challenges

Exposed to economic downturns – A major portion of Zinka's revenues comes from the freight forwarding industry, the prospects of which are linked to the macro-economic environment and the overall economic activity. Any slowdown in the domestic manufacturing/industrial activities due to subdued economic conditions can have a negative impact on the company's revenues and cash flows. Nevertheless, the company's asset-light model of operations and diversified customer base mitigate the risk to some extent.

Risks related to lending operations and regulations – Zinka's earnings are exposed to regulatory risks, especially for payments business and NBFC operations. For example, w.e.f. April 1, 2022, the National Highways Authority of India (NHAI) has reduced the program management fees for FASTag transactions from 1.5% to 1.0%. Any similar regulatory intervention would be closely monitored. Its subsidiary, Blackbuck Finserve Private Limited, has exposure to borrowers with modest credit profiles as a large proportion of its disbursements is made to borrowers in semi-urban and rural areas with limited track record. Any major impact on the asset quality of its lending book, and its impact on Zinka's consolidated credit profile, would be a key monitorable. However, comfort can be derived from the fact that the scale of this business is relatively small in the overall consolidated financial profile of the entity, and the management does not intend to scale it up significantly.

Environmental and social risks

Environmental considerations – While emission is the key risk for an entity operating in the logistics space, Zinka is not directly exposed to the same as it is essentially a service provider to the logistics players and operates on an asset-light model.

Social considerations – Zinka is heavily dependent on human capital, particularly its channel partners. Zinka's growth depends on its ability to manage key issues like selecting, retaining and upskilling its employees, addressing emerging workforce challenges, and ensuring a high standard of customer service. Zinka continues to undertake several initiatives to provide safety and skill-upgradation training to its employees.

Liquidity position: Strong

Zinka's liquidity position is supported by cash and cash equivalent of Rs. 914.4 crore (as on March 31, 2025), most of which is parked in fixed deposits. ICRA notes that the capex plans of Zinka are modest at Rs. 30-40 crore per annum., and the scheduled repayment obligations for FY2026, FY2027 and FY2028 stand at Rs. 13.8 crore, Rs. 11.5 crore and Rs. 4.4 crore, respectively. Zinka has Rs. 147.0 crore of sanctioned fund-based working capital facilities and the entire limits stand untilised as on date, providing an additional buffer. Overall, ICRA expects the company to meet its medium-term commitments through internal sources of cash and yet be left with a cash surplus.

Rating sensitivities

Positive factors – ICRA could upgrade Zinka's rating if there is sustained improvement in its revenues and earnings, while maintaining a comfortable liquidity position.

Negative factors – Negative pressure on Zinka's rating could arise if there is decline in revenues and operating margins, resulting in lower cash flows on a sustained basis. Specific credit metrics that could lead to a downgrade in Zinka's rating include Total Debt/OPBITDA of more than 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Zinka Logistics Solutions Limited. Details are provided in Annexure-II.

About the company

Incorporated in April 2015, Zinka started its journey with an asset light FTL model for long-haul trucking for corporates. Given the low margins, high working capital intensity and incurrence of bad debts in the corporate freight business, it was decided to scale down and subsequently hive off the same, which was concluded in August 2024. Following this, Zinka's business now primarily comprises digital solutions for truck operators, wherein it runs the largest digital platform for truck operators in India. Through its app, Blackbuck, truck operators can manage their payments for tolling and fuelling, monitor drivers and fleet using telematic devices, access marketplaces for finding loads and used vehicles for purchase, as well as get access to financing for purchase of used vehicles. The major portion of its revenue is generated from commission or subscription income.

Zinka has three subsidiaries as on date – Blackbuck Finserve Private Limited, TZF Logistics Solutions Private Limited and ZZ Logistics Solutions Private Limited. Blackbuck Finserve has an NBFC licence and offers financing of used commercial vehicles. TZF Logistics was incorporated for supporting the payments division and recently got in-principle approval for PPI licence from

RBI. There are no operations in the third subsidiary, ZZ Logistics Solutions, as on date. The company got listed on NSE and BSE in November 2024, and the promoter's stake stands at 27.7%.

Key financial indicators (audited)

Zinka Logistics Solutions Limited (consolidated)	FY2024	FY2025
Operating income	296.9	426.7
PAT	-193.9	-8.7
OPBDIT/OI	-52.2%	22.1%
PAT/OI	-65.3%	-2.0%
Total outside liabilities/Tangible net worth (times)	1.1	0.0
Total debt/OPBDIT (times)	-1.2	0.4
Interest coverage (times)	-45.4	21.7

Amounts in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. Crore)	Date & Rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				June 24, 2025	July 16, 2024	March 14, 2024	January 16, 2023
1	**Fund based**	Short term	147.00	**[ICRA]A3+**	**[ICRA]A4+**	**[ICRA]A4+**	**[ICRA]A4+**
2	**Non fund based**	Short term	-	-	**[ICRA]A4+**	**[ICRA]A4+**	**[ICRA]A4+**

Complexity level of the rated instruments

Instrument	Complexity indicator
Short term – Fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Short term – Fund based**	NA	NA	NA	147.00	[ICRA]A3+

Source: Zinka

Annexure II: List of entities considered for consolidated analysis

Company name	Zinka ownership	Consolidation approach
Zinka Logistics Solutions Limited	100.00% (rated entity)	Full consolidation
Blackbuck Finserve Private Limited	100.00%	Full consolidation
TZF Logistics Solutions Private Limited	100.00%	Full consolidation
ZZ Logistics Solutions Private Limited	100.00%	Full consolidation

Source: Zinka

Note: ICRA has taken a consolidated view of the parent (Zinka) and its subsidiaries while assigning the ratings

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