July 2025

Initiating Coverage | Sector: Logistics

Delhivery

Built to scale, wired for speed!

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Built to scale, wired for speed!

- Delhivery is India's leading 3PL logistics player, catering to a wide network of ~19,000 pincodes. Its service offerings include express parcels, part truck load (PTL), supply chain services, and others. Delhivery, which commenced operations in 2011 as an express logistics player, has rapidly increased its presence in the PTL segment after the acquisition of Spoton Logistics in 2021. The company is India's premier logistics operator at present, with a market share of >20% in the express logistics space. With robust industry tailwinds and Delhivery's strong infrastructure in place, it is well placed to capitalize on the opportunity.
- During FY19-25, Delhivery reported a 32% revenue CAGR, driven by the express parcel and PTL segments. During this period, the company turned EBITDA positive, reporting EBITDA of INR3.7b in FY25 (vs. an operating loss of INR16b in FY19). The turnaround was driven by economies of scale in the express parcel business and stabilization of the PTL business post-acquisition of Spoton. We expect Delhivery to strengthen its market dominance and achieve a 14% revenue CAGR, driven by 18% revenue CAGR in PTL and 10% CAGR in the express parcel business. Strong revenue growth, coupled with improved cost structure, is expected to drive an EBITDA/APAT CAGR of 36/52% over FY25-28. With improved earnings, we expect RoE to improve to 5.6% in FY28 from 1.8% in FY25. With a strong B/S and negligible debt, Delhivery would comfortably be able to fund its capex requirements over the next few years.
- We initiate coverage on Delhivery with a BUY rating. We value the company using DCF, arriving at a TP of INR480 based on a WACC of 12% and terminal growth rate of 5% (implied EV/EBITDA of 36x on FY28). We believe Delhivery's focus on strategic acquisitions and providing integrated solutions will further strengthen its growth prospects.

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Delhivery

BSE Sensex	S&P CNX
83,713	25,523

CMP: INR409 **TP: INR480 (+17%)** **Buy**

DELHIVERY

Stock Info

Bloomberg	DELHIVER IN
Equity Shares (m)	746
M.Cap.(INRb)/(USDb)	305.1 / 3.6
52-Week Range (INR)	448 / 237
1, 6, 12 Rel. Per (%)	9/14/-1
12M Avg Val (INR M)	1178
Free float (%)	100.0

Financial Snapshot

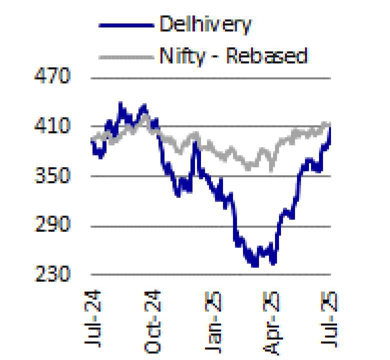
Y/E Mar	2026E	2027E	2028E
Sales	102.1	116.9	133.5
EBITDA	5.6	7.1	9.4
PAT	2.8	4.1	5.9
EBITDA (%)	5.5	6.1	7.0
EPS (INR)	3.8	5.5	7.9
EPS Gr. (%)	69.7	43.1	44.1
BV/Sh. (INR)	130.3	135.8	143.6
Ratios			
Net D/E	-0.4	-0.5	-0.5
RoE (%)	3.0	4.1	5.6
RoCE (%)	3.1	4.2	5.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	107.3	75.0	52.0
P/BV (x)	3.1	3.0	2.8
EV/EBITDA (x)	53.7	41.4	30.5
Div Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-4.5	2.5	3.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	0.0	0.0	0.0
DII	30.0	29.0	19.6
FII	52.0	53.8	63.6
Others	18.0	17.3	16.8

FII Includes depository receipts

Stock Performance (1-year)



Built to scale, wired for speed!

Well-positioned to capitalize on the ‘Express’ opportunity

- **Delhivery is India’s leading 3PL logistics player, catering to a wide network of ~19,000 pincodes. Its service offerings include express parcels, part truck load (PTL), supply chain services, and others. Delhivery, which commenced operations in 2011 as an express logistics player, has rapidly increased its presence in the PTL segment after the acquisition of Spoton Logistics in 2021. The company is India’s premier logistics operator at present, with a market share of >20% in the express logistics space. With robust industry tailwinds and Delhivery’s strong infrastructure in place, it is well placed to capitalize on the opportunity.**
- **During FY19-25, Delhivery reported a 32% revenue CAGR, driven by the express parcel and PTL segments. During this period, the company turned EBITDA positive, reporting EBITDA of INR3.7b in FY25 (vs. an operating loss of INR16b in FY19). The turnaround was driven by economies of scale in the express parcel business and stabilization of the PTL business post-acquisition of Spoton. We expect Delhivery to strengthen its market dominance and achieve a 14% revenue CAGR, driven by 18% revenue CAGR in PTL and 10% CAGR in the express parcel business. Strong revenue growth, coupled with improved cost structure, is expected to drive an EBITDA/APAT CAGR of 36/52% over FY25-28. With improved earnings, we expect RoE to improve to 5.6% in FY28 from 1.8% in FY25. With a strong B/S and negligible debt, Delhivery would comfortably be able to fund its capex requirements over the next few years.**
- **We initiate coverage on Delhivery with a BUY rating. We value the company using DCF, arriving at a TP of INR480 based on a WACC of 12% and terminal growth rate of 5% (implied EV/EBITDA of 36x on FY28). We believe Delhivery’s focus on strategic acquisitions and providing integrated solutions will further strengthen its growth prospects.**

Strong track record in the express business; focus on asset-light operations

- Since 2011, Delhivery has garnered a sizeable share of the express logistics market and has grown exponentially. The company initially focused on the express parcel business – the fastest-growing segment in the logistics industry – to capture growth. Now it is aiming to grow materially in the high-margin PTL express market, which will lead to a strong balance of growth and profitability.
- Additionally, Delhivery focuses on an asset-light business model, as it owns a negligible vehicle fleet, and the infrastructure spaces (delivery & sorting centers/warehousing space) are mainly leased. Overtime Company has built an enviable network catering to a massive ~19,000 pin codes across India.

Key beneficiary of the fast-growing express logistics market

- With the increasing penetration of express services in Tier 2 and 3 cities, the express logistics market is expected to clock a 14% CAGR during FY23-28.
- Delhivery is expected to be a key beneficiary driven by 1) a growing user base, 2) the launching of new categories, and 3) the scaling up of new e-commerce opportunities (D2C, social commerce, and omnichannel). The company's market share in the e-commerce express segment doubled to ~25% in FY24 (excluding captive, the share was at ~40%) from ~12% in FY19.

Established 3PL player with an enviable network and infrastructure setup

- Delhivery has gradually evolved to become a premier 3PL service provider, which has allowed it to gain market share and consistently outgrow its peers. In addition, the company has built massive physical infrastructure, which is very difficult to replicate. Delhivery today caters to ~19,000 pin codes, serving 44,000 customers. It has 111 gateways, 45 automated sort centers, and 20m sq ft of infrastructure space, which allows it to seamlessly handle a large volume of parcels and deliver on time.
- Delhivery plans to continue investing in expanding and enhancing its infrastructure network, which would help in fostering higher throughput.

Expect 14% revenue CAGR over FY25–28; express and PTL to drive growth

We expect a 14% revenue CAGR for Delhivery over FY25–28.

- Delhivery has been on a robust growth path with 32% revenue CAGR over FY19-25, driven by the express parcel business and robust growth in PTL. Going forward, we expect revenue to clock a 14% CAGR over FY25-28, fueled by 1) healthy growth in the PTL industry (18% revenue and volume CAGR over FY25-28), 2) operating scale and effects of a larger network with the integration of Delhivery-Spoton, and 3) scaling up of integrated solutions as ~60% of revenue is from customers using two or more services.
- We also believe the e-commerce market in India will continue to grow steadily with rising penetration in tier 2 and 3 cities. Moreover, the growing demand for express logistics will lead some businesses from the traditional transport segment to transition towards express. While express parcel services are likely to generate a majority of the revenue, we anticipate steady traction in the PTL business. Delhivery recently acquired Ecom Express to strengthen its presence in the express logistics segment.

EBITDA margin set to expand with higher volumes across segments

We expect a 7% EBITDA margin by FY28.

- In the express parcel business, Delhivery would benefit further from economies of scale, and the cost per unit is expected to reduce with enhanced volumes, leading to better margins in the coming years. Further, Delhivery is targeting strong growth in its PTL business share post-acquisition of Spoton.
- The PTL business is a high-margin segment with a sticky customer base, and as business stabilizes and volumes ramp up, we expect margins to improve further. We estimate Delhivery to achieve a 7% EBITDA margin by FY28 from 4.2% in FY25.

Well-primed to capitalize on the growth opportunity; Initiate with a BUY

- Delhivery clocked a 32% revenue CAGR during FY19-25, primarily fueled by the express parcel business. During this period, Delhivery turned EBITDA positive, reporting EBITDA of INR3.7b in FY25 (EBITDA loss of INR16b in FY29). Going forward, we estimate the company to post a 14% revenue CAGR over FY25-28. Increasing contribution from the PTL express segment to support growth. We anticipate EBITDA margins to improve from 4.2% in FY25 to 7% in FY28, supported by a better cost structure in express and improved margins in the PTL business. We expect EBITDA/APAT CAGR of 36/52% over FY25-28.
- With improved earnings, we expect its RoE to improve to 5.6% in FY28 from 1.8% in FY25. Considering the strong focus on volume growth, cost reduction, enhanced service offerings, and tight B/S control, we believe Delhivery is very well placed to capitalize on the growth opportunity unfolding in the express logistics sector. We initiate coverage on Delhivery with a BUY recommendation. **We value the company using DCF, arriving at our TP of INR480, based on a WACC of 12% and a terminal growth rate of 5% (implied EV/EBITDA of 36x on FY28).**
- **Key risks: Slower growth in the e-commerce segment and slower-than-expected penetration in the B2B express market.**

Exhibit 1: Domestic Peers

Companies	M cap (INR b)	CMP	FY25 (INR m)			CAGR (FY25-27)			EV/EBITDA (x)			RoE (%)		
			Revenue	EBITDA	APAT	Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Delhivery	305	409	89,319	3,758	1,674	14%	37%	56%	80.4	53.7	41.4	1.8	3.0	4.1
Bluedart	157	6854	57,202	4,956	2,446	14%	31%	36%	31.4	22.5	17.7	16.0	19.6	21.5
VRLL	53	586	31,609	5730	1,829	6%	11%	18%	9.6	8.2	7.4	18.0	20.5	20.6
MAHLOG	26	345	61,048	2841	-359	21%	30%	NA	9.9	7.4	5.4	-7.5	15.0	26.5
TCIEXP	28	764	12,083	1247	858	9%	21%	24%	23.3	19.3	15.8	11.7	13.5	14.7

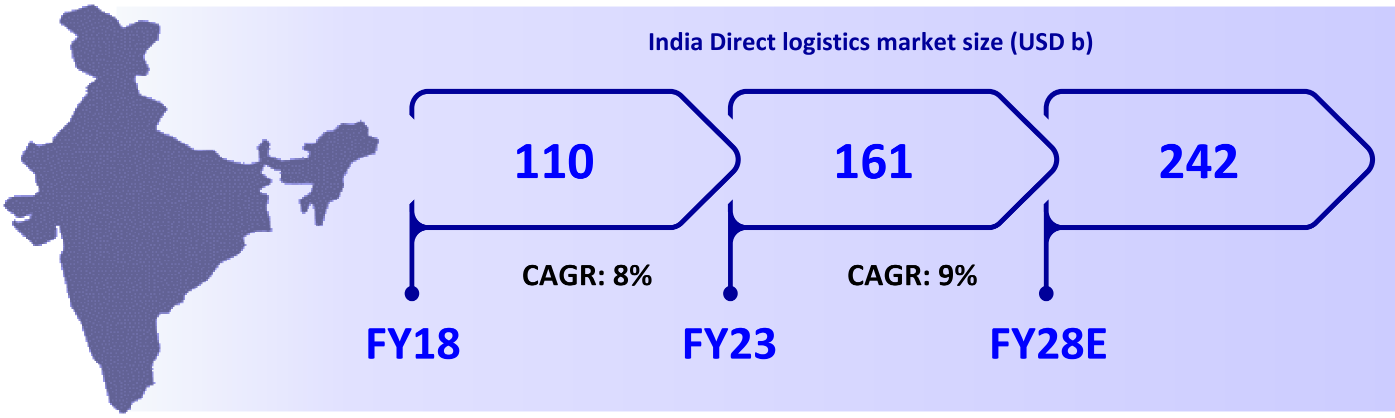
Source: MOFSL

STORY IN CHARTS

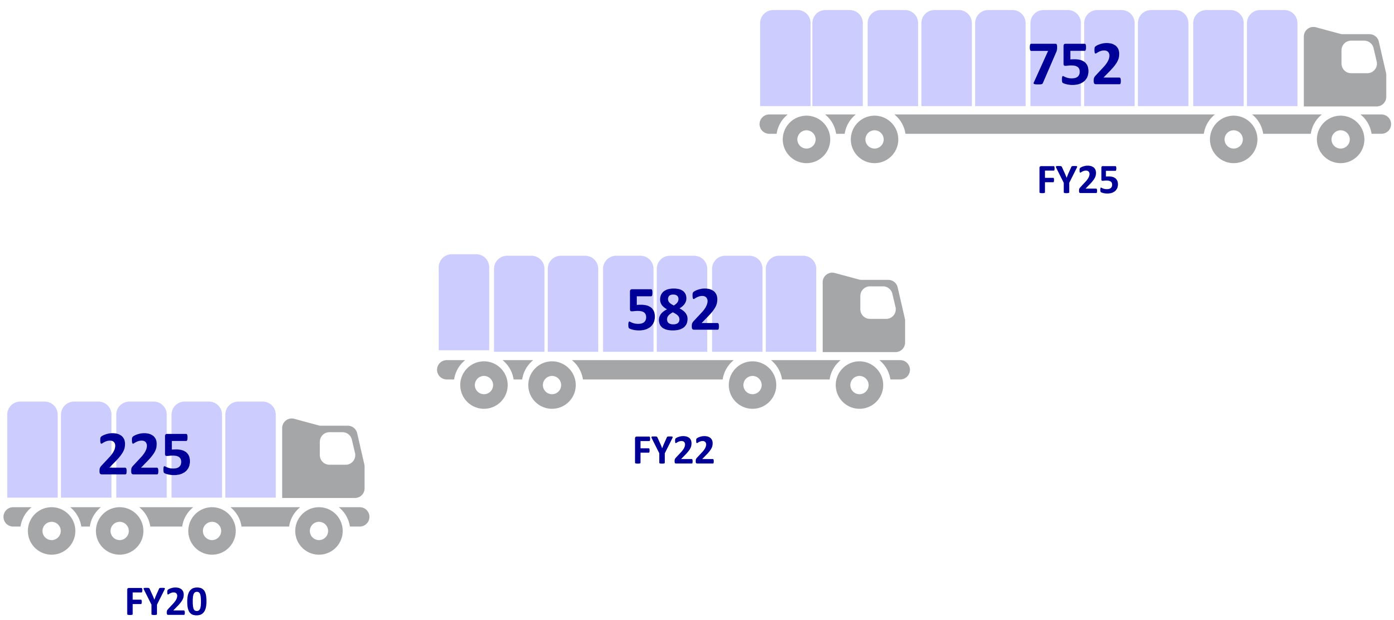
Key pointers

1. Strong track record in the express business; focus on asset-light operations
2. Key beneficiary of the fast-growing express logistics market
3. Strong revenue CAGR likely powered by market share gains
4. Robust growth ahead with 14% revenue CAGR over FY25–28E
5. Margins to expand as B2B's share rises and express parcel volumes improve

India's logistics market is expected to clock 9% CAGR by FY28

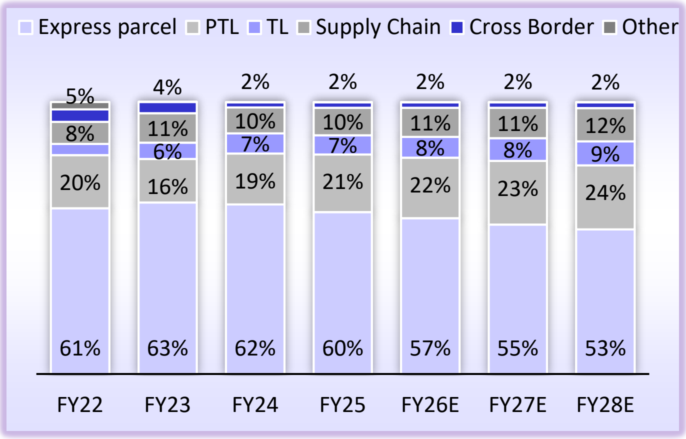


Delhivery Express parcel shipments (m parcels)

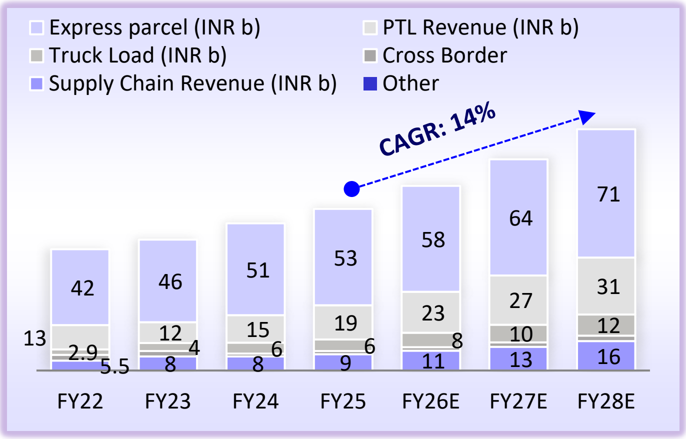


STORY IN CHARTS

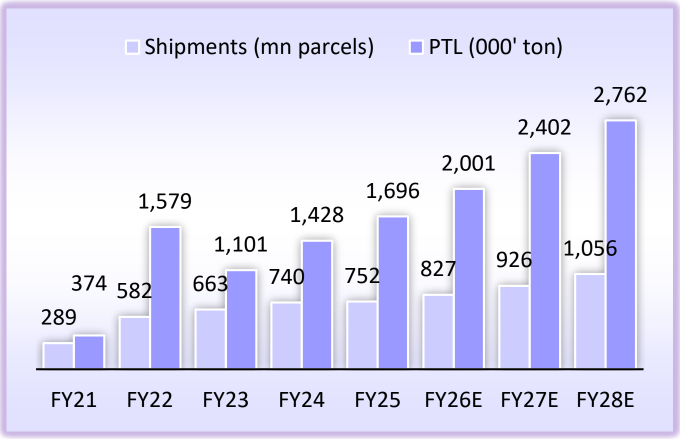
Integrated logistics service provider with diversified offerings



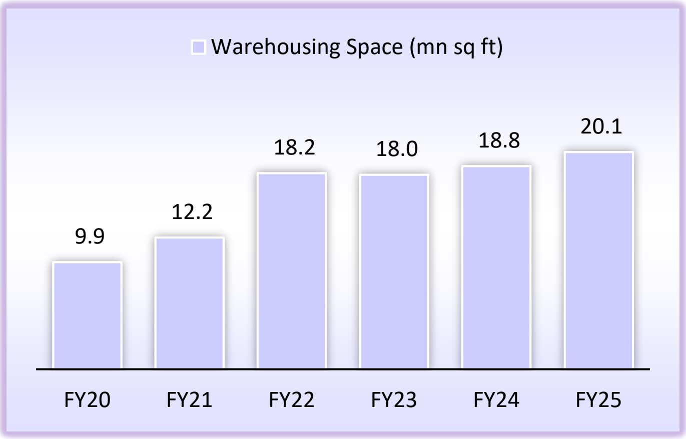
High revenue growth across segments



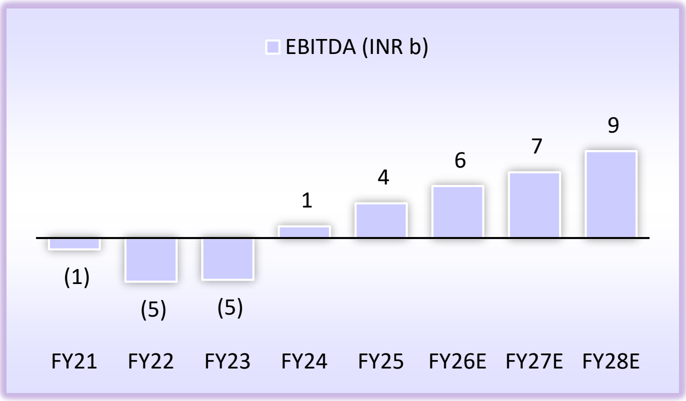
Volume growth to be robust in the PTL division



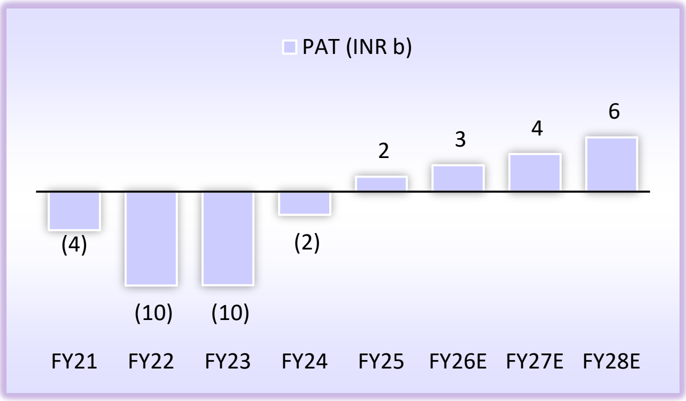
Warehousing infrastructure has surged > 2x



Higher contribution from the PTL segment results in operating profits



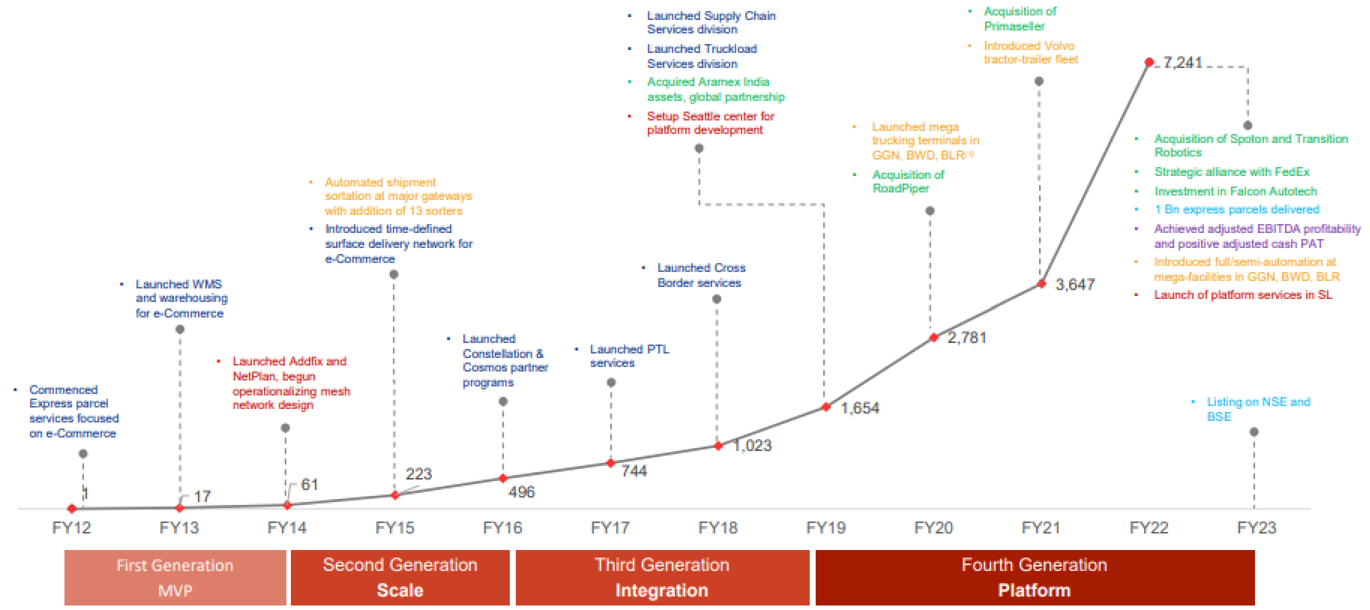
Improving operating performance to drive PAT



Delhivery – Business overview

- Incorporated as SSN Logistics Private Limited in Jun'11, Delhivery is the largest and fastest-growing fully integrated 3PL player in India by volume and revenue, with >20% volume market share in FY24 in the overall E-commerce logistics segment. Since its inception, the company has successfully fulfilled over 2.8b express parcel shipments across India.
- Delhivery provides integrated logistics and supply chain solutions to a diverse base of over 44,290 active customers, such as e-commerce marketplaces, direct-to-consumer e-tailers, and enterprises, as well as SMEs across several verticals (FMCG, consumer durables, consumer electronics, lifestyle, retail, automotive, and manufacturing).
- Delhivery has clocked a 32% revenue CAGR during FY19-25 to reach ~INR89b.

Exhibit 2: Evolution of Delhivery



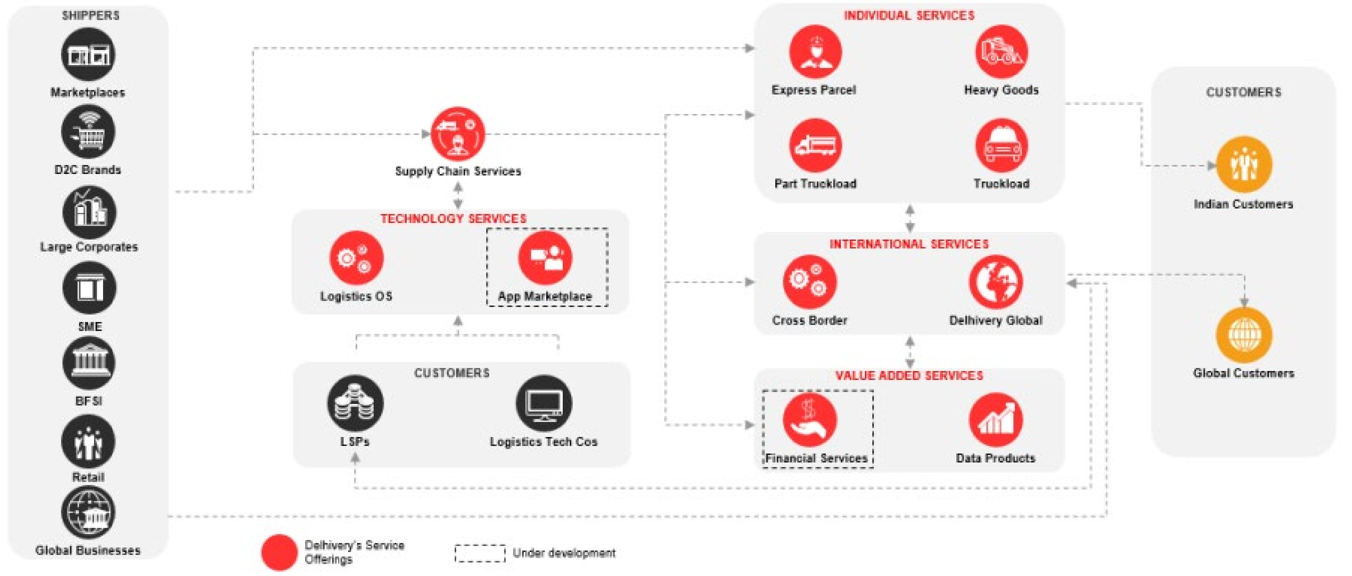
Source: Company, MOFSL

Exhibit 3: Key milestones

Year	Milestones
2011	❖ Incorporated as a logistics services provider
	❖ Launched Transportation Management System
	❖ Focused on hyperlocal express logistics with a key emphasis on the NCR region
2012	❖ Launched fulfillment services in Delhi and Chennai with 10,000+ sq ft of fulfillment space
2013	❖ Launched a suite of commerce technology including vendor panel, Warehouse Management System (Godam), and FALCON
	❖ Acquired a doorstep cash collection startup, Gharpay, to gain access to various service sector customers
	❖ Commenced the fulfillment business
	❖ Fulfillment services expanded to three cities with 40,000+ sq ft of fulfillment space
2014	❖ Launched Netplan, a network design tool with a presence in 100 cities and a 2,200-pin code reach. This has widened its presence across the logistics value chain by strengthening the warehousing/fulfillment centers
2015	❖ Strengthened infrastructure with a presence in 200 cities, 11 fulfillment centers, and an employee base of 10,000. Processed over 3m monthly transactions for 70,000 merchants, 1,500 e-commerce companies, and 200 offline retailers
	❖ Invested USD5m in partnership with Tracxn Labs in a startup named Parcelled, a company focused on shipping small items on demand for small businesses. The focus was to enter the first-mile logistics business
	❖ Invested USD7m in partnership with Sands Capital and Accel Partners in a startup named Opinio, a hyperlocal delivery company
	❖ Launched Addfix, an address resolution engine
	❖ Commenced the self-managed express surface line-haul network
	❖ Launched automated sorters in the network
	❖ Invested in a startup named Rocketbox, a Mumbai-based LCV aggregator
	❖ Invested in a startup named Qikpod, a differentiated last-mile solution company
2016	❖ Introduced PTL freight services
	❖ Launched ‘Constellation’, a partner managed last mile delivery network
	❖ Opened a warehouse in the Middle East to expand its footprint abroad
2017	❖ Expanded in 12,000+ pin codes and over 1,200 cities with a team size of 15,000+; 24 fulfillment centers with over 1m sq ft of warehousing space.
2018	❖ Introduced FTL freight services and cross-border services
	❖ Commenced cross-border service offerings
	❖ Platform as a Service (PaaS) was soft-launched in Sri Lanka and Bangladesh
2019	❖ Announced acquisition of Aramex India to break into document delivery. Delhivery and Aramex signed a strategic commercial partnership
	❖ Commenced supply chain services
	❖ Entered into a partnership with UPS
	❖ Launched tractor-trailers in the network
	❖ Opened the Delhivery, US office
2020	❖ Infrastructure of 22 automated sort centers, 85+ fulfillment centers, and 70 hubs constituting 12m sq ft across 17,500+ pin codes and 2,300+ cities. Has an attached fleet size of 15,000+ vehicles, and 40,000+ team members
	❖ Acquired Roadpiper Technologies Pvt Ltd. and launched three mega trucking terminals in Tauru (Haryana), Bhiwandi (Maharashtra), and Bengaluru (Karnataka)
2021	❖ Acquired Spoton Logistics to strengthen the B2B express logistics segment
	❖ FedEx invested USD100m ahead of the IPO and entered into a strategic partnership with Delhivery
	❖ Acquired the business of Primaseller Inc.
	❖ Delivered 1b express parcel shipments since incorporation
2022	❖ Invested in Falcon Autotech Private Limited
2023	❖ Listed on NSE and BSE
2024	❖ Became EBITDA positive
2025	❖ Reported Profitability in FY25, acquired Ecom Express for INR14b

Source: Company, MOFSL

Exhibit 4: Service offerings



Source: Company, MOFSL

Service offerings

- **Integrated solutions:** Delhivery provides a full range of logistics services, including express parcel delivery, heavy goods delivery, PTL freight, FTL freight, warehousing, supply chain solutions, cross-border express, and freight services, as well as supply chain software, along with several value-added services such as e-commerce return services, payment collection and processing, installation & assembly services, and fraud detection.
- **Proprietary logistics operating system:** Delhivery's in-house logistics technology stack is built to meet the dynamic needs of modern supply chains. It has over 80 applications through which the company provides various services, orchestrated by a platform to govern end-to-end transaction flows. The platform is designed as a set of foundational layers, libraries, and APIs that form the building blocks for logistics applications. It provides a configurable framework and tools to enable both internal and external developers to build customized applications. Delhivery has built sophisticated proprietary technology systems and is investing in data sciences (AI & ML), cutting-edge engineering and automation, as well as new-age technologies – vision machine learning, drones, and robotics with APIs that can integrate with a universe of customer systems, business applications, and partners, along with advanced data analytics capabilities. These systems also contain feedback loops built over long periods and serve a large number of customers, enabling them to become more intelligent with time and react faster to changing customer requirements.
- **Data intelligence:** The company collects, structures, stores, and processes vast amounts of transaction and environmental data to guide real-time operational decision-making. Since inception, Delhivery has collected participant, product, location, and network data for over 2b orders. It has used machine learning extensively to build various capabilities, including intelligent geo-location, network design, route optimization, load aggregation, ETA prediction, product identification, and fraud detection, which enable the company to execute operations in an efficient and precise manner.

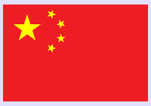
- **Automation:** Delhivery operated 45 fully and semi-automated sortation centers and 111 gateways across India as of Mar'25. The company had a Rated Automated Sort Capacity of 5.4m shipments per day. The automated material handling systems at mega-gateways in Tauru (Haryana), Bhiwandi (Maharashtra), and Bengaluru (Karnataka) combined with system-directed floor operations, path expectation algorithms, and machine-vision guided truck loading systems together enable facility staff to be more productive and help them minimize errors in operations.
- **Unified infrastructure and network:** The company operates a pan-India network and provides services in 18,833 pin codes. The logistics platform, data intelligence, and automation enable its network to be seamlessly interoperable. These also allow the sharing of infrastructure as well as operational capacity across business lines and set new service standards, such as providing e-commerce (like turnaround times for traditional PTL shippers on several lanes).
- **Asset-light operations:** The company's approach is to invest in critical service elements and IP-sensitive areas of the network while delivering services through a large number of network partners. Network partners with warehousing, freight (truckload or air), and/or first/last-mile capacities can sign up and find customers through partner applications. The systems function as managed marketplaces that match partner capacity with Delhivery's internal and third-party client demand based on partners' service quality ratings and pricing. This approach has enabled the company to quickly expand to geographically dispersed locations, optimize loads, improve cost structure, and maintain flexibility in handling seasonal variations and changes in client requirements while incurring minimal fixed costs and capital expenditures.

Market opportunity

Huge opportunity for organized players!

- The Indian logistics market is more fragmented than other large markets, such as the US and China. The top 10 organized players formed only ~2% of India's logistics market vis-à-vis 15% for the US and 10% for China as of FY20. The logistics market spending in the US and China is also 4-6x of India as of FY20.
- The Indian direct logistics spending was estimated to be around USD 161b in FY23, which is likely to surge to USD242b by FY28E, fueled by strong underlying economic growth, favorable regulatory environment, and improvements in India's transportation infrastructure, its digital economy, and offline commerce. Hence, India's logistics market spending is bound to grow, while organized players have an opportunity to grow their share in the logistics industry, propelled by the increasing share of e-commerce in retail trade.

Exhibit 5: Comparison among India, China, and the US's logistics markets

Parameter				
	Traditional 3PL	Delhivery		
Typical network design	Hub-spoke	Mesh network	Hub-spoke	Hub-spoke
Typical nature of asset holding	Asset-light; mainly partner-operated assets	Asset-light; leased infrastructure and fleet, selective ownership of strategic technology assets	Self-owned infrastructure; a mix of self-owned and partner-operated fleets, and last-mile	Asset-heavy; self-owned infrastructure and fleet
Automation	Low automation; mainly manual operations	High degree of automation with full control over the value chain	High degree of hardware automation	High degree of hardware automation

Source: Delhivery RHP, MOFSL

Fragmented and unorganized market: The Indian logistics market is more fragmented than other markets.

a) Over 85% of fleet owners operate fleets of less than 20 trucks.

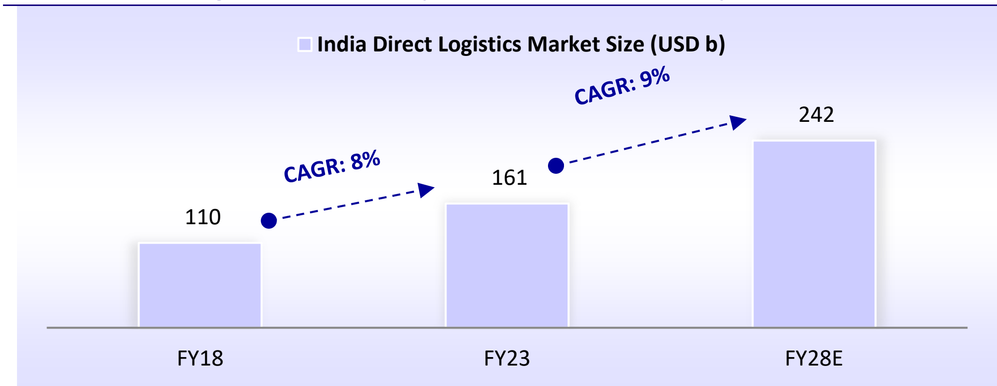
b) Trucks are usually smaller in size and poorly utilized, driving less than 325km/day on average.

c) Smaller warehouses (less than 10,000 sq. ft.) account for nearly 90% of the warehousing space in India.

Logistics sector in India

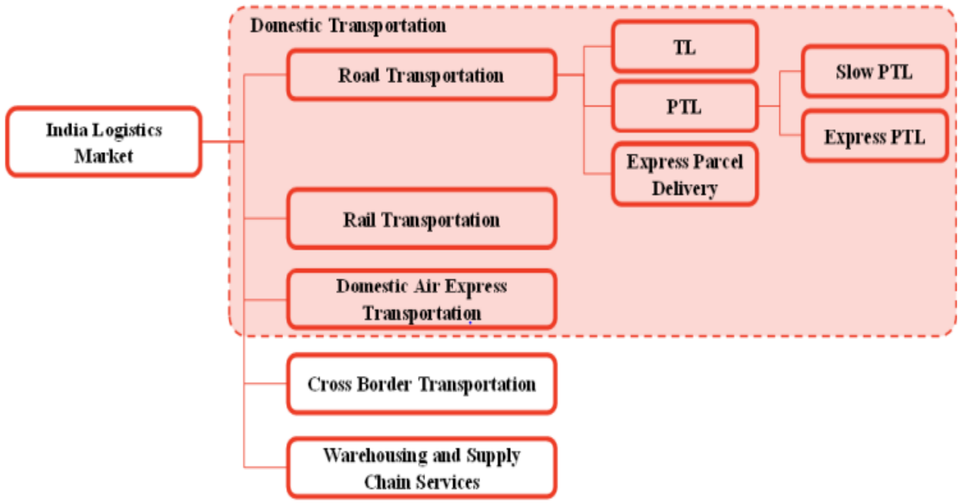
- The Indian logistics sector is one of the largest in the world and presents a huge addressable opportunity **with direct spending of USD161b in FY23. The sector is anticipated to surge to USD242b by FY28, at a CAGR of 9%.**

Exhibit 6: India's logistics market is expected to clock 9% CAGR by FY28



Source: CJ Darcyl DRHP, MOFSL

Exhibit 7: Overall logistics industry in India



Source: Company, MOFSL

Segment-wise breakup and growth estimates

Exhibit 8: Sector-wise outlook and market size (INR b)

Segment	FY18	FY23	FY28E	CAGR FY18-23	CAGR FY23-28E
Road Transport	**4,743**	**6,744**	**9,612**	**7%**	**7%**
FTL	4,306	6,040	8,471	7%	7%
LTL	437	704	1,141	10%	10%
Rail Transport	**1,124**	**1,577**	**2,426**	**7%**	**9%**
Domestic Express	**184**	**324**	**624**	**12%**	**14%**
Road Express	131	221	445	11%	15%
Air Express	53	103	179	14%	12%
Air Cargo	**1,058**	**1,484**	**2,283**	**7%**	**9%**
Multimodal Logistics	**257**	**378**	**582**	**8%**	**9%**
Rail Containers	69	92	148	6%	10%
Road Containers	189	286	433	9%	9%
Coastal Transport	60	84	123	7%	8%
Industrial Warehousing	**575**	**1,060**	**1,786**	**13%**	**11%**
3PL	377	636	1,172	11%	13%
Freight Forwarding	**770**	**1,080**	**1,515**	**7%**	**7%**

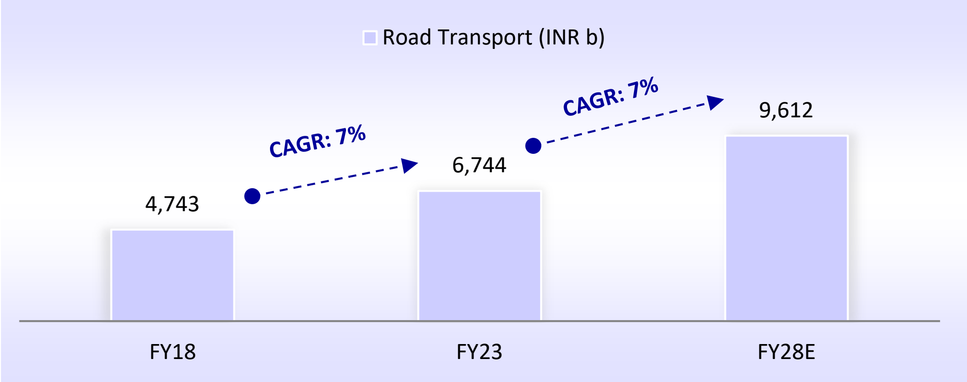
Sources: CJ Darcyl DRHP, MOFSL

Road transportation

- India's road transport logistics market is divided into three major segments:
  - FTL (~90% of road transport logistics spending)
  - PTL (~8%)
  - Express parcel or eCommerce-linked logistics (~2%).

The road transport segment is highly unorganized and fragmented. It comprises players, which provide transportation services, and intermediaries, such as transport contractors, booking agents and brokers, and consignors.

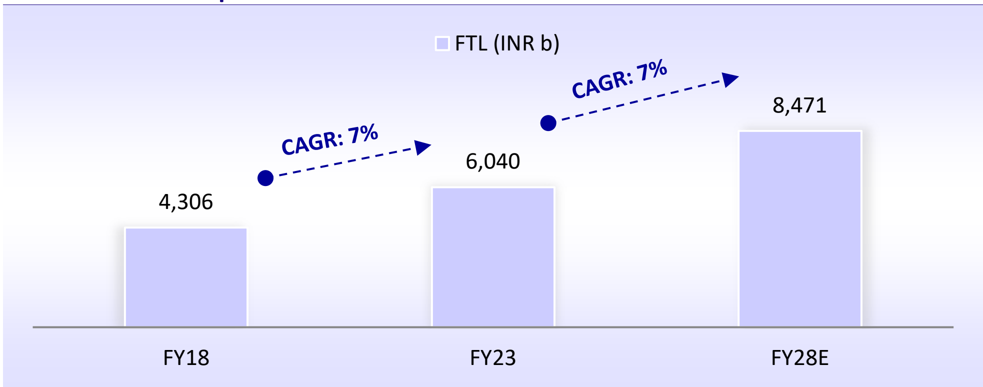
Exhibit 9: Road transportation market is expected to post 7% CAGR over FY23-28



Sources: CJ Darcyl DRHP, MOFSL

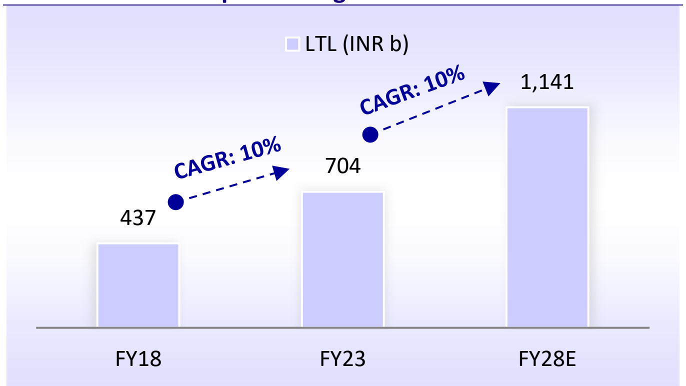
Within the road transportation segment, the domestic road express vertical is likely to post the fastest growth rate over FY23-28, led by the fast-growing e-commerce sector. FTL, which formed ~90% of the road transportation market size as of FY23, is likely to grow in line with the overall road transportation market (at +7% CAGR).

Exhibit 10: FTL is expected to clock 7% CAGR over FY23-28



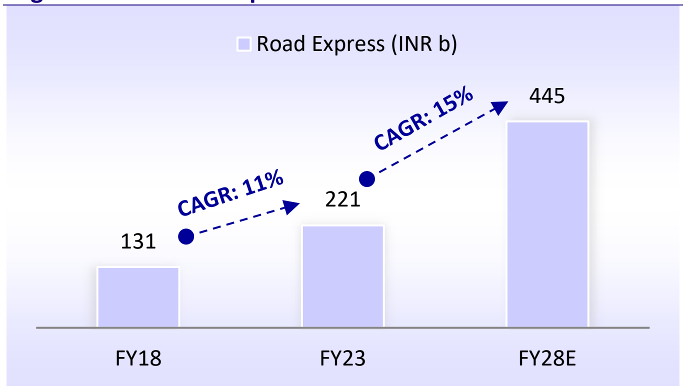
Sources: CJ Darcyl DRHP, MOFSL

Exhibit 11: LTL is expected to grow ~10% over FY23-28



Source: CJ Darcyl DRHP, MOFSL

Exhibit 12: Road express will remain the fastest-growing segment in road transportation



Source: CJ Darcyl DRHP, MOFSL

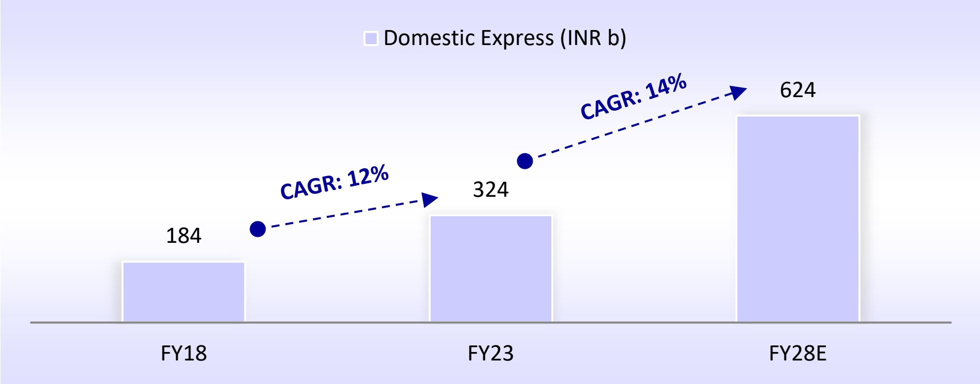
In the road transportation segment (excluding road express), LTL is expected to report a ~10% CAGR over FY23-FY28E (LTL reported ~10% CAGR over FY18-23), while FTL is expected to report a 7% CAGR. LTL has gained traction after the implementation of GST, as customers have relatively increased the number of smaller and direct shipments to retailers compared with warehouse-routed shipments. With the integration of technology in the entire supply chain and favorable government policies, organized players with a pan-India network in both

LTL and FTL segments are expected to report much higher growth than the industry and gain market share from small/unorganized players.

Express logistics

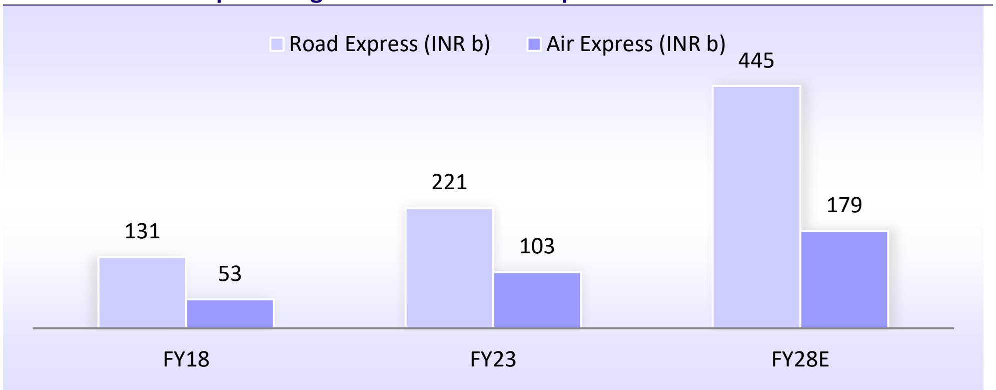
The express courier segment clocked a ~12% CAGR in revenue from FY18 to FY23, driven by economic improvements and e-commerce growth. Major players and startups are expected to benefit from e-retail growth, while smaller traditional players may struggle, particularly in the document sector. Strategic relationships and investments will be key to success in the e-commerce boom.

Exhibit 13: Domestic express market size



Sources: CJ Darcyl DRHP, MOFSL

Exhibit 14: Road express to grow faster than air express over FY23-28E



Sources: CJ Darcyl DRHP, MOFSL

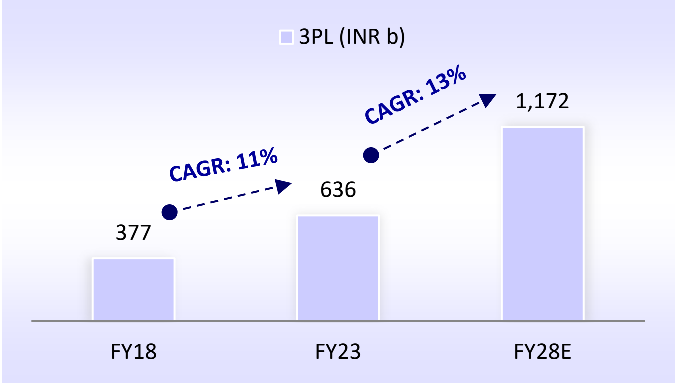
The domestic express vertical is projected to witness rapid growth at an estimated 14% CAGR over FY23-FY28 (posted 12% CAGR over FY18-23), primarily driven by road express (expected to register a 15% CAGR over FY23-28). The market share of major organized players in this segment is expected to increase from the current ~80%, aided by their extensive network, advanced technology, and favorable government policies such as the e-way bills and GST.

3PL

A 3PL company is an end-to-end supply chain management player that can provide supply chain design and consulting, access to multimodal transportation and infrastructure services like warehousing, cold storage, CFS/ICD, etc., and relevant value-added services, including, repackaging, reverse logistics, etc.

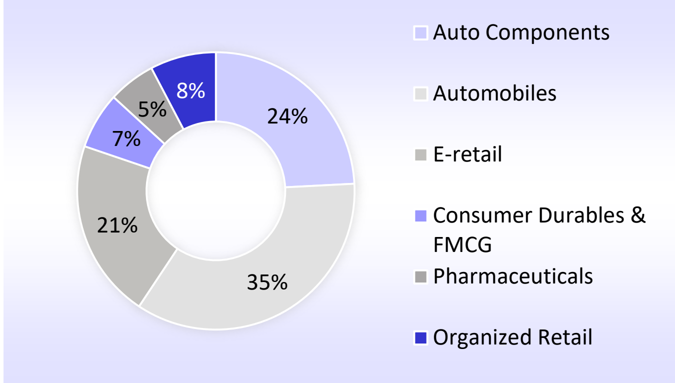
The major sectors for 3PL are auto components, automobiles, e-retail, physical retail, pharmaceuticals, and consumer durables/non-durables. The 3PL market was pegged at INR370-400b in FY18, which jumped to INR630-640b by FY23, at a CAGR of 11%. The 3PL market is estimated to record a 13% CAGR over FY23-28.

Exhibit 15: 3PL market growth to be led by the auto sector



Source: CJ Darcyl DRHP, MOFSL

Exhibit 16: Auto sector makes up ~60% of the 3PL market



Source: CJ Darcyl DRHP, MOFSL

Exhibit 17: Listed logistics companies in India, China, and the US

Indicative set of Listed Players			
Express Parcel Delivery	Delhivery, Blue Dart, EKART	ZTO Express, Best, JD Logistics, SF Holdings, EMS, YTO Express, STO Express, Yunda	FedEx, UPS, USPS, Amazon
PTL	Delhivery, VRL Logistics, TCI Express, Gati	ZTO Express, Best, Deppon Logistics	FedEx, UPS, XPO Logistics, Old Dominion, SAIA
Truck Load	Delhivery, TCI, VRL Logistics	Best Logistics, SF Holdings, Full Truck Alliance	FedEx, UPS, Knight Swift Logistics, JB Hunt, Werner Enterprises
Supply Chain Services	Delhivery, Mahindra Logistics, DHL Supply Chain	JD Logistics, Best Logistics	UPS, GXO Logistics, FedEx

Source: Delhivery RHP, MOFSL

Factors driving the shift in favor of organized players in India

a) **Changes in supply chain structures:** Larger, consolidated warehousing has led to an increasing need for speed and reliability over longer distances.

b) **Changing customer expectations:** Brands and retailers with omnichannel operations increasingly need to match the turnaround times of e-commerce players at affordable costs.

c) **Infrastructure improvements:** Improving road infrastructure, combined with the availability of larger truck sizes, is leading to higher capacity utilization and a lower cost of operations for organized players, thus improving their competitiveness.

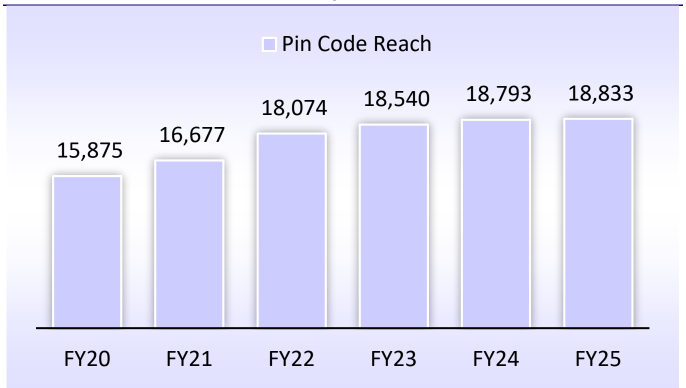
d) **Penetration of technology:** The availability of data such as road network information, weather, and telemetry data from IOT devices enables organized players to make better decisions on route and fleet management.

e) **Category expansion:** Newer e-commerce categories such as appliances, homes, and furniture are better suited to move through PTL networks due to their large parcel sizes. Suppliers prefer to avail themselves of the services of organized players to execute these deliveries.

Fully integrated player offering services across the board

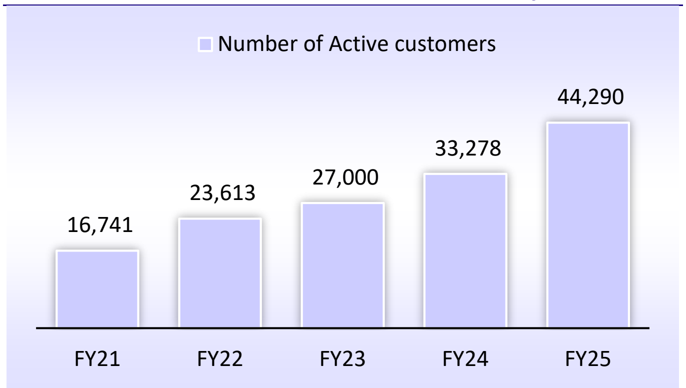
- Delhivery is a fully integrated 3PL provider, mainly focusing on road transport, warehousing/supply chain services, and cross-border logistics. With >20% volume market share in e-commerce parcels and service coverage in more than 95% Indian pin codes, Delhivery is the largest and fastest growing 3PL player in India by volume and revenue.
- The express logistics segment formed ~60% of Delhivery's revenue in FY25, followed by the PTL segment (~21%), Supply Chain services (~7%), Truck Load segment (~10%), and the Cross-border segment (~2%).

Exhibit 18: Caters to >95% of pin codes in India



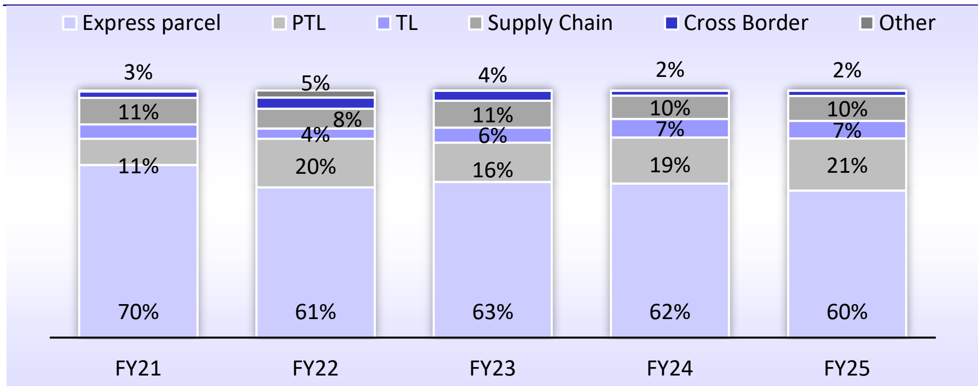
Source: Company, MOFSL

Exhibit 19: Active customer base across industry verticals



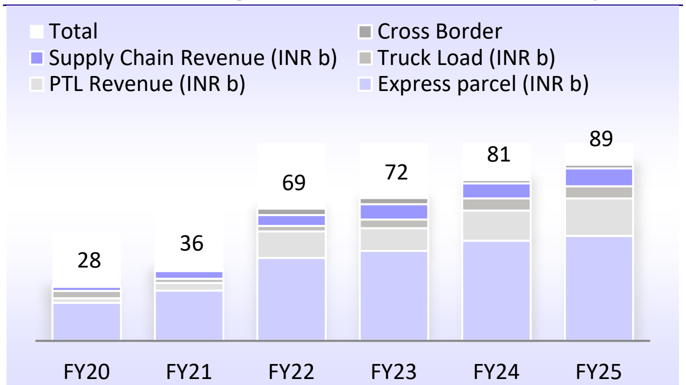
Source: Company, MOFSL

Exhibit 20: Change in revenue mix over the last few years



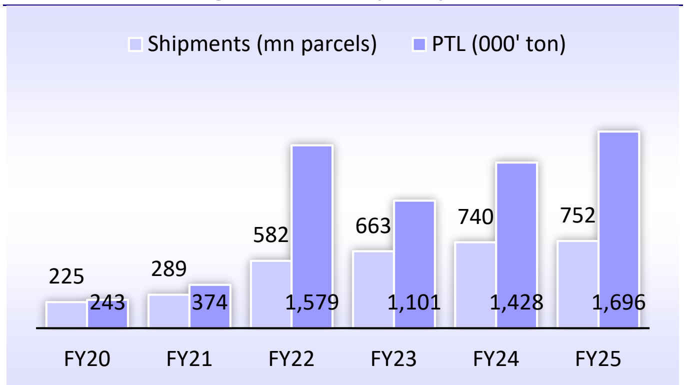
Source: Company, MOFSL

Exhibit 21: Revenue growth robust over the last few years



Source: Company, MOFSL

Exhibit 22: Volume growth from Express parcel & PTL



Source: Company, MOFSL

Exhibit 23: Key operating metrics

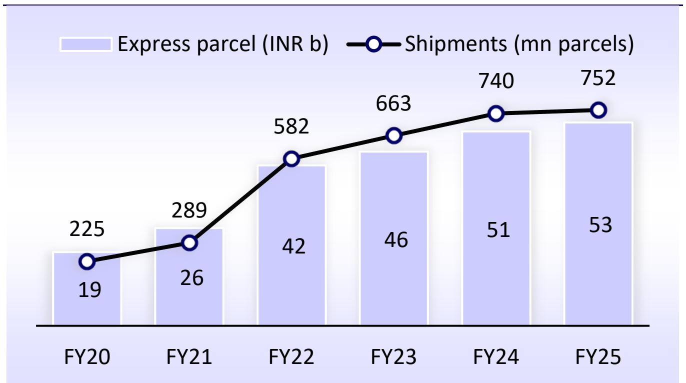
Y/E March	FY21	FY22	FY23	FY24	FY25
Pin code reach	16,677	18,074	18,540	18,793	18,833
Infrastructure (in m square feet)	12.23	18.15	18	18.82	20.1
No. of gateways	88	123	94	111	111
Fleet size – daily average	5,095	9,120	11,105	15,065	16,677
Team size	33,242	60,373	57,307	63,713	61,977
No. of active customers	16,741	23,613	27,253	33,278	44,290

Business segments

Express Parcel/Logistics (60% of FY25 revenue)

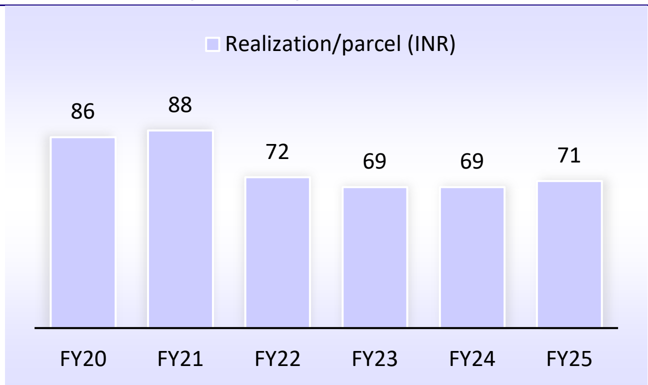
- Delhivery is the largest and fastest-growing 3PL express parcel delivery player in India by volume and revenue as of FY25.
- Has a domestic market share of >20% in e-commerce volumes (including captive players)
- Has delivered more than 2.8b shipments since its incorporation.
- Shipment volume has surged ~5x to 752m shipments in FY25 from 148m in FY19.
- Services to 18,833 pin codes in India (>95% of the total pin codes).

Exhibit 24: In volume terms, Delhivery has garnered ~20% market share



Source: Company, MOFSL

Exhibit 25: Per shipment express realization



Source: Company, MOFSL

Acquisition of Ecom Express

- Delhivery acquired a 99.4% stake in Ecom Express Limited (Ecom) for INR14.1b in an all-cash deal announced on April 5, 2025. The acquisition, one of the largest consolidations in India's logistics sector, is likely to be completed within six months, pending approval from the Competition Commission of India (CCI).
- Ecom Express, founded in 2012 and headquartered in Gurugram, faced significant challenges, including the loss of its largest client, Meesho (which contributed 40-50% of its business), the death of co-founder T.A. Krishnan in 2023, and stalled IPO plans due to market uncertainties and operational issues. These factors led to a distress sale, with Ecom Express valued at a steep 80% discount from its peak valuation of INR73b.
- The acquisition enhances Delhivery's scale, strengthens its market position, and is expected to improve operational efficiency and profitability by leveraging Ecom Express's rural network and infrastructure. Delhivery plans to integrate Ecom Express's operations, retaining most of its trained staff and rationalizing

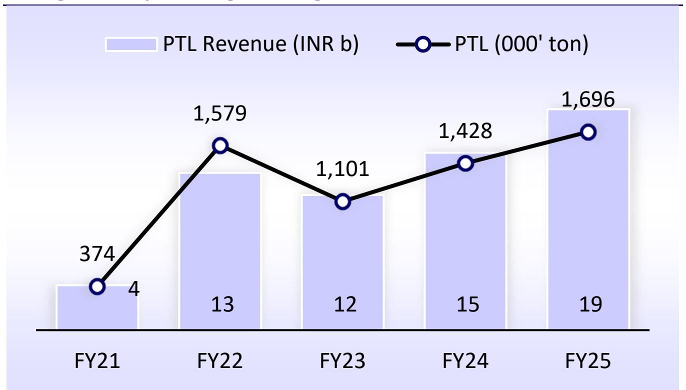
overlapping facilities, with minimal technology integration challenges due to near-complete customer and revenue overlap.

- Despite short-term integration costs and Ecom Express's reported net loss of ~INR4b in 9MFY25, Delhivery anticipates long-term benefits, including reduced per-shipment costs and improved service quality through investments in technology and network optimization.

Part Truck Load (PTL) Freight (21% of FY25 revenue)

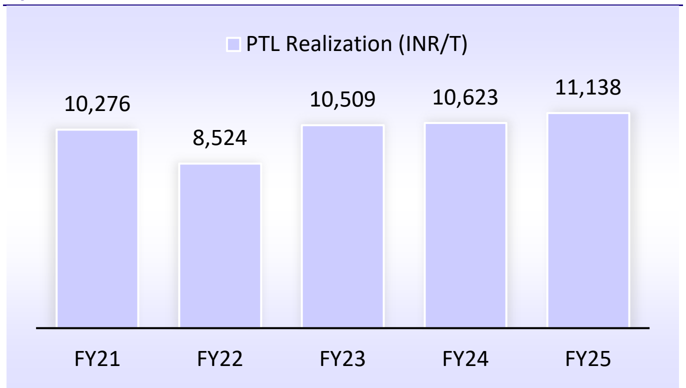
- The third-largest PTL freight player in terms of revenue as of FY25 (including Spoton), with a market share of ~10% of the organized PTL market in India.
- Provides a full suite of freight services, including door-to-door and hub-to-hub deliveries, and value-added services such as transportation of oversized cargo and reverse pick-ups.
- Acquired Spoton in Aug'21 for a consideration of ~INR15b to further scale up the PTL freight services business.

Exhibit 26: Spoton integration has garnered higher volumes along with operating leverage



Source: Company, MOFSL

Exhibit 27: Realization has been stable post-acquisition of Spoton



Source: Company, MOFSL

Truck Load (TL) Freight (7% of FY25 revenue)

- TL Freight's brokerage platform, 'Orion', connects shippers with fleet owners and suppliers of truckload capacity across the country via a centralized bidding and matching engine.
- As of Mar'24, over 84,000 trucks have been registered on the Orion platform, with over 375,000 truck placements completed for external customers as well as Delhivery's own line haul requirements.
- The company acquired Roadpiper Technologies Pvt Ltd. in Jan'20, which is a digital freight broker with fleet-owner, load-matching, and pricing applications.

Warehousing/Supply Chain Services (10% of FY25 revenue)

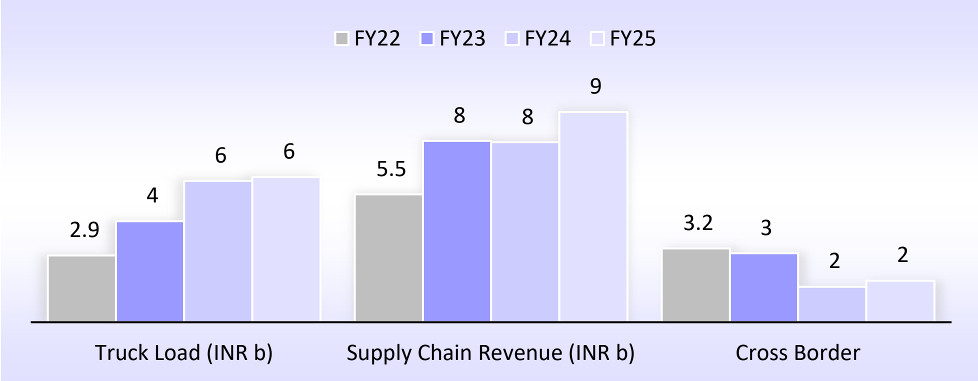
- Provides integrated solutions for warehousing, transportation, infrastructure, network, and technology with deep data-science and business intelligence capabilities.
- Uses a warehouse management system ('Godam'), which supports multi-tenant and multi-channel operations.
- Services more than 70 leading enterprise customers across sectors such as consumer durables, retail, distribution, automotive, and chemicals, and powers

their supply chain operations through integrated warehousing, transportation, and technology solutions.

Cross-border Services (2% of FY25 revenue)

- Cross-border offerings provide door-to-door and port-to-port express parcel services as well as air cargo to and from India. The company's operations are powered by its global shipping service, 'Starfleet', where it follows a "string of pearls" strategy, integrating global networks and airlines on the same platform, and providing single-window visibility of express and freight global shipping to its shippers.
- Has established a reciprocal relationship with FedEx and Aramex to expand coverage across key international markets in the Middle East and North Africa.

Exhibit 28: Revenue trends in TL/Supply Chain/Cross-border services (INR b)

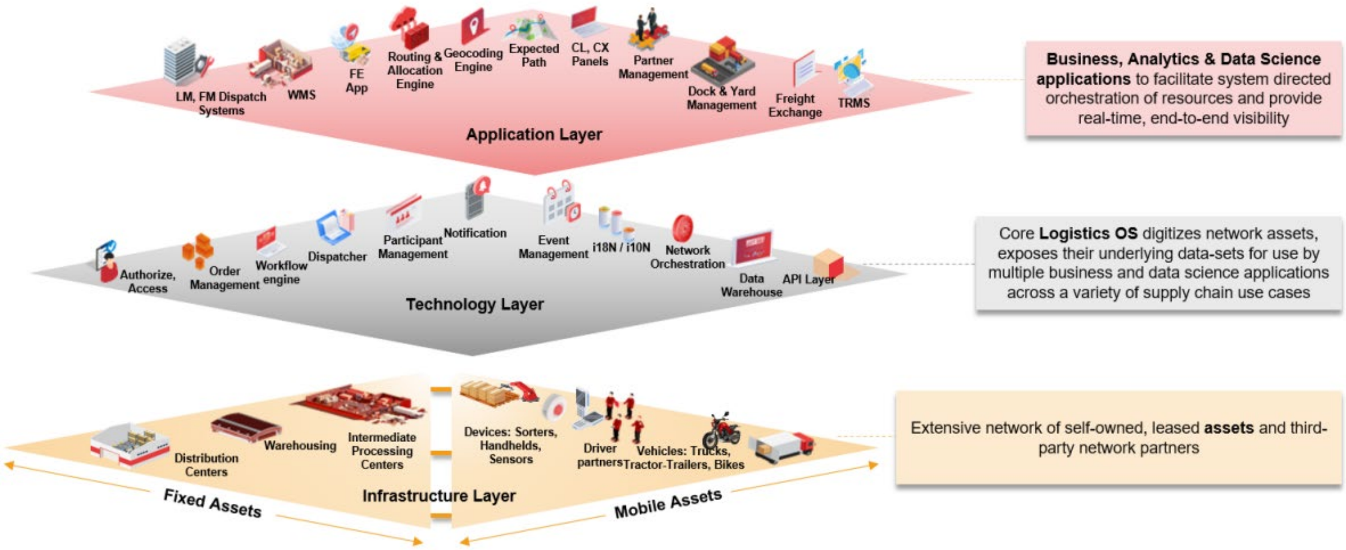


Source: Company, MOFSL

Use of technology and data intelligence

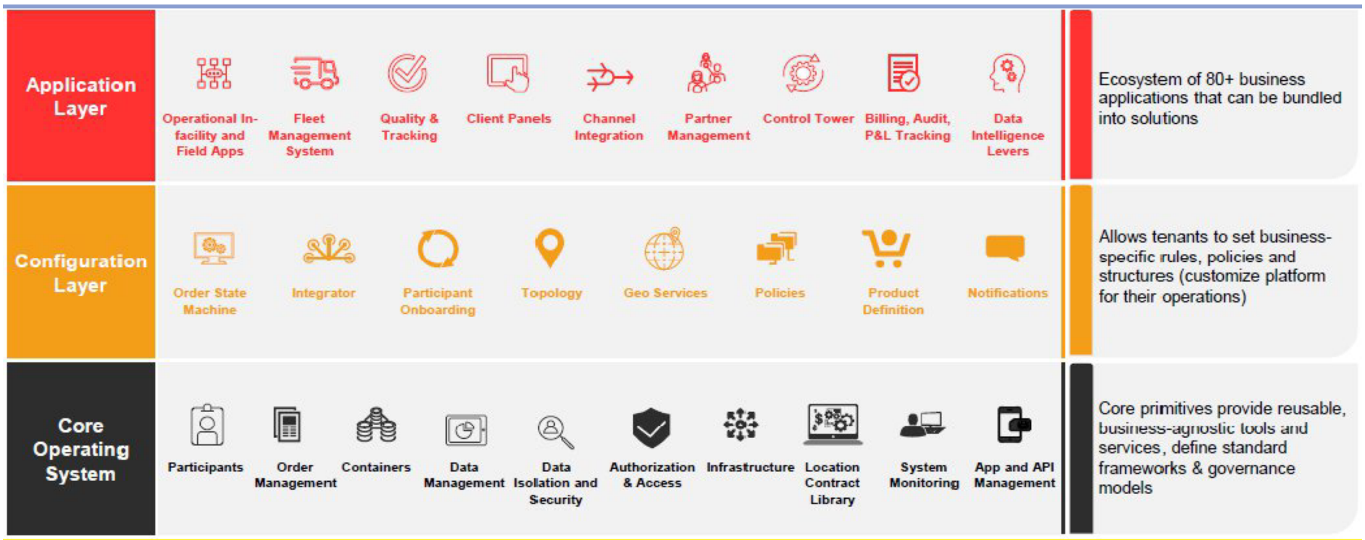
- Delhivery's proprietary tech-enabled operating system is at the heart of its solutions and enables it to offer integrated logistics services to a wide variety of customers.
- The three-layer technology stack comprising the core operating system ('Core OS') includes a configuration layer and an application layer, which uses over 80 self-developed applications to allow the company to provide customized and dynamic supply chain solutions.

Exhibit 29: Integration of logistics operating system along with infrastructure and applications



Source: Company, MOFSL

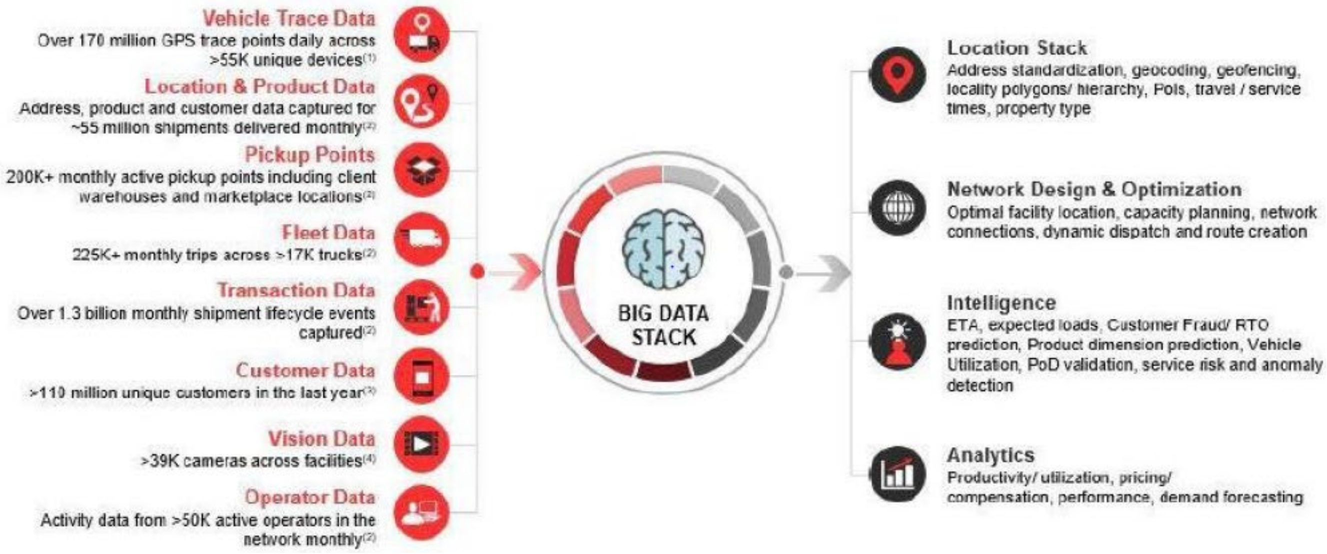
Exhibit 30: Delhivery's three-layer technology architecture



Source: Company, MOFSL

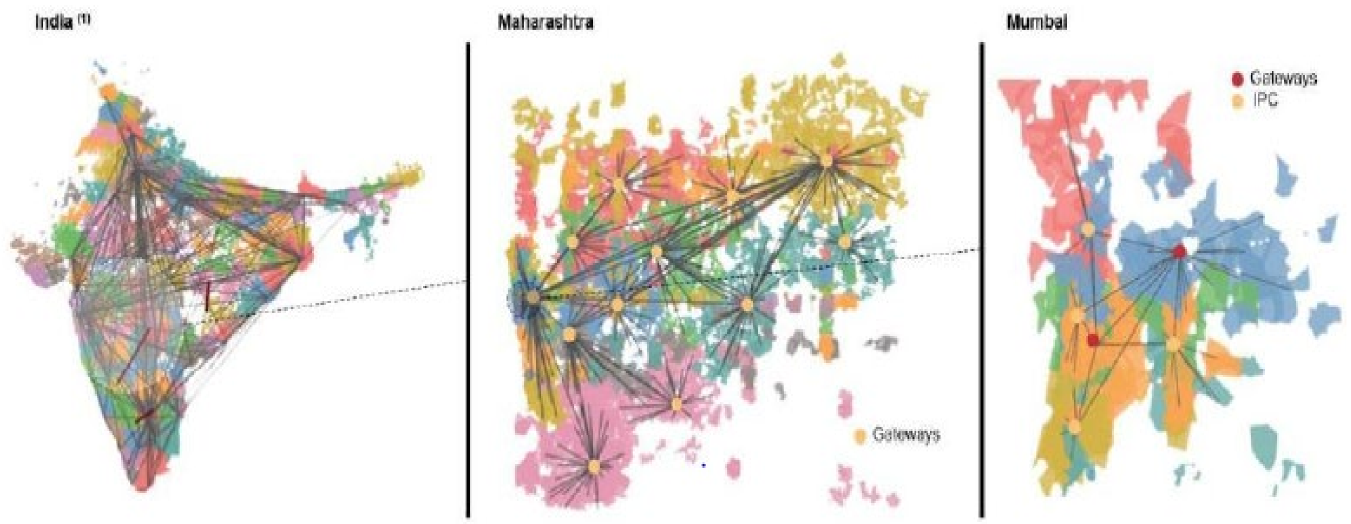
- The company operates 45 fully- and semi-automated sortation centers and 111 gateways across India as of Mar'25. It also has an automated sorting capacity of 5.4m shipments per day.
- Delhivery collects, structures, stores, and processes vast amounts of data, which are fed into proprietary algorithms that use machine learning and big data analytics to build various capabilities (such as intelligent geolocation, network design, route optimization, load aggregation, et al.) and derive insights. These help in automating and optimizing critical business decisions as well as executing operations efficiently.
- This automation, combined with system-directed floor operations, path-expectation algorithms, and machine-vision-guided truck loading systems, enables the facility staff to be more productive and minimize errors in operations.

Exhibit 31: Delhivery's data intelligence capability



Source: Company, MOFSL

Exhibit 32: Delhivery's mesh network



Source: Industry Reports, Company, MOFSL

Investment thesis: Healthy mix and cost-control measures to lift margins

Delhivery is the largest 3PL player in the express parcel logistics industry by volume and revenue, with a volume market share of >20% in FY24. The company is well poised to grow over the next 10-15 years, as e-commerce penetration in India is at a nascent stage and is likely to rise exponentially. Delhivery is also present in segments such as PTL, warehousing, and supply chain logistics, which are highly unorganized and fragmented at present.

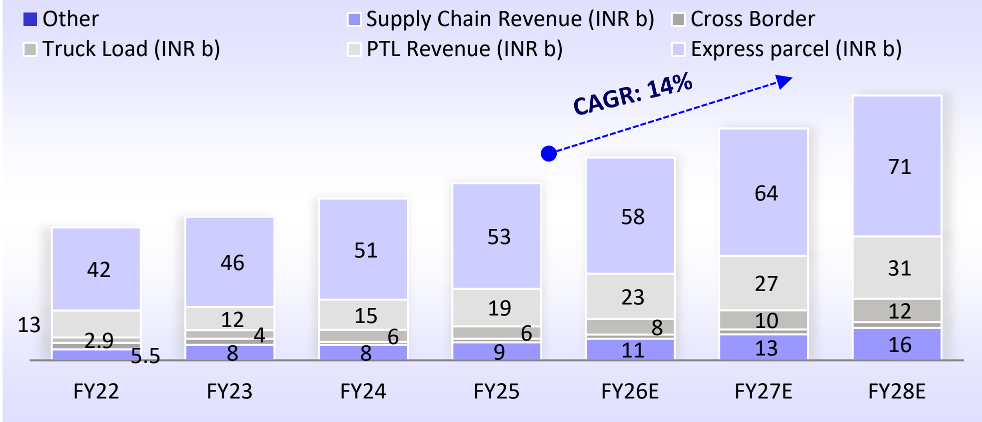
Exhibit 33: Key assumptions

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Express Parcel revenue (INR m)	45,520	50,770	53,180	58,498	64,207	71,001
Change (YoY)	9%	12%	5%	10%	10%	11%
Number of Parcels (m)	663	740	752	827	926	1,056
Change (YoY)	14%	12%	2%	10%	12%	14%
Realization/parcel	68.7	68.6	70.7	70.7	69.3	67.2
Change (YoY)	-5%	0%	3%	0%	-2%	-3%
Service Level EBITDA (INR m)	6,360	9,340	8,610	9,652	10,915	12,780
Service Level EBITDA Margin (%)	14%	18%	16%	17%	17%	18%
Part Truck Load (PTL) revenue (INR m)	11,570	15,170	18,890	22,736	27,283	31,376
Change (YoY)	-14%	31%	25%	20%	20%	15%
Volume ('000 t)	1,101	1,428	1,696	2,001	2,402	2,762
Change (YoY)	-30%	30%	19%	18%	20%	15%
Realization/t	10,509	10,623	11,138	11,361	11,361	11,361
Change (YoY)	23%	1%	5%	2%	0%	0%
Service Level EBITDA (INR m)	-2,370	-460	1,010	1,250	1,637	2,196
Service Level EBITDA Margin (%)	-20%	-3%	5%	6%	6%	7%
Supply Chain revenue (INR m)	7,820	7,760	9,070	10,884	13,061	16,326
Change (YoY)	42%	-1%	17%	20%	20%	25%
Service Level EBITDA (INR m)	250	530	200	261	392	490
Service Level EBITDA Margin (%)	3%	7%	2%	2%	3%	3%
Truck Load revenue (INR m)	4,360	6,090	6,260	7,825	9,781	11,738
Change (YoY)	52%	40%	3%	25%	25%	20%
Cross Border revenue (INR m)	2,970	1,530	1,790	2,059	2,408	2,890
Change (YoY)	-7%	-48%	17%	15%	17%	20%

Source: Company, MOFSL

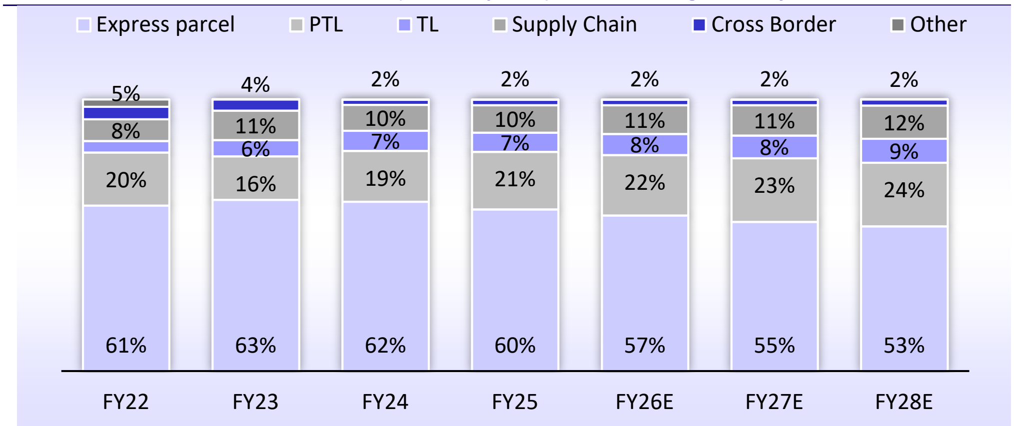
- **Revenue to clock 14% CAGR driven by PTL:** We expect Delhivery's revenue to clock a 14% CAGR over FY25-28, driven primarily by strong growth in its PTL services, which are projected to report 18% revenue CAGR over FY25-28E. Following the integration of Spoton, PTL volumes have been ramping up and are projected to record 18% volume CAGR over FY25-28E. The express parcel segment, contributing ~60% of Delhivery's revenue, is expected to post a 10% revenue CAGR over FY25-28E and 12% volume CAGR despite near-term challenges such as rising competition and a slowdown in rural consumption.

Exhibit 34: PTL business to drive overall revenue (INR b)



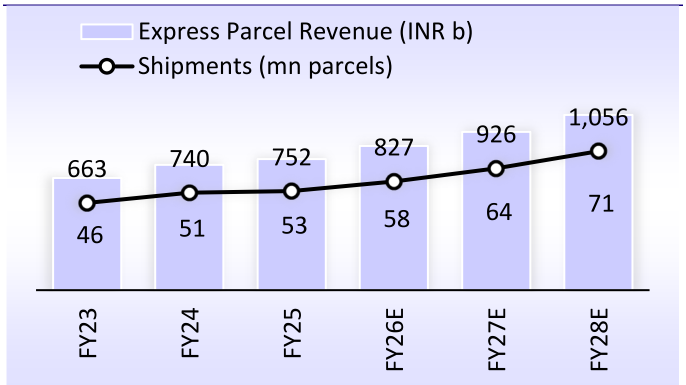
Source: Company, MOFSL

Exhibit 35: Share of PTL and others (excl. express) to increase gradually in overall revenue



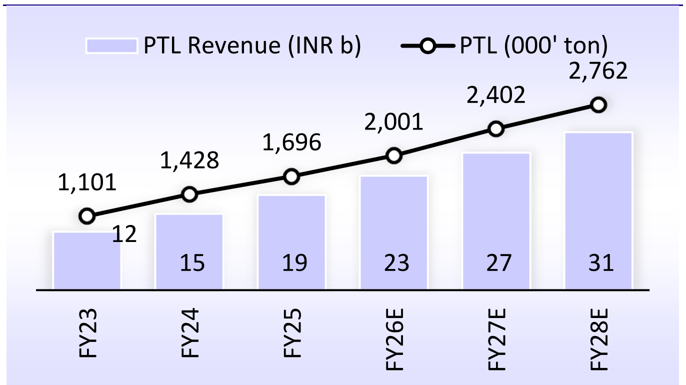
Source: Company, MOFSL

Exhibit 36: Express service revenue to grow at 10% CAGR



Source: Company, MOFSL

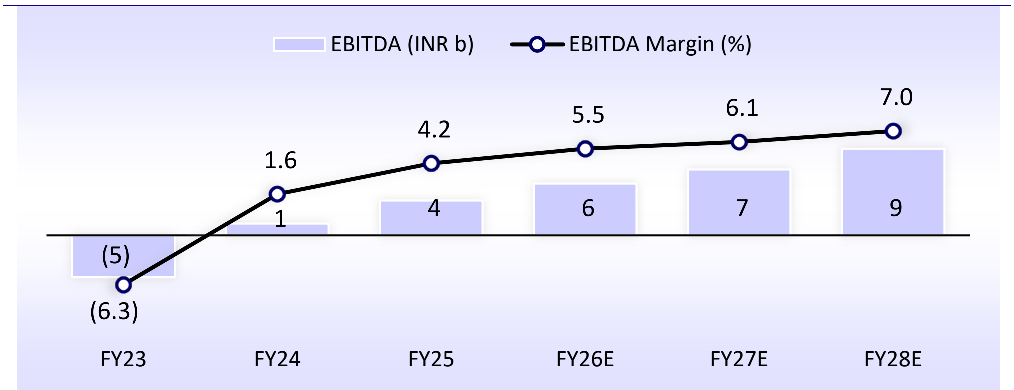
Exhibit 37: PTL to report 18% revenue CAGR over FY25-28E



Source: Company, MOFSL

- **Operating margin should improve significantly with scale:** As Delhivery continues to scale and consolidate its leadership in the express parcel segment (>20% market share in India as of FY24), we expect operating margins to improve, supported by operating leverage and increasing efficiency through technology integration across its value chain. EBITDA margins are projected to expand to 7.0% by FY28 from 4.2% in FY25. The margin pressure experienced during the Spoton integration is now behind, and a similar impact is not anticipated from the Ecom Express integration, given the overlap in customer base and operational processes.

Exhibit 38: EBITDA to ramp up with scale



Source: Company, MOFSL

- **Market leadership and scale in a high-growth sector:** Delhivery holds a leading position in India's third-party logistics market, servicing over 18,833 pin codes with a network of 20,000+ vehicles and 20.1m sq. ft. India's e-commerce market is projected to grow at ~15% CAGR through 2030, driven by rising internet penetration and consumer spending. Delhivery's end-to-end logistics capabilities position it to capture a significant share of this growth, with expected revenue growth of ~10-15% annually over the next 3-5 years.
- **Market share gain in the fast-growing e-commerce segment:** Delhivery's market share in e-commerce parcel shipments is expected to reach 30-32% by FY26/27 (from ~20% in FY24). We believe the increasing relevance of social e-commerce, D2C, and omni-channel platforms will increase the share of 3PL players in e-commerce logistics.
- **Strategic acquisition of Ecom Express enhances scale and efficiency:** The INR14b acquisition of Ecom Express consolidates Delhivery's market dominance by integrating Ecom Express's rural network and INR26b (FY24) revenue base. This move strengthens Delhivery's competitive moat against players like Blue Dart and XpressBees, enhancing long-term profitability.
- **Higher share of organized players in PTL and warehousing/supply chain:** About 90% of the PTL and warehousing segments in India are unorganized, as these were traditionally served by small fleet owners. Post-implementation of GST and the e-way bills, organized players are gaining market share due to faster and time-bound deliveries, better control through automation at warehouses, and network integration. We expect Delhivery's revenue to exhibit 18% and 22% CAGR in the PTL and warehousing/supply chain segments, respectively, over FY25-28.
- **Operating margin should improve significantly with scale**: We estimate Delhivery's EBITDA margin to improve to 7% by FY28 from 4.2% in FY25, driven by operating leverage, technological integration in express parcel and PTL segments, and higher market share gains.

Valuation and view: Initiate coverage with a BUY rating

- We expect Delhivery to benefit from
  - rising e-commerce penetration with increasing contributions from new B2C commerce models,
  - formalization of the PTL and FTL industries, and
  - a shift towards the 'total cost' approach, driving demand for integrated service providers.
- Delhivery's strategy will result in substantial growth as it aims to focus on express parcel and PTL segments as its core growth pillars. However, other segments would largely leverage the existing customers and infrastructure, aiding in improved utilization and cost economics.
- **We value the stock based on DCF methodology to arrive at our TP of INR480. We initiate coverage on the stock with a BUY rating.**
- Key **downside risks** include: slower growth in the e-commerce segment and slower-than-expected penetration in the B2B express market.

Exhibit 39: Assumptions used in the DCF methodology…

Particulars	Rationale	Assumption
Revenue growth	❖ As ~60% of the business comes from the high-growth express parcel segment, we project a revenue CAGR of 13% during FY25-35.	❖ Expect CAGR of: 14% over FY25-30, and 11% over FY30-35.
EBITDA margin	❖ Scalability, extensive service offerings, and integration of technology provide significant cost efficiency.	❖ Expect YoY improvement in margins through FY35.
Lease payments	❖ Rent paid and depreciation charged on leased properties are non-cash recurring expenses, which are deducted in EBITDA under IND-AS-116. Hence, for FCFF calculation, we have added back such non-cash recurring charges.	❖ Expect ESOP charge to be INR1.1b and lease payment to be in the range of 2-4% of revenue during FY25-35.
Capex	❖ The company has cash of ~INR3.3b as of Mar'25, which it intends to use towards the development of automated hubs and technology up-gradation while following an asset-light model. Management has guided for a capex of 5-6% of sales.	❖ Expect capex at 5-6% of sales over FY25-35.

Source: Company, MOFSL

Exhibit 40: …to arrive at our DCF-based TP of INR480

INR b	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Revenue	**68,823**	**72,253**	**81,415**	**89,319**	**1,02,131**	**1,16,870**	**1,33,459**	**1,73,226**	**2,95,505**
EBITDA	**-1,723**	**-4,516**	**1,266**	**3,758**	**5,603**	**7,099**	**9,354**	**19,907**	**41,395**
EBITDA margin (%)	-2.5%	-6.3%	1.6%	4.2%	5.5%	6.1%	7.0%	11.5%	14.0%
Depreciation	6,107	8,311	7,216	5,349	6,177	6,729	7,363	8,897	14,741
EBIT	-7,830	-12,828	-5,949	-1,591	-574	370	1,991	11,010	26,654
NOPLAT	**-7,830**	**-12,828**	**-5,949**	**-1,591**	**-574**	**370**	**1,991**	**8,235**	**19,937**
Add: ESOP Charge	3,200	2,890	2,260	1,150	1,150	1,150	1,150	1,150	1,150
Add: Depreciation	6,107	8,311	7,216	5,349	6,177	6,729	7,363	8,897	14,741
Less: Lease Payments	2,840	2,580	2,770	3,430	3,730	4,030	4,330	4,930	5,430
Less: WC Changes	-4,954	640	151	-249	-1,525	1,967	2,214	2,703	2,685
Less: Capex	-5,398	-5,940	-4,684	-4,757	-6,507	-5,844	-6,673	-8,661	-14,775
FCFF	**8,989**	**1,093**	**5,289**	**6,484**	**11,055**	**8,095**	**10,633**	**19,311**	**42,488**

Exhibit 41: DCF summary (INR m)

WACC	12%
NPV	1,07,883
TGR	5.0%
NPV of TV	2,05,648
Enterprise Value	3,13,530
Net Debt / (Cash)	-38,745
Implied Mcap	3,52,276
Per Share Value (INR)	**480**
CMP	409
Upside (%)	17%

Exhibit 42: Terminal growth rate

WACC	4.0%	4.5%	5.0%	5.5%	6.0%
10.5%	553	583	618	660	712
11.0%	511	535	564	598	638
11.5%	475	495	519	546	578
12.0%	443	460	480	502	529
12.5%	415	430	446	465	487
13.0%	391	403	417	433	451
13.5%	369	380	392	405	421

SWOT analysis

Bull and Bear cases

Bull case

- In our Bull case scenario, we factor in 15% revenue CAGR over FY25-28E, driven by a higher growth in the express parcel and PTL segments.
- Further, with higher volumes, we expect operating leverage to improve EBITDA margin to 8.3% by FY28 (from 4.2% in FY25).
- Based on the above assumptions, the company's valuation on a DCF basis would be INR510/share.

Bear case

- In our Bear case scenario, we factor in 13% revenue CAGR over FY25-28E, considering slower volume growth in the express parcel and PTL segments.
- With lower volume growth, we expect some adverse impact on the margin front as well.
- Based on the above assumptions, the company's valuation on a DCF basis would be INR440/share.

Exhibit 43: Scenario analysis – Bull case

INR b	FY26E	FY27E	FY28E
Net revenue	103.2	118.6	135.7
EBITDA	6.2	8.5	11.3
APAT	3.3	5.1	7.4
Change YoY (%)	98.1	54.8	44.1
Revenue Growth (%)	15.5	14.9	14.4
EBITDA Margin (%)	6.0	7.1	8.3
RoE (%)	3.5	5.1	6.9
EPS	4.4	6.9	9.9
Target price (INR)	**510**		
Upside (%)	**25%**		

Source: MOFSL, Company

Exhibit 44: Scenario analysis – Bear case

INR b	FY26E	FY27E	FY28E
Net revenue	101.6	115.3	130.2
EBITDA	5.2	6.8	8.3
APAT	2.5	3.8	4.9
Change YoY (%)	51.5	49.6	30.3
Revenue Growth (%)	13.7	13.5	12.9
EBITDA Margin (%)	5.1	5.9	6.3
RoE (%)	2.7	3.8	4.8
EPS	3.4	5.1	6.6
Target price (INR)	**440**		
Upside (%)	**8%**		

Source: MOFSL, Company

Key risks

The key downside risks to Delhivery's business and industry are as follows:

- **Dependency on vendors, partners, and other third parties:** Delhivery had a total of 61,977 permanent (incl. contractual) employees and 41,549 partner agents. Further, a majority of the trucks and other vehicles are also leased from third-party fleet partners. Reliance on these third parties may pose a downward risk to the company.
- **Escalation in rental/lease expenses:** Delhivery's entire infrastructure of 20.1m sq. ft. is leased. Rental costs for the leased facilities and pricing for the leased vehicles are subject to potential hikes. The facility lease agreements provide for rent increases in the range of 6-7% per year, while the vehicle lease agreements are short-term in nature, with rental prices linked to the market price of diesel fuel. Escalation in rental/lease expanses is detrimental to the company.
- **Heavy reliance on e-commerce**: Delhivery has diversified itself from e-commerce into other industry verticals, including customer electronics, consumer durables, FMCG, healthcare, automobiles, etc. However, the contribution of e-commerce to total revenue still remains significant. The revenue from express parcel services, which largely cater to e-commerce customers, stood at 60% of the revenue in FY25. Slower growth in the e-commerce segment may adversely impact the company's financials.
- **Dependency on certain large customers:** A significant portion of its business is attributable to certain large customers. Hence, the success of Delhivery depends on its ability to generate repeat customers and increase the size of the business from its existing customers. Termination of the contract by any major customer may materially and adversely affect its revenue, cash flows, and prospects.
- **Intensified competition**: The logistics industry in India is highly competitive in nature owing to the large number of unorganized players. Several segments in which Delhivery operates have low barriers to entry. Intensified competition from unorganized 3PL or transport providers could force the company to lower its prices, thereby reducing its profit margin or market share.

ESG initiatives

Environment

- The company's four largest gateway facilities, located at Tauru (Haryana), Bhiwandi (Maharashtra), Dankuni (West Bengal), and Bengaluru (Karnataka), utilize 4 MW of power, of which 45% (1.5 MW) is solar-powered.
- In FY24, Delhivery generated an impressive 730,740 kWh of electricity through solar power installations at various facilities, resulting in a substantial reduction of 517.4 tCO2e emissions.
- Delhivery continues to increase the size of our CNG-powered fleet, with over 1,634 vehicles deployed in FY24, and it is actively collaborating with OEMs to increase the adoption of EVs in the mid-mile and last-mile operations.

Social

- As of FY24, Delhivery increased its overall headcount of women employees by 59% to 5,594 women across functions and positions. The company opened its first all-women-operated hub in Moga, Punjab in March 2024. The company has identified specific roles that presented it with opportunities to enhance this number in functions like scanning, sorting, problem-solving, and document processing across 38 major facilities.
- The company's Skills Development Programme (SDP) batches were held across 8 cities in the country and 588 employees were eventually hired after completing a 3-week training curriculum and multiple rounds of assessments.
- Delhivery collaborated with its wellness partner, Silver Oak Health, to organize multiple sessions for employees. It focused on both Covid-related concerns and well-being awareness on diverse subjects.

Governance

- The Board's composition is in accordance with regulatory requirements. As of Mar'24, the Board consisted of nine Members, out of which six were Non-executive independent Directors including one woman director, and three were executive directors including one serving as the Managing Director and Chief Executive Officer. The Company has a Non-Executive Chairman who is also an Independent Director and is not related to the Managing Director and Chief Executive Officer.
- Being a professionally managed company, Delhivery does not have an identifiable Promoter.

Peer comparison and competitive landscape

Domestic competition

Exhibit 45: Domestic Peers

Companies	M cap (INR b)	CMP	FY25 (INR m)			CAGR (FY25-27)			EV/EBITDA (x)			RoE (%)		
			Revenue	EBITDA	APAT	Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Delhivery	305	409	89,319	3,758	1,674	14%	37%	56%	80.4	53.7	41.4	1.8	3.0	4.1
Bluedart	157	6854	57,202	4,956	2446	14%	31%	36%	31.4	22.5	17.7	16.0	19.6	21.5
VRLL	53	586	31609	5730	1829	6%	11%	18%	9.6	8.2	7.4	18.0	20.5	20.6
MAHLOG	26	345	61,048	2841	-359	21%	30%	NA	9.9	7.4	5.4	-7.5	15.0	26.5
TCIEXP	28	764	12,083	1247	858	9%	21%	24%	23.3	19.3	15.8	11.7	13.5	14.7

Source: MOFSL

Blue Dart Express

- Blue Dart has an unparalleled network covering over 56,400 locations.
- It caters to more than 220 countries and territories worldwide through its group company, DHL, the premier global brand in express distribution services.
- Blue Dart commanded ~60% market share in the organized air express segment and ~14% market share in the surface express business as of FY22.
- The revenue mix of ground express: air express stood at ~30%:70% as of FY25, with the e-commerce segment contributing ~30% of the pie.
- Currently, 70% of its revenue comes from the B2B express segment, while B2C contributes the rest.
- Blue Dart's key differentiator continues to be its customer-centric operations, which offers customers flexibility and security with product and service offerings such as late pick-up/early delivery, reliability, security, tracking visibility across the delivery chain, etc.

Exhibit 46: BDE is a market leader in the air express segment

Y/E March (INR m)	FY22	FY23	FY24	FY25
Revenue	44,090	51,772	52,678	57,202
YoY growth (%)	34.4	17.3	1.8	8.6
EBITDA	7,038	6,323	5,175	4,956
EBITDA margin (%)	16.0	12.2	9.8	8.7
Adj. PAT	4,124	3,664	2,886	2,446

Source: Company, MOFSL

VRL Logistics

- VRL has a long history of operations (~40 years), primarily focusing on the LTL segment.
- After the sale of its bus division and other non-core businesses, VRL became a pure-play transportation company, with a focus on the PTL segment.
- It uses the hub-and-spoke model to aggregate small parcels and maximizes the capacity utilization of its vehicles.
- It operates in 24 states and five union territories, with a network of 1,251 branches and 6,115 owned goods vehicles.
- VRL primarily focuses on the B2B segment, which is considered to be more stable than B2C.
- The company caters to a wide range of industries, which include plastics, food products, rubber, agri products, pharma, FMCG, metals, etc.

Exhibit 47: VRL's branch expansion in fast-growing regions like East and Northeast to drive volume growth

INR m	FY22	FY23	FY24	FY25
Revenue	23,937	26.485	28,886	31,609
YoY growth (%)	35.8	22.4	9.1	9.4
EBITDA	4,042	4,017	3,935	5,730
EBITDA margin (%)	16.9	15.2	13.6	18.1
Adj. PAT	1,601	1,661	886	1,829

Source: Company, MOFSL

TCI Express

- The express business of TCI was demerged to form a separate entity, TCI Express (TCIE) in CY17.
- B2B contributes 95% of the revenue to TCIE as of FY25.
- TCIE has an enviable and difficult-to-replicate network presence with over 970 branches, tie-ups with vendors for 5,500 plus containerized trucks, and 28 sorting centers catering to more than 60,000 plus locations.
- TCIE has a diversified customer base, which has remained fairly stable over the years, with the top-10 customers accounting for less than 10% of revenue during FY25. The business also caters to various industries, with revenue share of ~10-15% each from pharmaceuticals, automotive, machinery, engineering and telecom, and textiles.
- Its recent initiatives such as the Pharma cold chain services and C2C business are performing well. The new segments are expected to contribute to about one-fourth of its total revenue in the next few years (~17.5% of revenue in FY25).

Exhibit 48: TCIE's asset-light model helps to minimize the idle capacity during downturns

INR m	FY22	FY23	FY24	FY25
Revenue	10,815	12,410	12,538	12,083
YoY growth (%)	28.1	14.8	1.0	-3.6
EBITDA	1,747	1,945	1,872	1,247
EBITDA margin (%)	16.2	15.7	14.9	10.3
Adj. PAT	1,289	1,393	1,317	858

Source: Company, MOFSL

Mahindra Logistics (MLL)

- MLL is one of the largest players in the organized 3PL segment.
- It offers customized end-to-end logistics solutions, including transportation and distribution, warehousing, in-factory logistics, and value-added services.
- MLL operates an asset-light business model, where the assets (vehicles and warehouses) are provided by a large network of business associates (>1,500).
- It managed over 20m sq. ft. of warehousing space (multi-user warehouses, built-to-suit warehouses, stockyards, network hubs, and cross-docks) as of FY24.
- While the Mahindra Group accounted for ~50% of MLL's total revenue in FY25, respectively, the concentration on the Group has reduced over the years from ~70% in FY15.
- MLL has been focusing on strengthening its presence with other original equipment manufacturers (OEMs) in the automotive industry and diversifying into other industry verticals.

Exhibit 49: MLL continues to grow with a stable client base

INR m	FY22	FY23	FY24	FY25
Revenue	41,408	51,283	55,060	61,048
YoY growth (%)	26.9	23.8	7.4	10.9
EBITDA	1,843	2,598	2,290	2,841
EBITDA margin (%)	4.5	5.1	4.2	4.7
Adj. PAT	176	263	-586	-359

Source: Company, MOFSL

International peers

FedEx (US)

- FedEx is the world's largest express transportation company with an unmatched global network serving over 220 countries and territories.
- FedEx has a strong presence in the US with 63,000 US locations; 94% of the people in the US are within five miles of a FedEx hold location.
- It operates through three key segments: a) FedEx Express, b) FedEx Ground, c) and FedEx Freight.
- The FedEx Express operated 94,000 vehicles and 712 aircraft, of which 692 were owned and 20 were on lease as of CY24.
- The FedEx Ground operated 625 facilities, including 40 hubs (with an avg. size of ~475,000 sq ft. as of CY21).
- It delivered a staggering 15.5m shipments per day with the help of a strong 560,000-member team worldwide as of CY24.

Exhibit 50: FedEx recorded a 1% revenue CAGR over FY21-24

Y/E May (USD m)	2021	2022	2023	2024
Revenue	83,959	93,512	90,155	87,693
YoY growth (%)	21.3	11.3	-3.6	-2.7
Op. Income	11,691	13,935	12,849	13,854
Op. margin (%)	13.9%	14.9%	14.3%	15.8%
Net Income	4,885	5,502	3,839	4,851

Source: Company, MOFSL

ZTO Express (China)

- Founded in 2002, ZTO Express (ZTO) is one of the leading express delivery companies in China in terms of parcel volumes, with a ~21% market share in 2022. The company delivers 17b parcels a year.
- ZTO is a trusted express delivery partner for millions of e-commerce customers, including online merchants, and consumers selling and buying products on the Chinese leading e-commerce sites, such as Alibaba, PDD, JD.com, etc.
- ZTO operates a highly scalable network partner model that enables it to expand its nationwide network quickly and provides e-commerce merchants with greater geographical reach at low cost.
- Under a network partner model, it operates the mission-critical line-haul transportation and sorting network within the express delivery service value chain, whereas its network partners operate the outlets that provide the first-mile pickup and last-mile delivery services.

Exhibit 51: ZTO registered a 9% revenue CAGR over FY21-24

Y/E Dec (USD m)	CY21	CY22	CY23	CY24
Revenue	4,715	5,261	5,425	6,150
YoY growth (%)	21.0	16.0	8.6	15.3
Op. Income	1,218	1,548	1,874	2,095
Op. margin (%)	25.8%	29.4%	34.5%	34.1%
Net Income	737	1,009	1,234	1,335

Source: Bloomberg, MOFSL

Delhivery – Shareholding information

Exhibit 52: Shareholders holding 5% or more of the paid-up capital

List of shareholders	Equity share (%)
SVF Doorbell (Cayman) Ltd.	9.53
SBI Funds Management	6.98
Mirae Asset Financial Group	6.74
Nexus Ventures III Ltd	5.88
HDFC Asset Management	5.31
Total	**34.44**

Source: Company, MOFSL

Management overview

Mr. Sahil Barua – Managing Director and Chief Executive Officer

Mr. Sahil Barua holds a bachelor's degree in mechanical engineering from the National Institute of Technology Karnataka, Surathkal, and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. He has previously been associated with Bain & Company as a consultant.

Mr. Kapil Bharati – Chief Technology Officer

Mr. Kapil Bharati holds a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Delhi. He has previously served Athena Information Solutions Private Limited as the Founder and Chief Technology Officer, and Sapient and Publicis Sapient as a Senior Manager, Technology.

Mr. Amit Agarwal – Chief Financial Officer

Mr. Amit Agarwal, with a background in finance and operations, has held various roles such as Chief Financial Officer, VP Operations, and VP of Finance at Delhivery. Before that, Amit worked as a Solvency II Consultant at ACE Group, a Senior Analyst at Inductis (India) Pvt Ltd, and a Business Analyst at Infosys Consulting, Inc. Amit also has experience in research, having worked as a Research Associate at the University of Freiburg and the University of Bern. Amit holds a CFA Level 3 certification and completed his education at the Indian Institute of Technology, Kanpur.

Subsidiary details

Delhivery has 13 wholly owned subsidiaries, the details of which are as follows:

Exhibit 53: Subsidiary details

Name of the entity	Type	% Stake
Delhivery Freight Services Private Limited	Subsidiary	100
Orion Supply Chain Private Ltd	Subsidiary	100
Delhivery Cross Border Services Pvt Ltd	Subsidiary	100
Delhivery Corp Limited, United Kingdom	Subsidiary	100
Delhivery HK Pte. Limited	Subsidiary	100
Delhivery USA, LLC, USA	Subsidiary	100
Delhivery Singapore Pte. Ltd	Subsidiary	100
Delhivery Robotics LLC	Subsidiary	100
Spoton Logistics Pvt Ltd	Subsidiary	100
Spoton Supply Chain Solutions Pvt Ltd	Subsidiary	100
Delhivery Bangladesh Logistics Pvt Ltd	Subsidiary	100
Algorhythm Tech Private Limited	Subsidiary	100
Delhivery Logistics (Shenzhen) Company Limited	Subsidiary	100

Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement

Y/E March (INR m)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**68,823**	**72,253**	**81,415**	**89,319**	**1,02,131**	**1,16,870**	**1,33,459**
Change (%)	88.7	5.0	12.7	9.7	14.3	14.4	14.2
Gross Margin (%)	25.1	21.5	26.7	26.8	30.0	30.0	30.0
EBITDA	**-4,720**	**-4,516**	**1,266**	**3,758**	**5,603**	**7,099**	**9,354**
Margin (%)	-6.9	-6.3	1.6	4.2	5.5	6.1	7.0
Depreciation	6,107	8,311	7,216	5,349	6,177	6,729	7,363
EBIT	**-10,828**	**-12,828**	**-5,949**	**-1,591**	**-574**	**370**	**1,991**
Int. and Finance Charges	995	888	885	1,258	223	193	163
Other Income	1,561	3,049	4,527	4,401	4,596	5,259	6,006
PBT	**-10,261**	**-10,666**	**-2,308**	**1,552**	**3,799**	**5,436**	**7,834**
Exp Items	0	0	-224	-51	0	0	0
PBT after Exp Item	**-10,261**	**-10,666**	**-2,532**	**1,501**	**3,799**	**5,436**	**7,834**
Tax	-183	-453	47	-50	957	1,370	1,974
Effective Tax Rate (%)	1.8	4.2	-1.9	-3.3	25.2	25.2	25.2
Reported PAT	**-10,110**	**-10,078**	**-2,492**	**1,621**	**2,842**	**4,066**	**5,860**
Adjusted PAT	**-10,110**	**-10,078**	**-2,264**	**1,674**	**2,842**	**4,066**	**5,860**
Margin (%)	-14.7	-13.9	-2.8	1.9	2.8	3.5	4.4

Consolidated Balance Sheet

Y/E March (INR m)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	642	729	737	746	746	746	746
Total Reserves	58,932	91,043	90,710	93,576	96,417	1,00,484	1,06,343
Net Worth	**59,574**	**91,771**	**91,446**	**94,321**	**97,163**	**1,01,229**	**1,07,089**
Deferred Tax Liabilities	3,531	1,989	1,256	397	347	297	247
Total Loans	-922	-2,073	-2,456	-2,806	-2,806	-2,806	-2,806
Capital Employed	**62,183**	**91,687**	**90,247**	**91,912**	**94,704**	**98,720**	**1,04,530**
Gross Block	27,543	33,747	45,547	56,533	61,351	67,056	73,452
Less: Accum. Deprn.	10,817	19,129	26,344	31,693	37,870	44,599	51,962
Net Fixed Assets	**16,726**	**14,618**	**19,203**	**24,840**	**23,481**	**22,457**	**21,490**
Goodwill	13,799	15,347	14,334	14,030	14,030	14,030	14,030
Capital WIP	599	215	286	329	2,018	2,157	2,433
Total Investments	**20,907**	**20,942**	**27,762**	**35,782**	**35,782**	**35,782**	**35,782**
Curr. Assets, Loans, and Adv.	**28,926**	**58,384**	**50,356**	**42,767**	**49,365**	**58,592**	**69,960**
Inventory	253	194	164	165	197	225	257
Account Receivables	9,903	15,238	14,297	14,121	16,147	18,477	21,099
Cash and Bank Balances	2,290	6,455	4,032	3,360	4,297	11,165	19,878
Cash	2,290	2,955	3,032	3,360	4,297	11,165	19,878
Bank Balance	0	3,500	1,000	0	0	0	0
Loans and Advances	16,481	36,498	31,863	25,122	28,725	28,725	28,725
Current Liability and Provision	**18,774**	**17,820**	**21,694**	**25,837**	**29,972**	**34,298**	**39,166**
Account Payables	8,345	7,874	7,974	8,552	10,209	11,682	13,340
Other Current Liabilities	9,839	9,161	12,685	16,154	18,471	21,137	24,137
Provisions	590	786	1,035	1,130	1,292	1,479	1,688
Net Current Assets	**10,152**	**40,564**	**28,662**	**16,931**	**19,393**	**24,294**	**30,794**
Application of Funds	**62,183**	**91,687**	**90,247**	**91,912**	**94,704**	**98,720**	**1,04,530**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	**-15.7**	**-13.8**	**-3.1**	**2.2**	**3.8**	**5.5**	**7.9**
Cash EPS	-6.2	-2.4	6.7	9.4	12.1	14.5	17.7
BV/Share	92.8	125.9	124.1	126.5	130.3	135.8	143.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (Incl. Div. Tax, %)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	NA	NA	NA	182.1	107.3	75.0	52.0
P/BV	4.4	3.2	3.3	3.2	3.1	3.0	2.8
EV/Sales	3.8	4.1	3.7	3.4	2.9	2.5	2.1
EV/EBITDA	NA	NA	235.8	80.4	53.7	41.4	30.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)							
RoE	-23.0	-13.3	-2.5	1.8	3.0	4.1	5.6
RoCE	-19.3	-11.9	-1.6	3.1	3.1	4.2	5.7
RoIC	-39.9	-24.0	-9.9	-3.0	-0.8	0.5	3.1
Working Capital Ratios							
Fixed Asset Turnover (x)	3.2	2.4	2.1	1.7	1.7	1.8	1.9
Asset Turnover (x)	1.1	0.8	0.9	1.0	1.1	1.2	1.3
Inventory (Days)	1	1	1	1	1	1	1
Debtors (Days)	53	77	64	58	58	58	58
Creditors (Days)	44	40	36	35	36	36	36
Leverage Ratio (x)							
Current Ratio	1.5	3.3	2.3	1.7	1.6	1.7	1.8
Net Debt/Equity ratio	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5

Consolidated Cash Flow Statement

Y/E March (INR m)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-10,293	10,531	-2,444	1,571	3,799	5,436	7,834
Depreciation	6,107	8,311	7,216	5,349	6,177	6,729	7,363
Interest & Finance Charges	275	210	132	68	223	193	163
Direct Taxes Paid	-132	-716	-373	-252	-957	-1,370	-1,974
(Inc.)/Dec. in WC	-4,954	640	151	-249	-1,525	1,967	2,214
CF from Operations	**-8,997**	**18,976**	**4,681**	**6,488**	**7,717**	**12,955**	**15,599**
Others	6,592	-19,273	43	-814	-4,596	-5,259	-6,006
CF from Operating incl EO	**-2,405**	**-297**	**4,724**	**5,674**	**3,121**	**7,696**	**9,594**
(Inc)/Dec in FA	-5,398	-5,940	-4,684	-4,757	-6,507	-5,844	-6,673
Free Cash Flow	**-7,803**	**-6,237**	**40**	**917**	**-3,386**	**1,852**	**2,921**
Change in Investments	-7,631	-28,870	2,043	1,677	0	0	0
Others	-14,393	702	1,650	2,044	4,596	5,259	6,006
CF from Investments	**-27,421**	**-34,107**	**-991**	**-1,036**	**-1,911**	**-584**	**-667**
Change in Equity	34,916	39,100	54	39	0	0	0
Inc./(Dec.) in Debt	-4,916	-3,108	-2,833	-3,104	-50	-50	-50
Others	-982	-879	-880	-1,258	-223	-193	-163
CF from Fin. Activity	**29,358**	**35,385**	**-3,659**	**-4,323**	**-273**	**-243**	**-213**
Inc./(Dec.) in Cash	**-469**	**980**	**75**	**315**	**937**	**6,868**	**8,713**
Opening Balance	2,759	1,974	2,958	3,045	3,360	4,297	11,165
Closing Balance	**2,290**	**2,955**	**3,032**	**3,360**	**4,297**	**11,165**	**19,878**

NOTES

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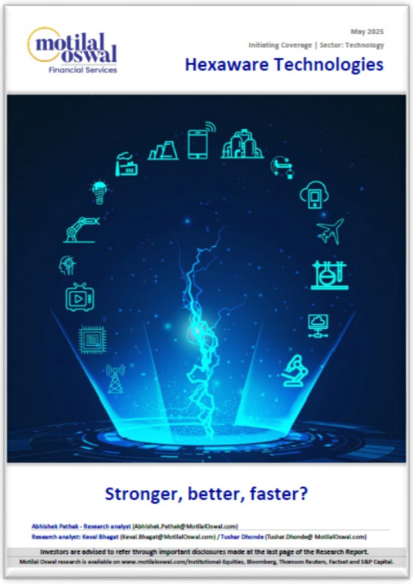

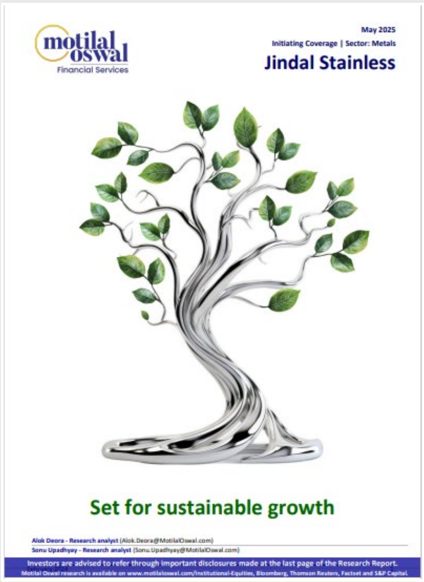

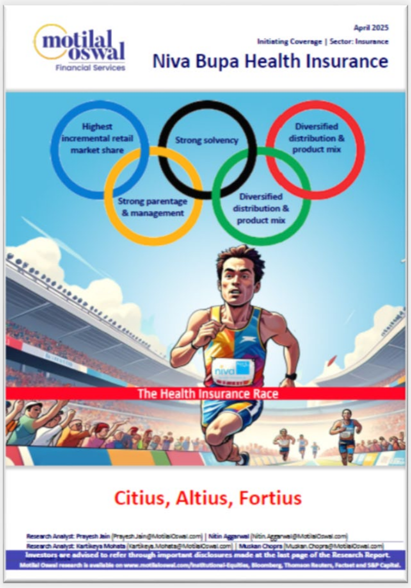

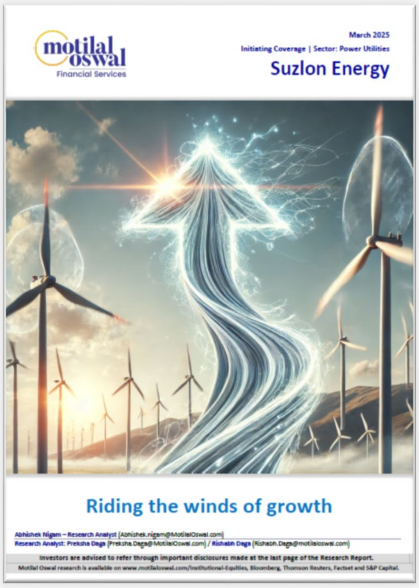

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BUY	>=15%
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