

Delhivery's Q4FY25 print was a mixed bag, with revenue missing our estimate by 4% while EBITDA registered an 18% beat. The B2C segment continued to track its muted trajectory, growing only 3% YoY due to subdued demand and insourcing by Meesho. The PTL segment delivered yet another strong quarter, and the management is confident of gaining market share in FY26 as well. With Delhivery's acquisition of Ecom Express, the management is hopeful of pricing sanity prevailing in the 3PL B2C industry. As such, some pick up is being seen in Q1FY26 volume, owing to this consolidation. With Meesho's slated goal to continue insourcing, we expect only a gradual recovery in B2C volumes. Baking in the Q4FY25 miss, we cut FY26E/27E revenue by 5%/6%, respectively. We maintain BUY while trimming Mar-26E TP to Rs380 (by 5%; DCF methodology) from Rs400 earlier, as we expect the company's scale and inherent lower cost structure owing to its integrated logistics offerings to disproportionately benefit from the industry consolidation.

Robust margin performance

Revenue grew 6% YoY to Rs22bn, driven by the PTL and cross-border service segments (up 24% and 10% YoY, respectively) in Q4FY25. The Express business grew 3% YoY, while parcel volumes grew only 1% YoY and realization per parcel was up 3% YoY. PTL revenue was up 24% YoY, continuing its growth trajectory, as volumes grew 19% YoY along with realization-per-ton increasing 4% YoY. EBITDA margins came in at 5.4% (beat on our estimate of 4.4%), as COGS increased a mere 3% YoY and employee costs were flat YoY. Depreciation decreased 29% YoY due to change in the depreciation policy (from WDV to SLM) undertaken in Q1FY25, without changing the useful life and residual value of assets. This led to PAT coming in at Rs726mn. Net cash stands at ~Rs53bn.

Outlook and risks

The acquisition of Ecom Express (pending CCI approval) fortifies Delhivery's scale and market leadership in the 3PL B2C industry. However, despite mounting losses of captive logistics units (Exhibits 6, 7), e-commerce marketplaces continue to insource; and with Meesho's slated goal of increasing insourcing, volume growth for 3PL operators, including Delhivery, is unlikely to see an immediate turnaround. Delhivery's diversified revenue base, strong net cash position (Rs53bn pre-acquisition of Ecom Express), and reducing capex intensity (3.5-4% by FY27) are likely to help it ward off industry headwinds better vs competition. Improving PTL volumes without sacrificing realizations, and benefits of operating an integrated network should aid the margin trajectory in the long term, in our view. We retain BUY on the stock and cut Mar-26E TP by 5% to Rs380, based on DCF methodology (13% WACC, 5% terminal growth). **Key risks:** Slowdown in e-commerce due to quick commerce; operational risks due to dependence on contractual labor; pricing pressures in a fragmented market.

Target Price – 12M	Mar-26
Change in TP (%)	(5.0)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	18.4

Stock Data	DELHIVER IN
52-week High (Rs)	461
52-week Low (Rs)	237
Shares outstanding (mn)	746.1
Market-cap (Rs bn)	239
Market-cap (USD mn)	2,799
Net-debt, FY26E (Rs mn)	(52,876.1)
ADTV-3M (mn shares)	4
ADTV-3M (Rs mn)	1,243.4
ADTV-3M (USD mn)	14.5
Free float (%)	0.0
Nifty-50	25,019.8
INR/USD	85.5

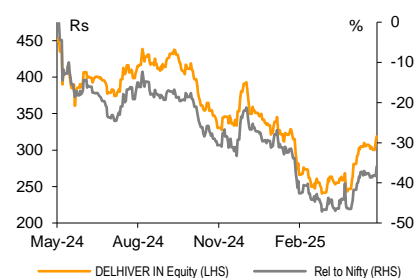
Shareholding, Mar-25

Promoters (%)	0.0
FPIs/MFs (%)	52.0/30.0

Price Performance

(%)	1M	3M	12M
Absolute	22.0	20.5	(28.7)
Rel. to Nifty	14.3	10.4	(36.2)

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	100,345	115,290	132,512
EBITDA	1,264	3,758	6,881	10,017	13,999
Adj. PAT	(2,274)	1,673	3,151	4,771	7,166
Adj. EPS (Rs)	(3.1)	2.2	4.2	6.4	9.6
EBITDA margin (%)	1.6	4.2	6.9	8.7	10.6
EBITDA growth (%)	0	197.3	83.1	45.6	39.7
Adj. EPS growth (%)	0	0	88.4	51.4	50.2
RoE (%)	(2.5)	1.8	3.3	4.7	6.6
RoIC (%)	(16.8)	(4.2)	2.2	6.6	12.6
P/E (x)	(104.0)	143.0	75.9	50.1	33.4
EV/EBITDA (x)	145.9	49.5	27.1	18.1	12.4
P/B (x)	2.6	2.5	2.4	2.3	2.1
FCFF yield (%)	(1.6)	(1.0)	0.7	2.0	3.1

Source: Company, Emkay Research

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Exhibit 1: Summary of quarterly financials

Particulars (Rs mn)	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	FY24	FY25	YoY
Net sales	20,755	23,783	21,916	6%	-8%	81,415	89,319	10%
Operating Expenses	(20,297)	(22,759)	(20,725)	2%	-9%	(80,149)	(85,561)	7%
Freight, handling and servicing cost	15,187	17,508	15,663	3%	-11%	59,708	65,348	9%
Change in inventories	-	-	-					
Employee Benefit Expense	3,082	3,252	3,085	0%	-5%	12,108	12,619	4%
Share based expense	490	310	290	-41%	-6%	2,260	1,140	-50%
Other operating Expenses	1,537	1,689	1,686	10%	0%	6,074	6,454	6%
EBITDA	459	1,024	1,191	160%	16%	1,266	3,758	197%
<i>Margins</i>	2.2%	4.3%	5.4%	146%	26%	1.6%	4.2%	
Depreciation	(2,004)	(1,417)	(1,425)	-29%	1%	(7,216)	(5,349)	
EBIT	(1,545)	(393)	(234)			(5,949)	(1,591)	
Other Income	1,193	987	1,119	-6%	13%	4,527	4,401	-3%
Interest	(271)	(333)	(337)			(885)	(1,258)	42%
PBT	(623)	260	548			(2,307)	1,552	
Tax	22	12	8			(47)	50	
Share of profit/(loss) of associates	63	(22)	169			87	70	
Exceptional Items	(147)	-	-			(224)	(51)	
PAT	(685)	250	726		191%	(2,492)	1,621	
Adj PAT	(538)	250	726		191%	(1,373)	1,672	
EPS (Rs)	(1)	0	1					
(%)	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	FY24	FY25	YoY
Gross margin	26.8%	26.4%	28.5%	170	214	26.7%	26.8%	17
EBIDTAM	2.2%	4.3%	5.4%	322	113	1.6%	4.2%	265
EBITM	-7.4%	-1.7%	-1.1%	638	58	-7.3%	-1.8%	553
EBTM	-3.0%	1.1%	2.5%	550	141	-2.8%	1.7%	457
PATM	-3.3%	1.0%	3.3%	661	226	-3.1%	1.8%	488
Effective Tax rate	-3.6%	4.4%	1.5%	511	(290)	2.1%	3.2%	

Source: Company, Emkay Research

Exhibit 2: Segment-wise quarterly summary

Particulars (Rs mn)	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	FY24	FY25	YoY
Express parcel	12,170	14,880	12,560	22%	-16%	50,770	53,180	5%
PTL	4,170	4,620	5,170	11%	12%	15,160	18,880	25%
FTL	1,740	1,600	1,510	-8%	-6%	6,080	6,250	3%
Supply chain services	2,340	2,220	2,290	-5%	3%	7,770	9,070	17%
Cross border services	310	430	340	39%	-21%	1,530	1,790	17%
Total Revenue	20,755	23,783	21,916	14.6%	-8%	81,415	89,319	10%

Volume

Express parcel (mn)	176	206	177	17%	-14%	740	751	1%
PTL (000 ton)	384	412	458	7%	11%	1,429	1,696	19%

Realization

Express parcel (Rs/parcel)	69	72	71	4%	-2%	69	71	3%
PTL (Rs/ton)	10,859	11,214	11,288	3%	1%	10,609	11,132	5%

Source: Company, Emkay Research

Exhibit 3: Actuals vs estimates (Q4FY25)

(Rs mn)	Actual	Estimate	Consensus	Variation	
		(Emkay)	estimate		
			(Bloomberg)	Emkay	Consensus
Revenue	21,916	22,845	22,723	-4%	-4%
EBITDA	1,191	1,009	766	18%	55%
EBITDA Margin	5.4%	4.4%	3.4%	102 bps	206 bps
PAT	726	418	216	74%	236%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

Particulars	FY26E			FY27E			FY28E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	105,283	100,345	-4.7%	122,060	115,290	-5.5%	NA	132,512	NA
EBITDA	7,149	6,881	-3.7%	10,580	10,017	-5.3%	NA	13,999	NA
EBITDA margin (%)	6.8	6.9	7 bps	8.7	8.7	2 bps	NA	10.6	NA
PAT	3,019	3,151	4.4%	4,796	4,771	-0.5%	NA	7,166	NA

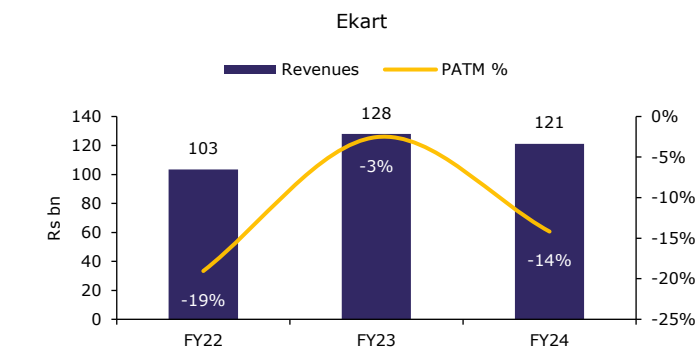
Source: Company, Emkay Research

Exhibit 5: We value Delhivery at TP of Rs380

Particulars (Rs mn)	FY25	FY26e	FY27e	FY28e	FY35e	FY45e
Revenue	89,319	100,345	115,290	132,512	277,528	736,345
NOPLAT	(1,188)	862	2,626	4,979	22,365	59,339
Non cash items	6,489	7,079	7,872	8,602	15,138	40,164
Change in WC	(249)	(158)	(246)	(917)	(1,325)	(3,563)
Capex	(4,832)	(4,349)	(4,392)	(4,831)	(9,713)	(25,772)
FCF	220	3,435	5,860	7,833	26,464	70,168
WACC	13%					
Terminal growth	5%					
PV of CFs - FY25-45E	152,354					
PV of terminal value	93,007					
Total EV	245,361					
Less Net debt	(52,876)					
Total Equity Value	298,237					
Total no of shares (mn)	746					
# of shares (dilution owing to ESOPs; mn)	61					
Total # of diluted shares (mn)	806					
Target price (Mar-26E; Rs)	380					

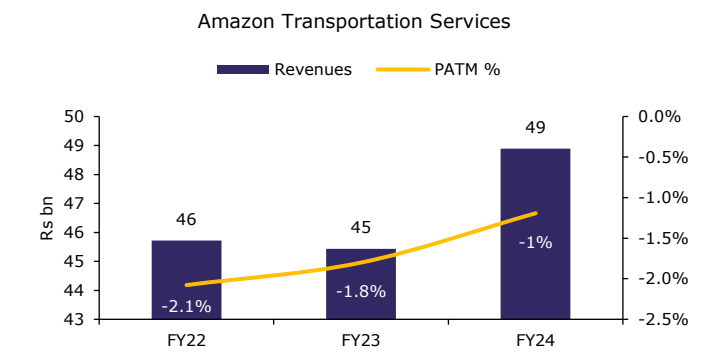
Source: Company, Emkay Research

Exhibit 6: Growth and profitability concerns for captive logistics...



Source: Company, Emkay Research

Exhibit 7: ...units should ideally prompt outsourcing to 3PL operators



Source: Company, Emkay Research

Call highlights

- The management cited extreme pricing actions by the competition in the B2C express market as one of the reasons for the tepid quarter.
- On the company's Ecom acquisition- while calculating the fair value of the target, Delhivery's management has only priced in the retention of 30% of Ecom's business. Management expects ~Rs3bn integration costs (owing to lock-ins of various infrastructures which they intend to close).
- The company is already seeing organic migration of customers from Ecom to Delhivery following the announcement of the acquisition.
- The management is confident that the acquisition will add incremental margins despite the ongoing pricing pressures, given the scale benefits in its existing network.
- The management estimates that the ~Rs2bn worth of automation investments done by Ecom (bulk of it procured from Falcon Automation) will reduce Delhivery's automation capex requirements (only bag sorting systems will need to be enhanced).
- The management expects capex intensity to taper meaningfully to 3.5-4% by FY27, from 5.4% currently.
- Working capital days for Express and PTL are close to its internal target, with 1-2 days of further efficiency expected over the next 2-3 years.
- Outlook for PTL (growth + profitability) remains robust on the back of 1) expanded sales force, 2) fleet utilization improving significantly (currently >70%), driven by better route planning, 3) customer onboarding with yield renegotiations.
- The company's foray into rapid commerce is expected to reach 50 dark stores in FY26, with breakeven projected within 4-5 months per store (700-800 orders per day from current levels of 300-400 orders per day).
- The company is also piloting an on-demand 3W/mini-truck project and has launched these services in Ahmedabad. It plans launching these in Mumbai and Delhi too. The company estimates 1,000 orders per day in order to attain breakeven.
- The company sees platform businesses outsourcing volumes on a piecemeal basis only.

Delhivery: Consolidated Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	81,415	89,319	100,345	115,290	132,512
Revenue growth (%)	12.7	9.7	12.3	14.9	14.9
EBITDA	1,264	3,758	6,881	10,017	13,999
EBITDA growth (%)	0	197.3	83.1	45.6	39.7
Depreciation & Amortization	7,216	5,349	5,726	6,502	7,333
EBIT	(5,951)	(1,591)	1,155	3,515	6,666
EBIT growth (%)	0	0	0	204.5	89.6
Other operating income	-	-	-	-	-
Other income	4,527	4,401	3,871	3,793	3,983
Financial expense	885	1,258	807	922	1,055
PBT	(2,310)	1,552	4,218	6,386	9,593
Extraordinary items	(224)	(51)	0	0	0
Taxes	51	(50)	1,067	1,616	2,427
Minority interest	-	-	-	-	-
Income from JV/Associates	87	70	0	0	0
Reported PAT	(2,498)	1,621	3,151	4,771	7,166
PAT growth (%)	0	0	94.3	51.4	50.2
Adjusted PAT	(2,274)	1,673	3,151	4,771	7,166
Diluted EPS (Rs)	(3.1)	2.2	4.2	6.4	9.6
Diluted EPS growth (%)	0	0	88.4	51.4	50.2
DPS (Rs)	0	0	0	0	0
Dividend payout (%)	0	0	0	0	0
EBITDA margin (%)	1.6	4.2	6.9	8.7	10.6
EBIT margin (%)	(7.3)	(1.8)	1.2	3.0	5.0
Effective tax rate (%)	(2.2)	(3.2)	25.3	25.3	25.3
NOPLAT (pre-IndAS)	(6,084)	(1,642)	862	2,626	4,979
Shares outstanding (mn)	737	746	746	746	746

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	98,080	104,221	112,655
Net worth	91,446	94,322	98,825	104,966	113,401
Minority interests	-	-	-	-	-
Non-current liab. & prov.	(2,456)	(2,806)	(2,806)	(2,806)	(2,806)
Total debt	1,256	397	397	397	397
Total liabilities & equity	111,122	119,551	115,763	118,035	124,922
Net tangible fixed assets	9,606	12,175	12,090	11,477	10,676
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	13,442	13,442	13,442
Investments [JV/Associates]	8,636	8,807	8,807	8,807	8,807
Cash & equivalents	53,162	53,644	53,763	57,978	65,872
Current assets (ex-cash)	26,157	25,936	27,151	28,829	31,395
Current Liab. & Prov.	11,257	12,017	13,073	14,504	16,153
NWC (ex-cash)	14,901	13,919	14,078	14,325	15,242
Total assets	111,122	119,551	115,763	118,035	124,922
Net debt	(51,906)	(53,248)	(52,876)	(57,581)	(65,475)
Capital employed	111,122	119,551	115,763	118,035	124,922
Invested capital	38,555	39,796	39,869	39,503	39,620
BVPS (Rs)	124.1	126.5	132.5	140.8	152.1
Net Debt/Equity (x)	(0.6)	(0.6)	(0.5)	(0.5)	(0.6)
Net Debt/EBITDA (x)	(41.1)	(14.2)	(7.7)	(5.7)	(4.7)
Interest coverage (x)	(1.6)	2.2	6.2	7.9	10.1
RoCE (%)	(1.5)	3.0	5.2	7.1	9.7

Source: Company, Emkay Research

Cash flows					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	(6,750)	(2,778)	347	2,593	5,610
Others (non-cash items)	-	-	-	-	-
Taxes paid	(373)	(252)	(1,067)	(1,616)	(2,427)
Change in NWC	(4,916)	632	(159)	(247)	(918)
Operating cash flow	4,724	5,674	7,009	9,526	11,924
Capital expenditure	(7,642)	(7,615)	(5,641)	(5,889)	(6,531)
Acquisition of business	(4,823)	(171)	0	0	0
Interest & dividend income	2,400	2,044	3,871	3,793	3,983
Investing cash flow	(991)	(1,036)	(2,427)	(1,964)	(2,200)
Equity raised/(repaid)	8	9	0	0	0
Debt raised/(repaid)	(733)	(859)	0	0	0
Payment of lease liabilities	(22)	269	(4,802)	(1,803)	(426)
Interest paid	(885)	(1,258)	(807)	(922)	(1,055)
Dividend paid (incl tax)	-	-	-	-	-
Others	(2,051)	(2,214)	(4,146)	(1,935)	(774)
Financing cash flow	(3,683)	(4,053)	(9,756)	(4,659)	(2,255)
Net chg in Cash	50	584	(5,174)	2,903	7,468
OCF	4,724	5,674	7,009	9,526	11,924
Adj. OCF (w/o NWC chg.)	9,640	5,042	7,168	9,773	12,842
FCFF	(2,918)	(1,941)	1,368	3,636	5,392
FCFE	(1,404)	(1,155)	4,431	6,508	8,320
OCF/EBITDA (%)	373.7	151.0	101.9	95.1	85.2
FCFE/PAT (%)	56.2	(71.2)	140.6	136.4	116.1
FCFF/NOPLAT (%)	48.0	118.2	158.6	138.5	108.3

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(104.0)	143.0	75.9	50.1	33.4
EV/CE(x)	2.0	2.0	1.9	1.7	1.5
P/B (x)	2.6	2.5	2.4	2.3	2.1
EV/Sales (x)	2.3	2.1	1.9	1.6	1.3
EV/EBITDA (x)	145.9	49.5	27.1	18.1	12.4
EV/EBIT(x)	(31.0)	(116.9)	161.4	51.7	26.1
EV/IC (x)	4.8	4.7	4.7	4.6	4.4
FCFF yield (%)	(1.6)	(1.0)	0.7	2.0	3.1
FCFE yield (%)	(0.6)	(0.5)	1.9	2.7	3.5
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	(2.8)	1.9	3.1	4.1	5.4
Total asset turnover (x)	0.8	0.9	1.0	1.1	1.2
Assets/Equity (x)	1.1	1.1	1.1	1.0	1.0
RoE (%)	(2.5)	1.8	3.3	4.7	6.6
DuPont-RoIC					
NOPLAT margin (%)	(7.5)	(1.8)	0.9	2.3	3.8
IC turnover (x)	2.3	2.3	2.5	2.9	3.3
RoIC (%)	(16.8)	(4.2)	2.2	6.6	12.6
Operating metrics					
Core NWC days	66.8	56.9	51.2	45.4	42.0
Total NWC days	66.8	56.9	51.2	45.4	42.0
Fixed asset turnover	2.2	2.1	2.2	2.3	2.4
Opex-to-revenue (%)	25.1	22.6	21.3	20.4	19.3

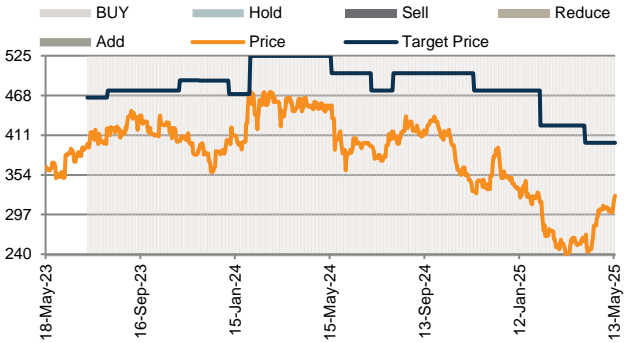
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
10-Jul-23	399	465	Buy	Anshul Agrawal

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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