

Delhivery's Q1FY26 print was strong on the operational front, with EBITDAM continuing to expand as revenue from core segments (B2C/PTL) saw double-digit growth (10%/17% YoY, respectively). FY26 outlook for the B2C segment appears robust, as benefits of the consolidation endure in July too, per management. While other segments (SCS, FTL, CBS) saw a muted quarter (for various reasons), the PTL segment continues to grow from strength to strength owing to Delhivery's reliable network. Baking in the Ecom acquisition from Q2, we increase overall revenue by 5%/7% for FY26E/27E, respectively, as we expect the B2C segment to deliver 19% revenue CAGR over FY25-28E. While integration costs would impact profitability in FY26, the management target of reaching 17-18% service EBITDAM in FY26 (B2C) should bode well for the margin trajectory ahead. We maintain BUY on the stock and revise up Jun-26E TP of Rs450 (by 10% from Rs410; DCF methodology), as the company's market leadership position should allow it to tide over industry headwinds like insourcing. Additionally, Delhivery's foray into new products like rapid commerce and on-demand intracity trucking could create adjacent growth vectors in the future as well as further drive revenue diversification.

#### Robust margin performance continues

Revenue grew 6% YoY to Rs23bn, driven by the PTL/Express parcel segments (up 17%/10% YoY, respectively) in Q1FY26. Express business growth of 10% YoY was driven by parcel volume growth of 14% YoY, while being partially offset by the 3% YoY decline in realization per parcel. PTL revenue was up 17% YoY, continuing its growth trajectory, as volumes grew 15% YoY along with realization-per-ton increasing 2% YoY. EBITDA margins came in at 6.5% (at a 4.7% beat on our estimate), as COGS increased a mere 4% YoY and other expenses fell 5% YoY. Other income inched up 18% YoY (aided by MTM gains). PAT grew 67% YoY to Rs910mn on the back of improved operating profitability.

#### Outlook and risks

While risks of further insourcing by Meesho persist, industry consolidation should result in prudent pricing discipline among B2C operators. As such, per the management, the volatile operating environment results in a flight toward quality players, allowing them to bolster market share gains. Amid challenges in the B2C industry persisting in the short term, Delhivery's ability to capture adjacent opportunities in logistics sets it apart from competition. With a robust outlook for the PTL segment, Delhivery's foray in new products, though at a nascent stage at present, could translate into substantial revenue drivers, in our view. Post integration costs related to the Ecom acquisition in FY26, we believe benefits of operating an integrated network should aid the long-term margin trajectory; maintain BUY. **Key risks:** Slowdown in e-commerce due to quick commerce; increased insourcing by marketplaces, pricing pressures in a fragmented market.

|                       |        |
|-----------------------|--------|
| Target Price – 12M    | Jun-26 |
| Change in TP (%)      | 9.8    |
| Current Reco.         | BUY    |
| Previous Reco.        | BUY    |
| Upside/(Downside) (%) | 4.7    |

| Stock Data              | DELHIVER IN |
|-------------------------|-------------|
| 52-week High (Rs)       | 449         |
| 52-week Low (Rs)        | 237         |
| Shares outstanding (mn) | 746.6       |
| Market-cap (Rs bn)      | 321         |
| Market-cap (USD mn)     | 3,667       |
| Net-debt, FY26E (Rs mn) | (27,037.7)  |
| ADTV-3M (mn shares)     | 4           |
| ADTV-3M (Rs mn)         | 1,381.9     |
| ADTV-3M (USD mn)        | 15.8        |
| Free float (%)          | 0.0         |
| Nifty-50                | 24,565.3    |
| INR/USD                 | 87.5        |

#### Shareholding, Jun-25

|               |           |
|---------------|-----------|
| Promoters (%) | 0.0       |
| FPIs/MFs (%)  | 53.0/29.6 |

#### Price Performance

| (%)           | 1M   | 3M   | 12M |
|---------------|------|------|-----|
| Absolute      | 12.0 | 40.7 | 5.6 |
| Rel. to Nifty | 16.4 | 39.4 | 7.5 |

#### 1-Year share price trend (Rs)



#### Delhivery: Financial Snapshot (Consolidated)

| Y/E March (Rs mn)   | FY24    | FY25   | FY26E   | FY27E   | FY28E   |
|---------------------|---------|--------|---------|---------|---------|
| Revenue             | 81,415  | 89,319 | 108,565 | 125,392 | 142,378 |
| EBITDA              | 1,264   | 3,758  | 4,092   | 11,681  | 15,650  |
| Adj. PAT            | (2,274) | 1,673  | 425     | 5,395   | 7,788   |
| Adj. EPS (Rs)       | (3.1)   | 2.2    | 0.6     | 7.2     | 10.4    |
| EBITDA margin (%)   | 1.6     | 4.2    | 3.8     | 9.3     | 11.0    |
| EBITDA growth (%)   | 0       | 197.3  | 8.9     | 185.5   | 34.0    |
| Adj. EPS growth (%) | 0       | 0      | (74.6)  | 1,169.3 | 44.3    |
| RoE (%)             | (2.5)   | 1.8    | 0.4     | 5.4     | 7.2     |
| RoIC (%)            | (23.2)  | (5.6)  | (4.4)   | 8.2     | 14.2    |
| P/E (x)             | (126.8) | 197.7  | 754.7   | 59.5    | 41.2    |
| EV/EBITDA (x)       | 209.5   | 71.1   | 69.2    | 23.8    | 17.1    |
| P/B (x)             | 3.5     | 3.4    | 3.3     | 3.1     | 2.8     |
| FCFF yield (%)      | (1.1)   | (0.7)  | 0.4     | 2.2     | 2.9     |

Source: Company, Emkay Research

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## Exhibit 1: Summary of quarterly financials

| Particulars (Rs mn)                  | Q1FY25          | Q4FY25          | Q1FY26          | YoY   | QoQ   |
|--------------------------------------|-----------------|-----------------|-----------------|-------|-------|
| <b>Net sales</b>                     | <b>21,723</b>   | <b>21,916</b>   | <b>22,940</b>   | 6%    | 5%    |
| <b>Operating Expenses</b>            | <b>(20,752)</b> | <b>(20,725)</b> | <b>(21,452)</b> | 3%    | 4%    |
| Freight, handling and servicing cost | 15,795          | 15,663          | 16,378          | 4%    | 5%    |
| Change in inventories                | -               | -               | -               |       |       |
| Employee Benefit Expense             | 3,118           | 3,085           | 3,317           | 6%    | 7%    |
| Share based expense                  | 210             | 290             | 210             | 0%    | -28%  |
| Other operating Expenses             | 1,629           | 1,686           | 1,547           | -5%   | -8%   |
| <b>EBITDA</b>                        | <b>971</b>      | <b>1,191</b>    | <b>1,488</b>    | 53%   | 25%   |
| <i>Margins</i>                       | 4.5%            | 5.4%            | 6.5%            | 45%   | 19%   |
| Depreciation                         | (1,194)         | (1,425)         | (1,475)         | 23%   | 3%    |
| <b>EBIT</b>                          | <b>(224)</b>    | <b>(234)</b>    | <b>14</b>       | -106% | -106% |
| Other Income                         | 1,099           | 1,119           | 1,299           | 18%   | 16%   |
| Interest                             | (282)           | (337)           | (340)           | 21%   | 1%    |
| <b>PBT</b>                           | <b>593</b>      | <b>548</b>      | <b>972</b>      | 64%   | 77%   |
| Tax                                  | 14              | 8               | 14              |       |       |
| Share of profit/(loss) of associates | (12)            | 169             | (76)            |       |       |
| Exceptional Items                    | (51)            | -               | -               |       |       |
| <b>PAT</b>                           | <b>544</b>      | <b>726</b>      | <b>910</b>      | 67%   | 25%   |
| <b>Adj PAT</b>                       | <b>595</b>      | <b>726</b>      | <b>910</b>      |       | 25%   |
| <b>EPS (Rs)</b>                      | <b>1</b>        | <b>1</b>        | <b>1</b>        |       |       |
| Particulars                          | Q1FY25          | Q4FY25          | Q1FY26          | YoY   | QoQ   |
| Gross margin                         | 27.3%           | 28.5%           | 28.6%           | 132   | 8     |
| EBITDAM                              | 4.5%            | 5.4%            | 6.5%            | 202   | 105   |
| EBITM                                | -1.0%           | -1.1%           | 0.1%            | 109   | 113   |
| EBTM                                 | 2.7%            | 2.5%            | 4.2%            | 151   | 174   |
| PATM                                 | 2.5%            | 3.3%            | 4.0%            | 147   | 66    |
| Effective Tax rate                   | 2.3%            | 1.5%            | 1.4%            | (92)  | (11)  |

Source: Company, Emkay Research

## Exhibit 2: Segment-wise quarterly summary

| Particulars (Rs mn)        | Q1FY25        | Q4FY25        | Q1FY26        | YoY         | QoQ       |
|----------------------------|---------------|---------------|---------------|-------------|-----------|
| Express parcel             | 12,760        | 12,560        | 14,030        | 10%         | 12%       |
| PTL                        | 4,350         | 5,170         | 5,080         | 17%         | -2%       |
| FTL                        | 1,560         | 1,510         | 1,480         | -5%         | -2%       |
| Supply chain services      | 2,590         | 2,290         | 2,050         | -21%        | -10%      |
| Cross border services      | 430           | 340           | 240           | -44%        | -29%      |
| <b>Total Revenue</b>       | <b>21,723</b> | <b>21,916</b> | <b>22,940</b> | <b>5.6%</b> | <b>5%</b> |
| Volume                     |               |               |               |             |           |
| Express parcel (mn)        | 183           | 177           | 208           | 14%         | 18%       |
| PTL (000 ton)              | 399           | 458           | 458           | 15%         | 0%        |
| Realization                |               |               |               |             |           |
| Express parcel (Rs/parcel) | 70            | 71            | 67            | -3%         | -5%       |
| PTL (Rs/ton)               | 10,902        | 11,288        | 11,092        | 2%          | -2%       |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

## Exhibit 3: Actuals vs estimates (Q1FY26)

| (Rs mn)       | Actual | Estimate | Consensus   | Variation |           |
|---------------|--------|----------|-------------|-----------|-----------|
|               |        | (Emkay)  | estimate    | Emkay     | Consensus |
|               |        |          | (Bloomberg) |           |           |
| Revenue       | 22,940 | 23,860   | 24,344      | -4%       | -6%       |
| EBITDA        | 1,488  | 1,121    | 1,385       | 33%       | 7%        |
| EBITDA Margin | 6.5%   | 4.7%     | 5.7%        | 179 bps   | 80 bps    |
| PAT           | 910    | 555      | 615         | 64%       | 48%       |

Source: Company, Emkay Research

## Exhibit 4: Change in estimates

| Particulars<br>(Rs mn) | FY26E   |         |          | FY27E   |         |        | FY28E   |         |        |
|------------------------|---------|---------|----------|---------|---------|--------|---------|---------|--------|
|                        | Old     | New     | Change   | Old     | New     | Change | Old     | New     | Change |
| Revenue                | 103,054 | 108,565 | 5.3%     | 117,763 | 125,392 | 6.5%   | 135,225 | 142,378 | 5.3%   |
| EBITDA                 | 6,462   | 4,092   | -36.7%   | 10,088  | 11,681  | 15.8%  | 14,110  | 15,650  | 10.9%  |
| EBITDA margin (%)      | 6.3     | 3.8     | -250 bps | 8.6     | 9.3     | 75 bps | 10.4    | 11.0    | 56 bps |
| PAT                    | 3,168   | 425     | -86.6%   | 5,147   | 5,395   | 4.8%   | 7,589   | 7,788   | 2.6%   |

Source: Company, Emkay Research

## Exhibit 5: We value Delhivery at TP of Rs450

| Particulars (Rs mn)                       | FY25     | FY26e   | FY27e   | FY28e   | FY35e    | FY45e    |
|---|----------|---------|---------|---------|----------|----------|
| Revenue                                   | 89,319   | 108,565 | 125,392 | 142,378 | 298,729  | 792,598  |
| NOPLAT                                    | (1,188)  | (1,602) | 3,506   | 5,870   | 26,620   | 70,630   |
| Non cash items                            | 6,489    | 7,941   | 8,805   | 9,421   | 15,371   | 40,784   |
| Change in WC                              | (249)    | (641)   | (301)   | (904)   | (1,479)  | (3,836)  |
| Capex                                     | (4,832)  | (3,866) | (3,904) | (4,295) | (10,456) | (27,741) |
| FCF                                       | 220      | 1,833   | 8,106   | 10,092  | 30,057   | 79,837   |
| WACC                                      | 13%      |         |         |         |          |          |
| Terminal growth                           | 6%       |         |         |         |          |          |
| PV of CFs - FY27-45E                      | 176,441  |         |         |         |          |          |
| PV of terminal value                      | 122,314  |         |         |         |          |          |
| Total EV                                  | 298,755  |         |         |         |          |          |
| Less Net debt                             | (37,599) |         |         |         |          |          |
| Total Equity Value                        | 336,353  |         |         |         |          |          |
| Total no of shares (mn)                   | 746      |         |         |         |          |          |
| # of shares (dilution owing to ESOPs; mn) | 61       |         |         |         |          |          |
| Total # of diluted shares (mn)            | 806      |         |         |         |          |          |
| Target price (Jun-26E; Rs)                | 450      |         |         |         |          |          |

Source: Company, Emkay Research

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**Exhibit 6: Segment wise revenue estimates**

| Particulars (Rs mn)           | FY25          | FY26E          | FY27E          | FY28E          | CAGR       |
|-------------------------------|---------------|----------------|----------------|----------------|------------|
| <b>Express</b>                |               |                |                |                |            |
| Revenue                       | 53,180        | 69,197         | 79,834         | 89,959         | 19%        |
| Parcel volume (mn)            | 751           | 994            | 1,137          | 1,267          | 19%        |
| Realization per parcel (Rs)   | 71            | 70             | 70             | 71             | 0%         |
| <b>PTL</b>                    |               |                |                |                |            |
| Revenue                       | 18,880        | 22,336         | 26,453         | 30,421         | 17%        |
| Tonnage ('000 ton)            | 1,696         | 2,014          | 2,376          | 2,733          | 17%        |
| Realization per ton (Rs)      | 11,132        | 11,132         | 11,132         | 11,132         | 0%         |
| <b>Other segments revenue</b> | 17,259        | 17,032         | 19,105         | 21,998         | 8%         |
| <b>Total revenue</b>          | <b>89,319</b> | <b>108,565</b> | <b>125,392</b> | <b>142,378</b> | <b>17%</b> |

Source: Company, Emkay Research

**Exhibit 7: Ecom Express - Operational and Financial metrics**

| Operational metrics (Rs mn) | FY22   | FY23    | FY24    | YoY | 9MFY25  |
|-----------------------------|--------|---------|---------|-----|---------|
| Volumes (mn)                | 372    | 468     | 514     | 10% | 405     |
| Realizations (Rs)           | 56     | 55      | 51      | -7% | 47      |
| Revenue                     | 20,919 | 25,539  | 26,092  | 2%  | 19,120  |
| EBITDA                      | 833    | 33      | 1,036   | nm  | (110)   |
| PAT                         | (914)  | (4,281) | (2,559) | nm  | (3,980) |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## Call highlights

- The management highlighted that the Express Parcel segment witnessed a surge in volumes in July, and that the momentum is expected to continue for the rest of the year after a seasonally slow Q1. It expects service margins for the segment to remain in the 16-18% range in FY26.
- The company expects achieving over 20% growth annually in its PTL business, on the back of increasing demand for Express PTL, with shift to organized players. It also expects a gradual improvement in margins with a target of reaching 16-18% in the next 24 months, from the mid-teen margin currently. The segment was impacted in Q1 by rains and *Operation Sindoor*, while Q2 and Q4 are seasonally strong; hence, it is expected to witness a healthy performance for the rest of the year.
- The management highlighted that it targets achieving a strong pipeline in the SCS segment which grants it the confidence of clocking revenue of Rs18-20bn with over 12% margins in the next 3 years. The current pipeline includes ~Rs3bn in mandates under conversion, with prospects of scaling up, to Rs10bn. The company has renegotiated commercial terms and shut down unprofitable accounts in this segment, leading to margin improvement.
- The yield decline in Q1 was on account of double-digit decline in parcel weight due to increase in smaller parcels. Yields are expected to pick up in upcoming quarters, which are seasonally strong. The management added that pricing has been consistent and Ecom contracts are renewed per Delhivery's terms.
- Operational pressures such as wage inflation of 7-10% and rental cost increases of 5-8% necessitate pricing adjustments for maintaining profitability.
- Delhivery completed the acquisition of Ecom Express in July, and its full impact will be seen Q2 onward. The management highlighted that it achieved much higher Ecom retention at 55-60% vs projection of 30% at the time of agreement. The management expects one-time integration costs of up to Rs3bn to be incurred over Q2 and Q3.
- The number of Express delivery centers and partner centers are set to see an increase of 200-300 locations by FY26-end, along with an extended pincode reach to ~19,200 – all contributing to a significant market share gain estimated at 25% by the management.
- The rapid commerce initiative is progressing through the establishment of 20 dark stores spread across three cities (Ahmedabad, NCR, and Bengaluru), enabling faster delivery time and better service. This new channel supports volumes of B2B as well as B2C via integration with mother warehouses and brands. The rapid segment has a monthly revenue run-rate of Rs12mn, and the company plans expanding the active store-count to 40 by FY26-end.
- The emerging on-demand intracity logistics market, valued at ~USD10bn, is a new frontier for the company, with centers such as Ahmedabad reaching breakeven contributions within four months, indicating strong potential.
- The company views Partial Truck Load and rapid e-commerce logistics as crucial for mitigating express delivery volatility, with rapid commerce expected to grow faster in the B2B segment than in B2C, reflecting the evolving customer and product mix that is increasingly retail-focused and quality-conscious.
- Efficiencies in truck utilization, better management of reverse and forward lanes, and value-added services in the FTL segment such as fuel procurement support and control tower functions are enhancing customer engagement and profitability.
- The management aspires for asset turnover of 3x with a return of capital of over 24% in the Express and PTL segments.
- Other income increased due to MTM gains owing to decline in interest rate, and is expected to normalize Q2 onward.

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## Delhivery: Consolidated Financials and Valuations

## Profit &amp; Loss

| Y/E March (Rs mn)           | FY24           | FY25           | FY26E          | FY27E          | FY28E          |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>              | <b>81,415</b>  | <b>89,319</b>  | <b>108,565</b> | <b>125,392</b> | <b>142,378</b> |
| Revenue growth (%)          | 12.7           | 9.7            | 21.5           | 15.5           | 13.5           |
| <b>EBITDA</b>               | <b>1,264</b>   | <b>3,758</b>   | <b>4,092</b>   | <b>11,681</b>  | <b>15,650</b>  |
| EBITDA growth (%)           | 0              | 197.3          | 8.9            | 185.5          | 34.0           |
| Depreciation & Amortization | 7,216          | 5,349          | 6,236          | 6,988          | 7,792          |
| <b>EBIT</b>                 | <b>(5,951)</b> | <b>(1,591)</b> | <b>(2,145)</b> | <b>4,693</b>   | <b>7,858</b>   |
| EBIT growth (%)             | 0              | 0              | 0              | 0              | 67.4           |
| Other operating income      | -              | -              | -              | -              | -              |
| Other income                | 4,527          | 4,401          | 3,521          | 3,450          | 3,623          |
| Financial expense           | 885            | 1,258          | 807            | 922            | 1,055          |
| <b>PBT</b>                  | <b>(2,310)</b> | <b>1,552</b>   | <b>569</b>     | <b>7,222</b>   | <b>10,425</b>  |
| Extraordinary items         | (224)          | (51)           | 0              | 0              | 0              |
| Taxes                       | 51             | (50)           | 144            | 1,827          | 2,638          |
| Minority interest           | -              | -              | -              | -              | -              |
| Income from JV/Associates   | 87             | 70             | 0              | 0              | 0              |
| <b>Reported PAT</b>         | <b>(2,498)</b> | <b>1,621</b>   | <b>425</b>     | <b>5,395</b>   | <b>7,788</b>   |
| PAT growth (%)              | 0              | 0              | (73.8)         | 1,169.3        | 44.3           |
| <b>Adjusted PAT</b>         | <b>(2,274)</b> | <b>1,673</b>   | <b>425</b>     | <b>5,395</b>   | <b>7,788</b>   |
| <b>Diluted EPS (Rs)</b>     | <b>(3.1)</b>   | <b>2.2</b>     | <b>0.6</b>     | <b>7.2</b>     | <b>10.4</b>    |
| Diluted EPS growth (%)      | 0              | 0              | (74.6)         | 1,169.3        | 44.3           |
| <b>DPS (Rs)</b>             | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Dividend payout (%)</b>  | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| EBITDA margin (%)           | 1.6            | 4.2            | 3.8            | 9.3            | 11.0           |
| EBIT margin (%)             | (7.3)          | (1.8)          | (2.0)          | 3.7            | 5.5            |
| Effective tax rate (%)      | (2.2)          | (3.2)          | 25.3           | 25.3           | 25.3           |
| <b>NOPLAT (pre-IndAS)</b>   | <b>(6,084)</b> | <b>(1,642)</b> | <b>(1,602)</b> | <b>3,506</b>   | <b>5,870</b>   |
| Shares outstanding (mn)     | 737            | 746            | 746            | 746            | 746            |

Source: Company, Emkay Research

## Cash flows

| Y/E March (Rs mn)            | FY24           | FY25           | FY26E          | FY27E          | FY28E          |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| PBT (ex-other income)        | (6,750)        | (2,778)        | (2,952)        | 3,772          | 6,802          |
| Others (non-cash items)      | -              | -              | -              | -              | -              |
| Taxes paid                   | (373)          | (252)          | (144)          | (1,827)        | (2,638)        |
| Change in NWC                | (4,915)        | 633            | (641)          | (301)          | (904)          |
| <b>Operating cash flow</b>   | <b>4,724</b>   | <b>5,674</b>   | <b>5,012</b>   | <b>11,370</b>  | <b>13,737</b>  |
| Capital expenditure          | (7,647)        | (7,615)        | (3,848)        | (5,401)        | (5,995)        |
| Acquisition of business      | (7,782)        | (7,951)        | (15,000)       | 0              | 0              |
| Interest & dividend income   | 2,400          | 2,044          | 3,521          | 3,450          | 3,623          |
| <b>Investing cash flow</b>   | <b>(991)</b>   | <b>(1,036)</b> | <b>(984)</b>   | <b>(1,819)</b> | <b>(2,023)</b> |
| Equity raised/(repaid)       | 8              | 9              | 0              | 0              | 0              |
| Debt raised/(repaid)         | (733)          | (859)          | 0              | 0              | 0              |
| Payment of lease liabilities | (22)           | 269            | (4,526)        | (2,853)        | (1,045)        |
| Interest paid                | (885)          | (1,258)        | (807)          | (922)          | (1,055)        |
| Dividend paid (incl tax)     | -              | -              | -              | -              | -              |
| Others                       | (2,029)        | (2,484)        | 657            | (132)          | (348)          |
| <b>Financing cash flow</b>   | <b>(3,661)</b> | <b>(4,323)</b> | <b>(4,677)</b> | <b>(3,907)</b> | <b>(2,448)</b> |
| Net chg in Cash              | 72             | 315            | (649)          | 5,645          | 9,265          |
| OCF                          | 4,724          | 5,674          | 5,012          | 11,370         | 13,737         |
| Adj. OCF (w/o NWC chg.)      | 9,639          | 5,041          | 5,652          | 11,671         | 14,642         |
| FCFF                         | (2,918)        | (1,941)        | 1,164          | 5,969          | 7,743          |
| FCFE                         | (1,404)        | (1,155)        | 3,877          | 8,497          | 10,310         |
| OCF/EBITDA (%)               | 373.7          | 151.0          | 122.5          | 97.3           | 87.8           |
| FCFE/PAT (%)                 | 56.2           | (71.2)         | 912.2          | 157.5          | 132.4          |
| <b>FCFF/NOPLAT (%)</b>       | <b>48.0</b>    | <b>118.2</b>   | <b>(72.6)</b>  | <b>170.2</b>   | <b>131.9</b>   |

Source: Company, Emkay Research

## Balance Sheet

| Y/E March (Rs mn)                     | FY24           | FY25           | FY26E          | FY27E          | FY28E          |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Share capital                         | 737            | 746            | 746            | 746            | 746            |
| Reserves & Surplus                    | 90,710         | 93,576         | 95,705         | 102,917        | 112,334        |
| <b>Net worth</b>                      | <b>91,446</b>  | <b>94,322</b>  | <b>96,451</b>  | <b>103,663</b> | <b>113,080</b> |
| Minority interests                    | -              | -              | -              | -              | -              |
| Non-current liab. & prov.             | (2,456)        | (2,806)        | (2,806)        | (2,806)        | (2,806)        |
| <b>Total debt</b>                     | <b>1,256</b>   | <b>397</b>     | <b>397</b>     | <b>397</b>     | <b>397</b>     |
| <b>Total liabilities &amp; equity</b> | <b>100,684</b> | <b>105,732</b> | <b>103,992</b> | <b>108,219</b> | <b>116,243</b> |
| Net tangible fixed assets             | 9,606          | 12,175         | 12,787         | 11,200         | 9,403          |
| Net intangible assets                 | 892            | 589            | 589            | 589            | 589            |
| Net ROU assets                        | 9,882          | 12,994         | 13,650         | 13,518         | 13,170         |
| Capital WIP                           | 286            | 329            | 329            | 329            | 329            |
| Goodwill                              | 13,442         | 13,442         | 25,442         | 25,442         | 25,442         |
| Investments [JV/Associates]           | 26,417         | 34,368         | 19,368         | 19,368         | 19,368         |
| <b>Cash &amp; equivalents</b>         | <b>35,381</b>  | <b>28,083</b>  | <b>27,434</b>  | <b>33,079</b>  | <b>42,344</b>  |
| Current Liab. & Prov.                 | 11,257         | 12,017         | 13,860         | 15,471         | 17,098         |
| <b>NWC (ex-cash)</b>                  | <b>5,064</b>   | <b>4,081</b>   | <b>4,721</b>   | <b>5,022</b>   | <b>5,927</b>   |
| <b>Total assets</b>                   | <b>100,684</b> | <b>105,732</b> | <b>103,992</b> | <b>108,219</b> | <b>116,243</b> |
| Net debt                              | (34,125)       | (27,686)       | (27,038)       | (32,682)       | (41,948)       |
| Capital employed                      | 100,684        | 105,732        | 103,992        | 108,219        | 116,243        |
| <b>Invested capital</b>               | <b>28,718</b>  | <b>29,958</b>  | <b>43,210</b>  | <b>41,924</b>  | <b>41,031</b>  |
| BVPS (Rs)                             | 124.1          | 126.5          | 129.2          | 138.9          | 151.5          |
| Net Debt/Equity (x)                   | (0.4)          | (0.3)          | (0.3)          | (0.3)          | (0.4)          |
| Net Debt/EBITDA (x)                   | (27.0)         | (7.4)          | (6.6)          | (2.8)          | (2.7)          |
| Interest coverage (x)                 | (1.6)          | 2.2            | 1.7            | 8.8            | 10.9           |
| <b>RoCE (%)</b>                       | <b>(1.5)</b>   | <b>3.0</b>     | <b>1.4</b>     | <b>8.1</b>     | <b>10.6</b>    |

Source: Company, Emkay Research

## Valuations and key Ratios

| Y/E March                | FY24          | FY25         | FY26E        | FY27E       | FY28E       |
|--------------------------|---------------|--------------|--------------|-------------|-------------|
| P/E (x)                  | (126.8)       | 197.7        | 754.7        | 59.5        | 41.2        |
| EV/CE(x)                 | 2.9           | 2.8          | 2.9          | 2.7         | 2.4         |
| P/B (x)                  | 3.5           | 3.4          | 3.3          | 3.1         | 2.8         |
| EV/Sales (x)             | 3.3           | 3.0          | 2.6          | 2.2         | 1.9         |
| EV/EBITDA (x)            | 209.5         | 71.1         | 69.2         | 23.8        | 17.1        |
| EV/EBIT(x)               | (44.5)        | (168.0)      | (132.1)      | 59.1        | 34.1        |
| EV/IC (x)                | 9.2           | 8.9          | 6.6          | 6.6         | 6.5         |
| FCFF yield (%)           | (1.1)         | (0.7)        | 0.4          | 2.2         | 2.9         |
| FCFE yield (%)           | (0.4)         | (0.4)        | 1.2          | 2.6         | 3.2         |
| Dividend yield (%)       | 0             | 0            | 0            | 0           | 0           |
| <b>DuPont-RoE split</b>  |               |              |              |             |             |
| Net profit margin (%)    | (2.8)         | 1.9          | 0.4          | 4.3         | 5.5         |
| Total asset turnover (x) | 0.9           | 1.0          | 1.2          | 1.4         | 1.4         |
| Assets/Equity (x)        | 1.0           | 1.0          | 1.0          | 0.9         | 0.9         |
| <b>RoE (%)</b>           | <b>(2.5)</b>  | <b>1.8</b>   | <b>0.4</b>   | <b>5.4</b>  | <b>7.2</b>  |
| <b>DuPont-RoIC</b>       |               |              |              |             |             |
| NOPLAT margin (%)        | (7.5)         | (1.8)        | (1.5)        | 2.8         | 4.1         |
| IC turnover (x)          | 3.1           | 3.0          | 3.0          | 2.9         | 3.4         |
| <b>RoIC (%)</b>          | <b>(23.2)</b> | <b>(5.6)</b> | <b>(4.4)</b> | <b>8.2</b>  | <b>14.2</b> |
| <b>Operating metrics</b> |               |              |              |             |             |
| Core NWC days            | 22.7          | 16.7         | 15.9         | 14.6        | 15.2        |
| <b>Total NWC days</b>    | <b>22.7</b>   | <b>16.7</b>  | <b>15.9</b>  | <b>14.6</b> | <b>15.2</b> |
| Fixed asset turnover     | 2.2           | 2.1          | 2.1          | 2.0         | 2.1         |
| Opex-to-revenue (%)      | 25.1          | 22.6         | 24.5         | 20.5        | 19.5        |

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

RECOMMENDATION HISTORY - DETAILS

| Date      | Closing Price (INR) | TP (INR) | Rating | Analyst        |
|-----------|---------------------|----------|--------|----------------|
| 09-Jul-25 | 421                 | 410      | Buy    | Anshul Agrawal |
| 09-Jun-25 | 372                 | 380      | Buy    | Anshul Agrawal |
| 17-May-25 | 321                 | 380      | Buy    | Anshul Agrawal |
| 08-Apr-25 | 249                 | 400      | Buy    | Anshul Agrawal |
| 06-Apr-25 | 259                 | 400      | Buy    | Anshul Agrawal |
| 08-Feb-25 | 315                 | 425      | Buy    | Anshul Agrawal |
| 15-Nov-24 | 331                 | 475      | Buy    | Anshul Agrawal |
| 08-Oct-24 | 417                 | 500      | Buy    | Anshul Agrawal |
| 04-Aug-24 | 416                 | 500      | Buy    | Anshul Agrawal |
| 07-Jul-24 | 396                 | 475      | Buy    | Anshul Agrawal |
| 17-May-24 | 454                 | 500      | Buy    | Anshul Agrawal |
| 08-Apr-24 | 455                 | 525      | Buy    | Anshul Agrawal |
| 22-Mar-24 | 465                 | 525      | Buy    | Anshul Agrawal |
| 03-Feb-24 | 473                 | 525      | Buy    | Anshul Agrawal |
| 07-Jan-24 | 403                 | 470      | Buy    | Anshul Agrawal |
| 30-Nov-23 | 391                 | 490      | Buy    | Anshul Agrawal |
| 05-Nov-23 | 402                 | 490      | Buy    | Anshul Agrawal |
| 05-Aug-23 | 421                 | 475      | Buy    | Anshul Agrawal |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|---|
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| <b>ADD</b>    | 5-15% upside                                  |
| <b>REDUCE</b> | 5% upside to 15% downside                     |
| <b>SELL</b>   | >15% downside                                 |

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