

Blackbuck Ltd. – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 16 June 2026

CMP-> 552

Upside Potential-> 13%

Investment Horizon-> 6 Months

Target price-> 624

1. Investment Thesis: Digital Trucking Platform with Strong Operating Leverage Potential

BlackBuck presents a compelling medium-term investment opportunity driven by its leadership position in India's digital trucking ecosystem, expanding platform penetration, improving profitability profile and multiple growth engines across payments, telematics, vehicle finance and digital freight solutions. The company operates as a technology-led platform connecting truck operators with a wide range of services across the truck lifecycle, including tolling, vehicle tracking, fuel payments, fuel sensors, fleet documentation, SuperLoads digital freight marketplace and vehicle finance. During FY26, BlackBuck delivered a significant business transformation, achieving its first full year of PAT profitability with total income of INR 714.6 crore, growing 55% YoY, adjusted EBITDA of INR 190.1 crore (+84% YoY) and PAT of INR 160.3 crore compared with a loss in the previous year. The company's strategy of "doubling down on execution in core businesses while stepping up investments to unlock growth" provides a balanced approach between profitability and long-term expansion.

2. Business Model Strength: Payments, Telematics, EV Ecosystem Opportunities and Platform Expansion

BlackBuck's core business is built around digital infrastructure for commercial vehicle operators, with payments and telematics forming the foundation of recurring platform engagement. The company has established a large network of more than 8 lakh monthly transacting truck operators, over 10,000 physical touchpoints and presence across more than 80% of Indian districts, creating a strong distribution moat. The payments business remains the largest contributor, with tolling GTV reaching INR 25,905 crore in FY26, growing 27% YoY, outperforming the broader NETC commercial vehicle industry growth of approximately 16%. The telematics business is witnessing strong momentum due to regulatory adoption of AIS-based tracking solutions, where AIS sales doubled sequentially in Q4FY26 due to mandates and better execution. Over the longer term, the company has significant exposure to EV ecosystem growth as electric commercial vehicles require digital fleet monitoring, battery analytics, charging ecosystem integration, financing solutions and asset utilisation optimisation — areas where BlackBuck's platform capabilities can become important infrastructure for fleet electrification.

3. Growth Drivers Over Next 2 to 4 Quarters: SuperLoads, Vehicle Finance and Higher Monetisation

Near-term growth is expected from increasing monetisation of its existing customer base rather than only customer acquisition. Monthly transacting customers increased 13% YoY, while users adopting two or more services grew 21–22% YoY, indicating improving cross-selling capability and higher revenue per customer. Growth businesses such as SuperLoads and vehicle finance delivered strong momentum, with growth business revenue increasing 266% YoY in FY26 and 304% YoY in Q4FY26. SuperLoads is being expanded through city-level network development, where mature markets like Bengaluru and Hyderabad are showing improving unit economics, while newer cities are benefiting from existing customer relationships and supply-side network reuse. Vehicle finance remains a key opportunity as BlackBuck leverages its data advantage, real-time truck operator insights and lender partnerships to enable faster loan origination. Management indicated that vehicle finance is expected to move from an investment phase toward cash flow generation, potentially becoming a core profitability contributor.

4. Financial Performance, Balance Sheet and Cash Flow: Improving Quality of Earnings

BlackBuck's FY26 financial performance reflects strong operating leverage and improving business quality. Revenue from operations increased 53% YoY to INR 651.97 crore, with core businesses growing 34% YoY and growth businesses expanding rapidly. Contribution margins remained strong at 93% of net revenue, highlighting the asset-light nature of the platform model. Adjusted EBITDA increased to INR 190.14 crore from INR 103.16 crore, demonstrating meaningful operating leverage. Cash flow performance also improved significantly, with cash generated from operations at INR 185.09 crore and net operating cash inflow of INR 169.43 crore in FY26. Adjusted cash and cash equivalents stood at INR 1,104.1 crore at year-end, providing financial flexibility for future investments and expansion. The company's ability to generate operating cash flows while investing in growth initiatives strengthens the investment case.

5. Capex, Investments and Future Business Expansion Strategy

Unlike traditional logistics companies, BlackBuck follows a technology-led, asset-light expansion strategy with investments primarily focused on product development, artificial intelligence capabilities, platform enhancement, distribution expansion and scaling growth businesses rather than heavy physical infrastructure. The company continues to invest in SuperLoads, positioning it as an AI-native digital freight business with investments focused on improving scalability and operational efficiency. Vehicle finance investments are also targeted toward creating a technology-enabled lending origination platform while keeping credit risk with lending partners. Management highlighted that the company maintains an asset-light model, using limited balance sheet exposure mainly for co-lending partnerships and experimentation. Future growth investments are expected across digital freight, AI-based logistics optimisation, EV fleet enablement, telematics and financial services, creating multiple monetisation opportunities from the existing truck operator ecosystem.

6. Sector Tailwinds, Government Focus and Long-Term Industry Opportunity

The company benefits from structural tailwinds in India's logistics digitisation, commercial vehicle formalisation, FASTag adoption, fleet tracking regulations and increasing technology adoption among small truck operators. Government initiatives around logistics efficiency, digital transportation infrastructure, mandatory vehicle tracking systems and EV adoption provide favourable industry conditions. The AIS telematics mandate across multiple states is accelerating adoption of digital fleet solutions, while the shift toward electric commercial mobility will increase demand for fleet intelligence, financing and utilisation optimisation platforms. BlackBuck's position as a digital operating system for truck operators creates opportunities across transportation, freight movement, EV fleet management and financial services. The company's ability to monetise data, customer relationships and distribution infrastructure remains a key competitive advantage.

7. Risks and Short-Term Headwinds: Macro Slowdown, Freight Demand and Investment Cycle

Key near-term risks include softness in freight activity due to geopolitical uncertainties, particularly the West Asia conflict, which management expects could create a temporary drag on trade movement and transaction-based revenues. The company has also faced disruption in the fuel business due to temporary suspension of OMC loyalty programs, which may impact near-term fuel-linked revenues. Margins may remain moderated as BlackBuck continues investing in SuperLoads expansion, new cities, AI capabilities and vehicle finance scaling. However, management highlighted that all businesses remain contribution-margin positive and profitability should improve as order volumes scale and growth businesses mature. Overall, with improving profitability, strong cash generation, platform leadership, EV/logistics digitisation tailwinds and multiple growth opportunities, BlackBuck offers a favourable medium-term risk-reward profile for a 6-month investment horizon.

Historical Financial Performance:

| METRICS | | Q4'26 | Q4'25 | YoY | FY'26 | FY'25 | YoY |
|---------------------------------------|----------------|---------------|---------------|------------|---------------|---------------|------------|
| Total Income¹ | ₹ in Cr | 199.57 | 136.65 | 46% | 714.60 | 462.40 | 55% |
| Revenue from Operations | ₹ in Cr | 185.43 | 121.81 | 52% | 651.97 | 426.73 | 53% |
| - Core (Payments & Telematics) | ₹ in Cr | 144.42 | 111.65 | 29% | 525.46 | 392.15 | 34% |
| - Growth Businesses | ₹ in Cr | 41.01 | 10.16 | 304% | 126.51 | 34.58 | 266% |
| Net Revenues² | ₹ in Cr | 159.86 | 121.81 | 31% | 580.24 | 426.73 | 36% |
| Direct Costs | ₹ in Cr | 9.96 | 7.18 | 39% | 38.28 | 26.26 | 46% |
| Contribution ³ | ₹ in Cr | 149.90 | 114.63 | 31% | 541.96 | 400.47 | 35% |
| Contribution (as a % of Net Revenues) | % | 94% | 94% | | 93% | 94% | |
| Total expenses | ₹ in Cr | 99.70 | 75.87 | 31% | 351.82 | 297.32 | 18% |
| Adjusted EBITDA⁴ | ₹ in Cr | 50.20 | 38.76 | 30% | 190.14 | 103.16 | 84% |
| EBITDA ⁵ | ₹ in Cr | 45.06 | 39.86 | 13% | 166.76 | 93.30 | 79% |
| PBT | ₹ in Cr | 40.37 | 40.80 | (1%) | 167.48 | (282.92) | - |
| PAT | ₹ in Cr | 65.73 | 280.17 | - | 160.34 | (8.66) | - |

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team