

# Delhivery | BUY

## Strong margin revival; Ecom Express transaction closure awaited

Delhivery reported INR 21.9bn (+5.6% YoY) revenue as the industry headwinds were little unchanged from the previous quarter. While the revenue missed JMFe by 3.5%, normalisation in contractual manpower and vehicle rental expenses helped the company beat JMFe Adj. EBITDAM by 130bps to reach 2.5% (Adj. EBITDA of INR 554mn). Also, the company reported the first year with all four quarters being PAT positive. Nonetheless, the key trigger remains the impending closure of Ecom Express acquisition and the resulting change in express parcel industry structure – a scaled 3PL player not just makes better service EBITDA but also provides the cheapest cost to its customers. While we will bake-in the exact impact of this acquisition once the transaction closes, our rough calculations suggest it can result in c.30% upgrade to JMFe FY27 Adj. EBITDA of INR 7.9bn. We reiterate 'BUY' with an increased Mar'26 TP of INR 380 and believe the changed industry landscape can result in a sustained uptick for Delhivery.

- **Express Parcel segment (EPS) remains slow with headwinds sustained:** EPS revenue grew 3.2% YoY to INR 12.6bn (sequential dip of 15.6% due to seasonality), primarily driven by realisation growth of 2.7% YoY (-1.8% QoQ), while shipments volume were muted at 177mn (vs. 176mn/206mn in 4QFY24/3QFY25). The subdued growth was attributable to adverse pricing actions by competitors over the past year, overall consumption softness along with rising quick commerce and insourcing at Meesho. We expect these headwinds to subside gradually over the coming quarters as Meesho has limited headroom for incremental insourcing and QC players have started taking a more toned down approach. Management expects growth to revert in FY26 with the acquisition of Ecom Express (expected retention of 30%+ volumes), as positive volume impact is already visible in April and May. Segmental service EBITDA margin stood at 15.9% (vs. 17.6%/15.6% in 4QFY24/3QFY25), however, it is expected to revert to a more normalised trajectory and reach 17-18% in the medium-term as volume recovers and operating leverage kicks-in.
- **Delhivery continues to outpace PTL industry growth:** PTL volume growth was robust at 19.3% YoY (+11.1% QoQ), while realisations also improved 4.0% YoY (+0.7% QoQ), leading to growth in revenue of 24.0% YoY (+11.9% QoQ). The segment delivered sharp uptick in service EBITDA margin at 10.8% (vs. 2.2%/3.9% in 4QFY24/3QFY25), primarily driven by a) yield improvement; b) investments in automation; c) improving fleet utilisation through software improvements; and d) operating leverage. Management noted that improving capacity utilisation of the well established integrated network and densification of tractor-trailer network will drive a continued improvement in service EBITDA margin, with long-term steady state margins potentially similar to that in EPS. Furthermore, c.80% of PTL industry still remains unorganised, which could drive sustained growth for the company in this segment.
- **TL and Supply Chain Services (SCS) segment disappoint:** TL segment revenue declined 12.9%/5.5% YoY/QoQ to INR 1.5bn, a miss on JMFe by 20%. Supply Chain Services segment reported 1.5% YoY decline (+3.1% QoQ), with revenue at ~INR 2.3bn, a miss

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,415	89,319	1,03,733	1,20,708	1,39,626
Sales Growth (%)	12.7	9.7	16.1	16.4	15.7
EBITDA	1,266	3,758	7,168	11,934	16,513
EBITDA Margin (%)	1.6	4.2	6.9	9.9	11.8
Adjusted Net Profit	-2,268	1,724	2,860	6,091	8,690
Diluted EPS (INR)	-3.1	2.3	3.9	8.3	11.8
Diluted EPS Growth (%)	0.0	0.0	65.9	113.0	42.7
ROIC (%)	-12.9	-3.2	0.6	6.4	10.1
ROE (%)	-2.5	1.9	3.0	6.0	7.9
P/E (x)	-104.3	137.2	82.7	38.8	27.2
P/B (x)	2.8	2.7	2.6	2.5	2.2
EV/EBITDA (x)	168.6	57.8	30.3	18.0	12.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 16/May/2025



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	380
Upside/(Downside)	18.4%
Previous Price Target	360
Change	5.6%

### Key Data – DELHIVER IN

Current Market Price	INR321
Market cap (bn)	INR239.4/US\$2.8
Free Float	58%
Shares in issue (mn)	801.1
Diluted share (mn)	736.8
3-mon avg daily val (mn)	INR1,243.4/US\$14.5
52-week range	461/237
Sensex/Nifty	82,331/25,020
INR/US\$	85.5

### Price Performance

%	1M	6M	12M
Absolute	22.0	-2.9	-28.7
Relative*	16.4	-8.5	-36.0

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

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on JMFe by 16%. Despite topline miss, service EBITDA margin for SCS segment stood at 5.2% (-6.0%/+2.3% in 4QFY24/3QFY25), an increase of 290bps QoQ.

- **Maintain 'BUY', Mar'26 TP increased to INR 380:** We cut our revenue estimates by 1% over FY26-29E, mainly due to topline miss. Adj. EBITDA margin estimates rise by 15-60bps over FY27-29E with the company exercising strong cost control. Further, lower capex requirement reduces depreciation expenses, while carried forward losses result in lower tax rate, thereby increasing our EPS estimates by 4-13% over FY26-29E. Our DCF-based valuation suggests Mar'26 TP of INR 380, implying 31.4x FY27E Adj. EBITDA. We maintain 'BUY'. However, it is important to note that these numbers could see strong revisions once Ecom Express acquisition closes with FY27E Adj. EBITDA expected to rise by c.30%. **Key risks:** Quick commerce growing at the cost of e-commerce and company's strategic acquisition of Ecom Express failing to deliver as per expectations.
- **Ecom Express integration to enable c.30% upgrade in FY27 Adj. EBITDA estimate:** The recently announced [acquisition of Ecom Express](#) is expected to be a significantly positive trigger as it will enable Delhivery to gain incremental scale. While Ecom Express has been the 2<sup>nd</sup> largest EPS 3PL player, Delhivery management has assumed conservatively to suggest only 30% volume retention. This assumption implies complete loss of Meesho volumes as well as cannibalisation with some larger customers. We assume 35% volume retention as Meesho is unlikely to do 100% insourcing and also expect 10% uptick in realisation as mix of lower yielding Meesho volumes dips sharply. Furthermore, the Delhivery-Ecom combine would also see higher service EBITDA thanks to pricing discipline emerging as well as substantial operating leverage. With minimal need for incremental corporate overheads, we expect this acquisition to add c. INR 2.5bn to Delhivery's FY27E Adj. EBITDA of INR 7.9bn, resulting in 31% upgrade.

#### Exhibit 1. Incremental impact of Ecom Express acquisition

Particulars	FY26E	FY27E	FY28E	Comments
<b>Express Parcel services revenue (INR mn) (A=i*ii)</b>	<b>7,409</b>	<b>9,372</b>	<b>10,602</b>	
YoY		26.5%	13.1%	
Express Parcel Shipments (mn) (i)	147	169	189	Assuming 35% volume retention vs. management guidance of 30%
YoY		15%	12%	Enhance volume growth through improved SLAs and network synergies
Realisation per shipment (INR/Parcel) (ii)	50.4	55.4	56.0	Assuming 9MFY25 realisation for FY26E
YoY		10.0%	1.0%	Loss in Meesho volumes will imply higher blended realisation for remaining volumes
<b>Service EBITDA (C=A*B)</b>	<b>1,241</b>	<b>1,734</b>	<b>2,030</b>	
Service EBITDA Margin (B)	16.8%	18.5%	19.2%	Assuming the same margin for the combined business
Delhivery Service EBITDA as per JMFe (D)	16.5%	17.3%	17.9%	
Service EBITDA Accretion (E)	16.8%	18.5%	19.2%	Margin accretion through pricing discipline and operating leverage
<b>Incremental Service EBITDA (F)</b>	<b>152</b>	<b>882</b>	<b>1,017</b>	F = Delhivery Express Parcel services revenue as per JMFe * (E-D)
Rise in Corporate Overheads (G)	1.4%	1.6%	1.5%	Assuming Ecom Express contributing to 20% of revenue mix H = G * Corporate overheads as per JMFe
<b>Incremental Corporate Overheads (H)</b>	<b>129</b>	<b>151</b>	<b>159</b>	Incremental one-time integration cost of INR 3bn in FY26 (accounted for in acquisition consideration)
<b>Incremental Adj. EBITDA (I= C+F-H)</b>	<b>1,264</b>	<b>2,465</b>	<b>2,888</b>	
Delhivery Adj. EBITDA as per JMFe (J)	4,134	7,948	11,667	
<b>Rise in Adj. EBITDA (%) (K=I/J)</b>	<b>30.6%</b>	<b>31.0%</b>	<b>24.8%</b>	

Source: Company, JM Financial

- **Delhivery Direct:** The company has launched Delhivery Direct, an on-demand two and three-wheeler service, in Ahmedabad, and most recently in Delhi, with plans to expand to Mumbai and Bangalore in the next 45 days. While the overall business is currently burning cash, Ahmedabad is already beginning to see improvement in profitability. Delhivery's Q4FY25 Adj. EBITDA was impacted by c.INR60mn due to rapid commerce and Delhivery Direct expansion.

- **Rapid commerce expansion and outlook:** Delhivery has launched its rapid commerce operations in Bangalore, Hyderabad, and Chennai, with 18 dark stores as of 4QFY25. The dark store model has gained early traction, with the older stores' order volumes nearing 350-400 per day. The company expects to increase the dark store count to 50 stores in the current fiscal year. The breakeven point is estimated at 700-800 orders per day, expected to reach within 4-5 months of store launch. As per management, the oldest dark stores are expected to breakeven in Q2FY26, with others following subsequently. Initially positioned as an add-on service to serve D2C brands, rapid commerce is also now witnessing traction from B2B customers, as they are also appreciative of a quicker supply chain ecosystem.
- **Management believes tipping point is close in 3PL:** Management highlighted that declining outsourced volumes are resulting in 3PLs continuing to struggle with Delhivery accounting for 100%+ of the profit pool. Considering rising losses of other 3PL companies, only way out could be yields going up. Such a move would result in either Delhivery also ramping up yields and hence improving profitability or the company could retain yields and hence see significant rise in volume market share. Delhivery, as the lowest cost player (a position further enhanced post Ecom acquisition), would be the big beneficiary.

**Exhibit 2. 4QFY25 results vs. JMFe and Cons.**

Financial Performance	4Q25A	4Q24A	Change (YoY)	3Q25A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Cons)	Variance (vs. Cons.)
Express parcel Service	12,560	12,165	3.2%	14,880	-15.6%	12,580	-0.2%	13,296	-5.5%
PTL Service	5,175	4,173	24.0%	4,624	11.9%	5,077	1.9%	5,041	2.7%
TL Service	1,514	1,738	-12.9%	1,602	-5.5%	1,892	-20.0%	1,864	-18.8%
Supply Chain Service	2,288	2,322	-1.5%	2,220	3.1%	2,722	-16.0%	2,753	-16.9%
Cross Border Service and Others	379	357	6.1%	457	-17.1%	445	-14.8%	421	-10.0%
<b>Total Revenue</b>	<b>21,916</b>	<b>20,755</b>	<b>5.6%</b>	<b>23,783</b>	<b>-7.9%</b>	<b>22,716</b>	<b>-3.5%</b>	<b>23,316</b>	<b>-6.0%</b>
Gross Profit (INR mn)	6,252	5,568	12.3%	6,275	-0.4%	6,107	2.4%		
<b>Gross Profit margin</b>	<b>28.5%</b>	<b>26.8%</b>	<b>170bp</b>	<b>26.4%</b>	<b>214bp</b>	<b>26.9%</b>	<b>164bp</b>		
EBITDA (INR mn)	1,191	459	159.5%	1,024	16.3%	775	53.6%	823	44.7%
<b>EBITDA margin</b>	<b>5.4%</b>	<b>2.2%</b>	<b>322bp</b>	<b>4.3%</b>	<b>113bp</b>	<b>3.4%</b>	<b>202bp</b>	<b>3.5%</b>	<b>190bp</b>
Adjusted EBITDA (INR mn)	554	207	168.0%	448	23.6%	274	102.0%		
<b>Adjusted EBITDA margin</b>	<b>2.5%</b>	<b>1.0%</b>	<b>153bp</b>	<b>1.9%</b>	<b>64bp</b>	<b>1.2%</b>	<b>132bp</b>		
Adjusted PAT (INR mn)	726	-538	na	250	190.4%	-82	na	203	257.6%
<b>Diluted EPS (INR)</b>	<b>0.91</b>	<b>-0.84</b>	<b>na</b>	<b>0.31</b>	<b>190.4%</b>	<b>-0.10</b>	<b>na</b>	<b>0.53</b>	<b>70.9%</b>
Operational Metrics	4Q25A	4Q24A	Change (YoY)	3Q25A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (JMFe)	Variance (vs. Cons.)
Express Parcel Shipments (mn)	177	176	0.6%	206	-14.1%	179	-1.1%	193	-8.4%
Express parcel Realisation (INR)	71.0	69.1	2.7%	72.2	-1.8%	70.3	0.9%	69.7	1.8%
PTL freight handled (000's tonnes)	458	384	19.3%	412	11.1%	455	0.7%	450	1.8%
PTL Realisation	11,299	10,867	4.0%	11,205	0.8%	11,166	1.2%	11,249	0.4%

Source: Company, JM Financial, Visible Alpha

## Company Metrics

## Exhibit 3. Key Financials

Particulars	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25
Revenue (INR mn)	19,298	19,417	21,945	20,755	81,415	21,723	21,897	23,783	21,916	89,319
Change (YoY)	10.5%	8.1%	20.3%	11.6%	12.7%	12.6%	12.8%	8.4%	5.6%	9.7%
Operating expenses	14,378	14,420	15,722	15,187	59,707	15,795	16,381	17,508	15,663	65,348
Gross profit	4,920	4,997	6,223	5,568	21,708	5,928	5,516	6,275	6,252	23,971
Gross margin	25.5%	25.7%	28.4%	26.8%	26.7%	27.3%	25.2%	26.4%	28.5%	26.8%
Other operating expenses	5,047	5,152	5,133	5,109	20,441	4,957	4,943	5,251	5,062	20,213
EBITDA	-127	-155	1,090	459	1,266	971	573	1,024	1,191	3,758
Operating margin	-0.7%	-0.8%	5.0%	2.2%	1.6%	4.5%	2.6%	4.3%	5.4%	4.2%
Adj. EBITDA (pre IND AS)	-243	-125	920	207	758	371	98	448	554	1,470
Adj. EBITDA margin	-1.3%	-0.6%	4.2%	1.0%	0.9%	1.7%	0.4%	1.9%	2.5%	1.6%
Depreciation & amortisation	1,673	1,712	1,826	2,004	7,216	1,194	1,313	1,417	1,425	5,349
EBIT	-1,801	-1,867	-736	-1,545	-5,949	-224	-740	-393	-234	-1,591
EBIT margin	-9.3%	-9.6%	-3.4%	-7.4%	-7.3%	-1.0%	-3.4%	-1.7%	-1.1%	-1.8%
Net other income	818	816	1,086	922	3,642	817	891	653	782	3,143
Share of Associate	64	2	-42	63	87	-12	-64	-22	169	70
PBT	-919	-1,049	308	-560	-2,220	581	86	238	717	1,623
Tax expenses	-27	-21	117	-22	47	-14	-16	-12	-8	-50
Adj. PAT	-892	-1,028	191	-538	-2,268	595	102	250	726	1,672
Diluted EPS	-1.2	-1.4	0.2	-0.9	-3.4	0.7	0.1	0.3	1.0	2.1

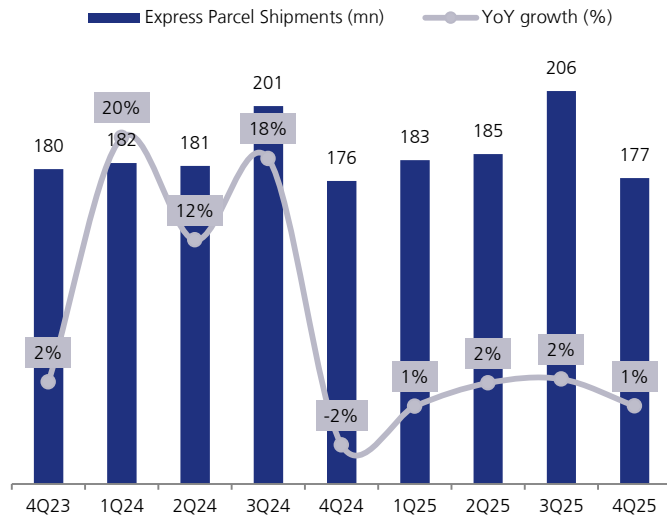
Source: Company, JM Financial

## Exhibit 4. Key Operating Metrics

Particulars	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Express parcels shipped (mn)	201	176	183	185	206	177
PTL Freight handled ('000 tons)	354	384	399	427	412	458
Pin-code reach	18,675	18,793	18,783	18,775	18,780	18,833
Countries served	220+	220+	220+	220+	220+	220+
No of customers	30,598	33,278	35,277	38,044	39,775	44,290
Infrastructure (mn sq. ft)	19.24	18.82	18.73	19.49	20.63	20.10
Gateways	110	111	112	119	112	111
Automated sort centres*	30	29	42	45	45	45
Processing centres	164	160	162	159	159	158
Express delivery centres	3,404	3,506	3,567	3,645	3,599	3,647
Freight service centres	131	129	120	124	130	118
Partner centres (constellation/BAs)	993	939	834	853	862	905
Partner agents	37,172	34,422	35,522	41,656	40,901	41,549
Fleet size – daily average	13,688	15,065	15,832	16,357	16,733	16,677

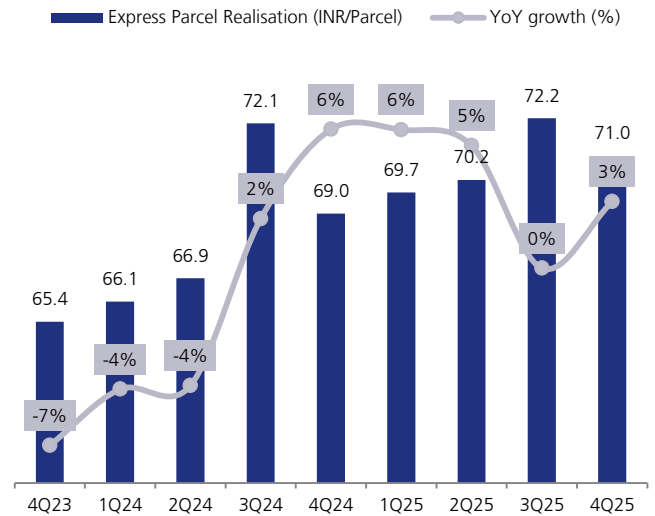
Source: Company, JM Financial.

Exhibit 5. Express parcel volume trend



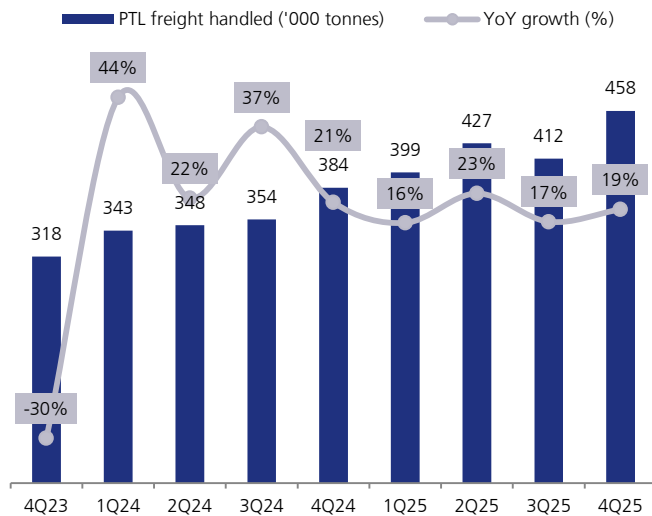
Source: Company, JM Financial

Exhibit 6. Express parcel realisation trend



Source: Company, JM Financial

Exhibit 7. PTL volume trend



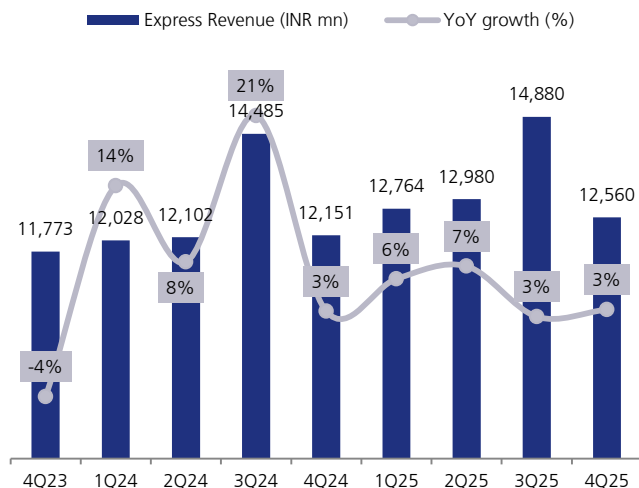
Source: Company, JM Financial

Exhibit 8. PTL realisation trend



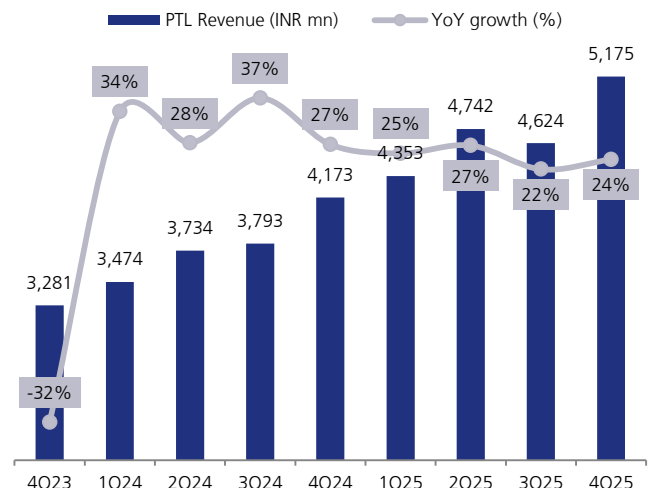
Source: Company, JM Financial

Exhibit 9. Express parcel revenue trend



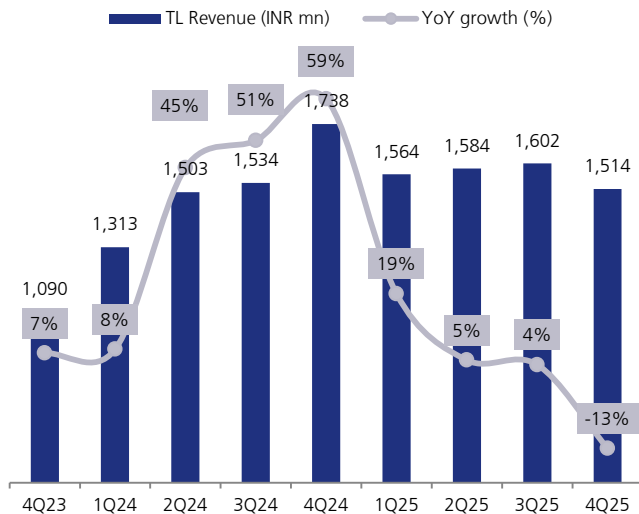
Source: Company, JM Financial

Exhibit 10. PTL revenue trend



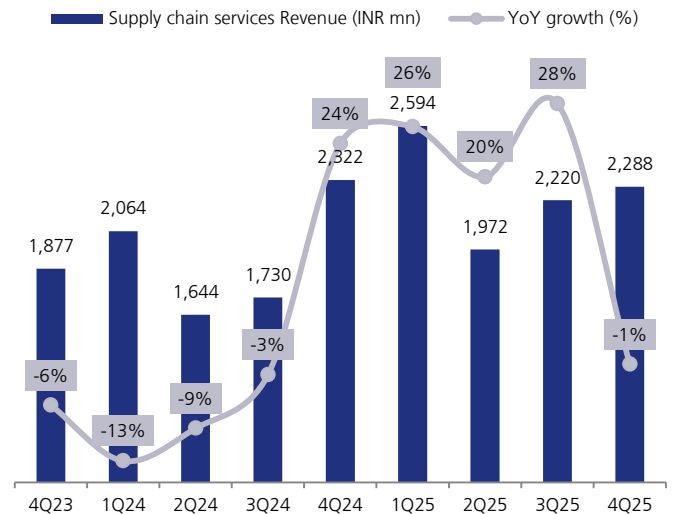
Source: Company, JM Financial

Exhibit 11. Truck load revenue trend



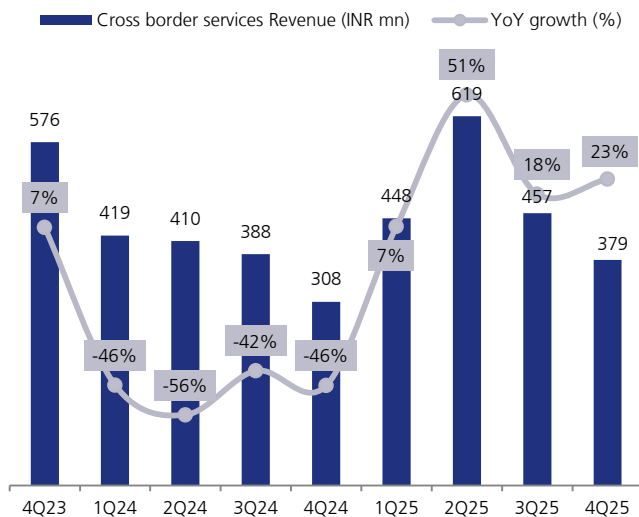
Source: Company, JM Financial

Exhibit 12. Supply chain services growth trend



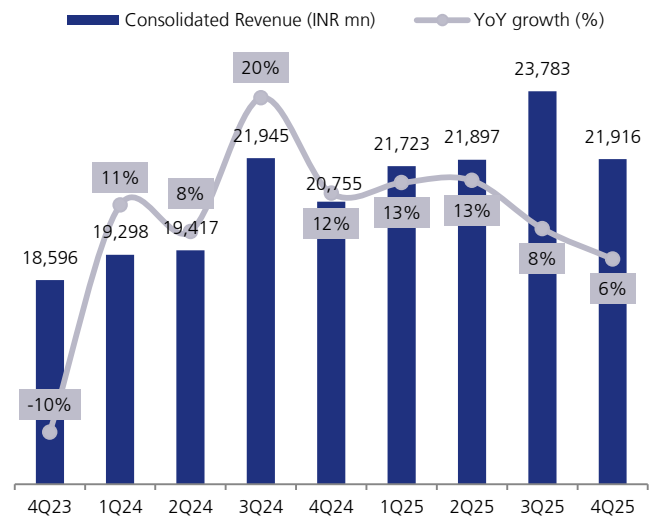
Source: Company, JM Financial

Exhibit 13. Cross border services revenue trend



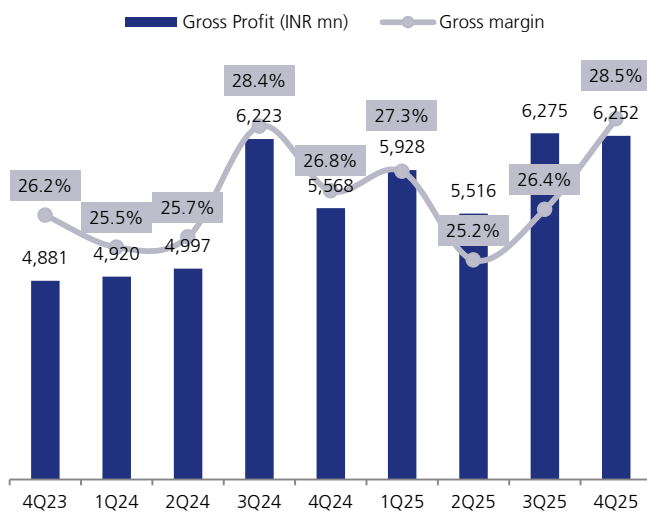
Source: Company, JM Financial

Exhibit 14. Consolidated revenue trend



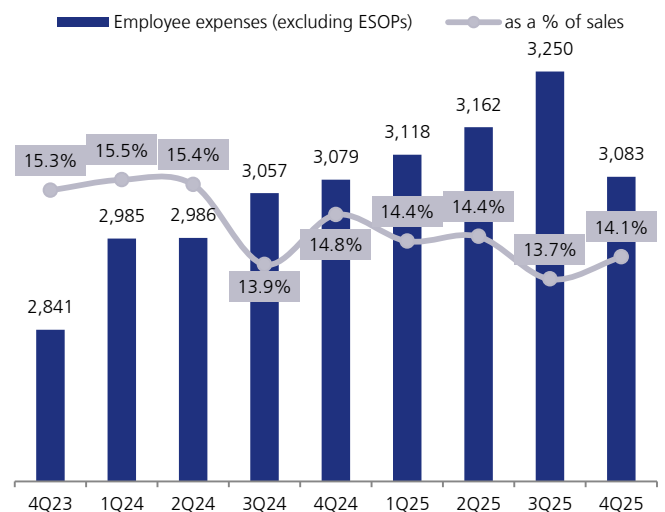
Source: Company, JM Financial

Exhibit 15. Gross Profit and margin trend



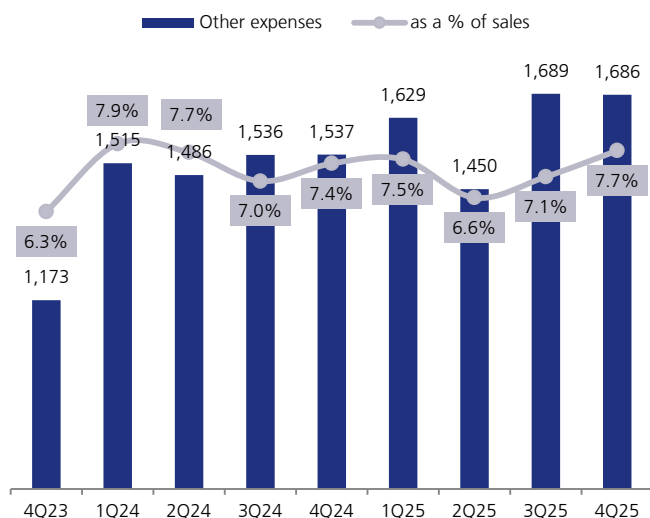
Source: Company, JM Financial

Exhibit 16. Employee expenses trend



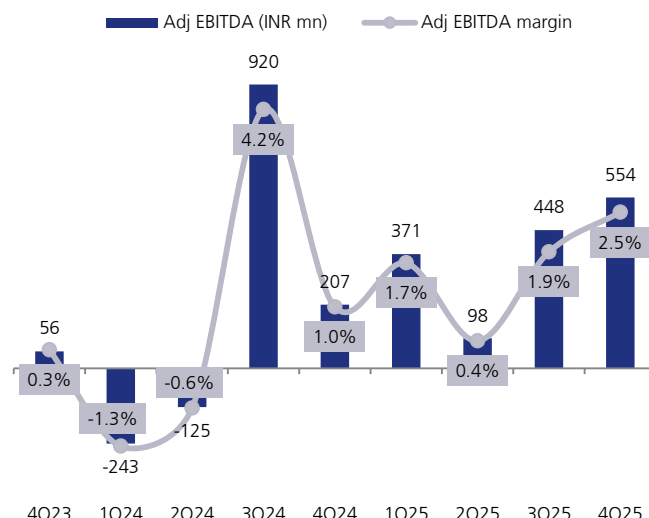
Source: Company, JM Financial

Exhibit 17. Other expenses trend



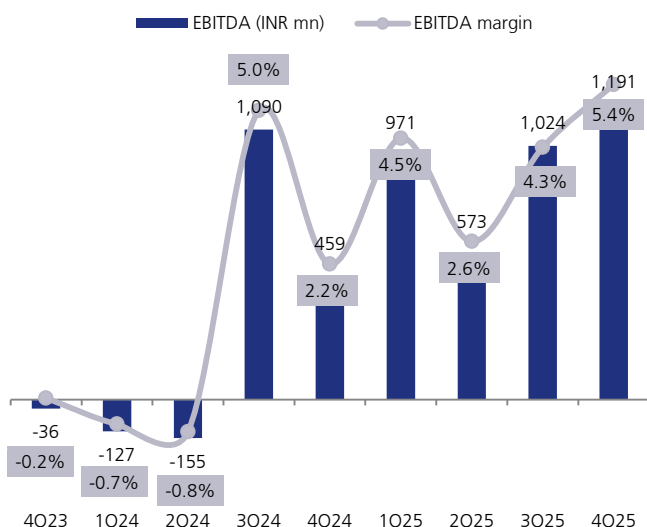
Source: Company, JM Financial

Exhibit 18. Adjusted EBITDA and margin (pre Ind AS) trend



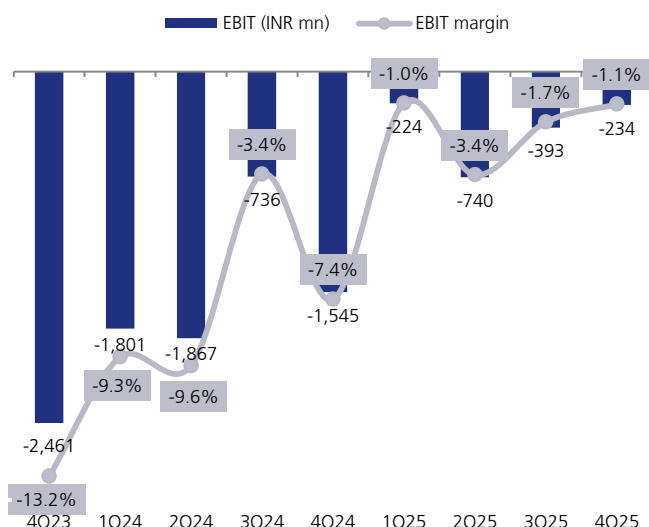
Source: Company, JM Financial

Exhibit 19. Reported EBITDA and margin trend



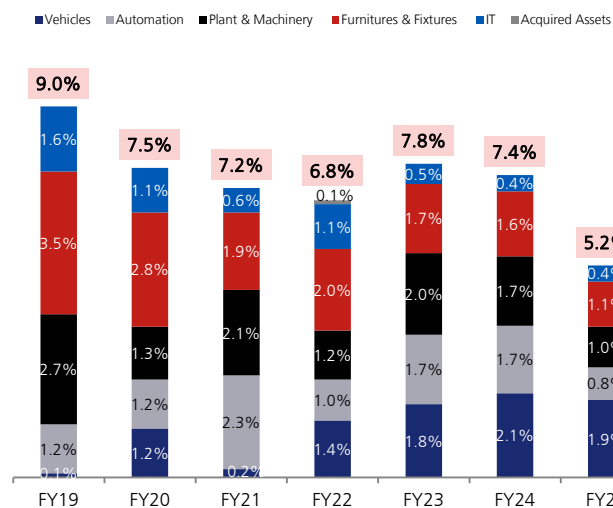
Source: Company, JM Financial

Exhibit 20. Reported EBIT and margin trend



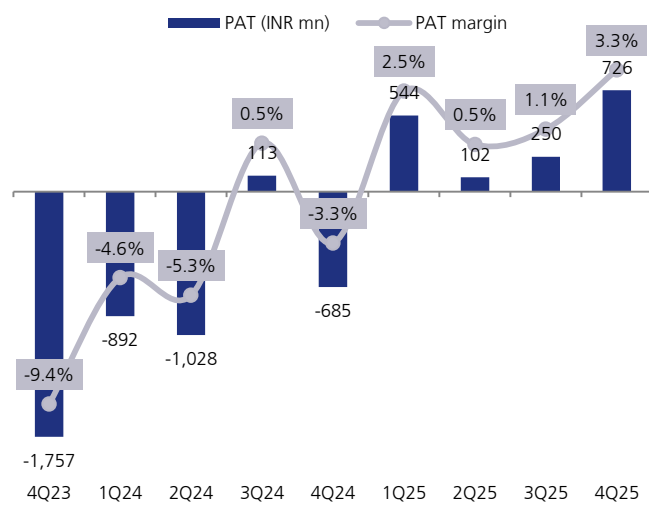
Source: Company, JM Financial

Exhibit 21. Capital expenditure trend



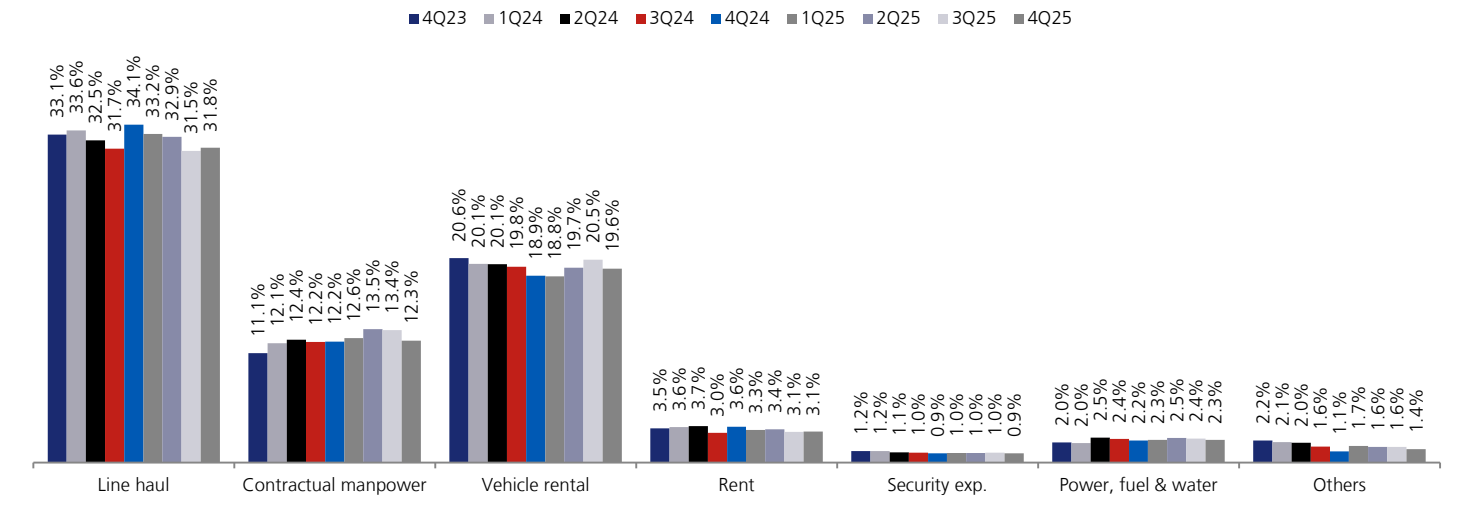
Source: Company, JM Financial

Exhibit 22. Reported PAT trend



Source: Company, JM Financial

Exhibit 23. Operating cost components for Delhivery



Source: Company, JM Financial



## Maintain BUY; TP raised to INR 380

### Exhibit 24. We tweak estimates to account for lower EPS volume growth

Particulars	Old				New				Change			
In INR mn	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E
Consol. Revenue	104,813	122,238	141,511	163,001	103,733	120,708	139,626	160,804	-1.0%	-1.3%	-1.3%	-1.3%
Change (YoY)	16.3%	16.6%	15.8%	15.2%	16.1%	16.4%	15.7%	15.2%	-17bps	-26bps	-9bps	-2bps
Adj. EBITDA	4,527	7,850	11,209	15,174	4,134	7,948	11,667	15,947	-8.7%	1.3%	4.1%	5.1%
Adjusted EBITDA margin	4.3%	6.4%	7.9%	9.3%	4.0%	6.6%	8.4%	9.9%	-33bps	16bps	44bps	61bps
EBIT margin	0.7%	3.7%	5.4%	6.9%	0.3%	3.5%	5.6%	7.4%	-38bps	-27bps	11bps	48bps
PAT	2,755	5,422	7,809	10,558	2,860	6,091	8,690	10,805	3.8%	12.3%	11.3%	2.3%
Capex	-4,156	-4,887	-5,501	-6,062	-4,178	-4,679	-5,329	-5,964	0.5%	-4.3%	-3.1%	-1.6%
EPS (Diluted)	3.43	6.75	9.73	13.15	3.57	7.60	10.85	13.49	4.0%	12.6%	11.5%	2.5%

Source: Company, JM Financial

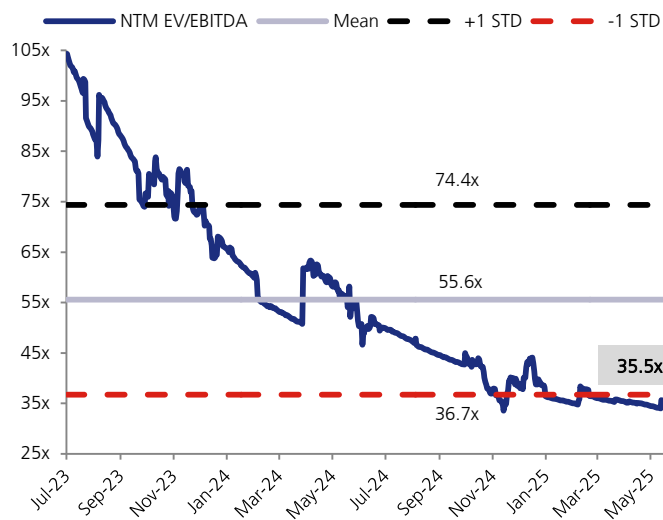
## Valuation Methodology: DCF

### Exhibit 25. Key DCF assumptions

<b>WACC</b>	<b>13.0%</b>
Revenue CAGR (FY25-30)	15.6%
Revenue CAGR (FY30-35)	13.5%
Revenue CAGR (FY35-40)	11.8%
EBITDA CAGR (FY25-30)	70.0%
EBITDA CAGR (FY30-35)	20.6%
EBITDA CAGR (FY35-40)	15.0%
Tax Rate	25.2%
FCFF CAGR (2025-2040F)	na
NPV of cash flow (2025-2040F)	108,244
<b>Perpetual growth (%)</b>	<b>5.0%</b>
Implied Exit FCF multiple (X)	12.5x
Terminal value (INR mn)	145,167
<b>Enterprise value (INR mn)</b>	<b>253,411</b>
Terminal value as % of Enterprise Value	57.3%
Net debt (INR mn, Mar'25)	-54,539
<b>Equity value (INR mn)</b>	<b>307,950</b>
Number of shares outstanding (diluted, million)	801
<b>Equity value per share (INR)</b>	<b>380</b>

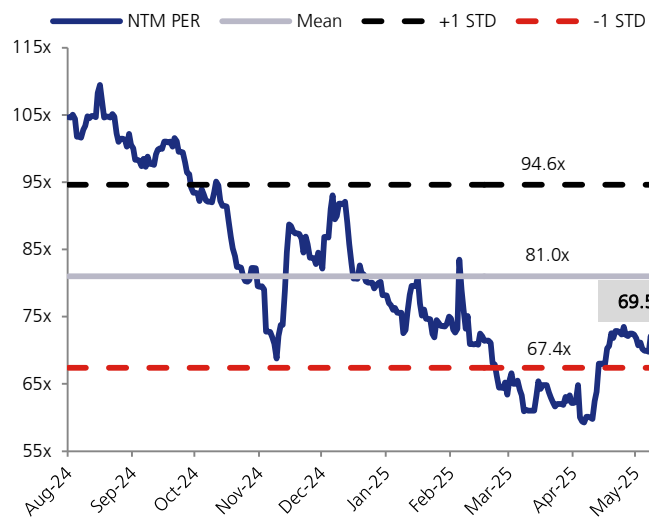
Source: JM Financial

### Exhibit 26. NTM EV/EBITDA



Source: JM Financial, Bloomberg

### Exhibit 27. NTM PER



Source: JM Financial, Bloomberg

## Exhibit 28. Valuation comps

Company	MCAp (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR	EV / EBITDA (x)			EBITDA CAGR	P / E (x)			EPS CAGR
			CY24	CY25E	CY26E		CY24	CY25E	CY26E		CY24	CY25E	CY26E	
Delhivery	2.8	2.6	2.5x	2.2x	1.9x	16.3%	60.2x	31.5x	18.9x	78.2%	158.6x	89.9x	42.2x	94%
<b>India Road</b>														
Bluedart	1.9	2.0	2.8x	2.4x	2.2x	12.8%	19.3x	15.6x	13.7x	18.8%	44.1x	35.2x	28.8x	24%
TCI Express	0.3	0.3	2.1x	1.9x	1.7x	12%	16.4x	14.0x	nm	nm	24.9x	21.3x	19.7x	12%
VRL Logistics	0.5	0.6	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Allcargo logistics	0.4	0.6	0.3x	0.3x	0.2x	15%	6.2x	6.4x	nm	nm	20.2x	14.6x	13.2x	23%
Mahindra logistics	0.3	0.4	0.5x	0.4x	0.4x	12%	9.4x	7.3x	6.3x	22%	nm	29.3x	21.4x	610%
<b>US Road Transport</b>														
FedEx Corporation	54.7	86.6	1.0x	1.0x	0.9x	3%	8.1x	7.6x	7.5x	4%	11.8x	10.7x	9.1x	14%
United Parcel Service	85.5	106.0	1.2x	1.2x	1.2x	2%	8.8x	8.2x	7.7x	7%	14.4x	12.7x	11.5x	12%
XPO Logistics	15.1	18.9	2.4x	2.2x	2.2x	4%	14.9x	13.3x	12.1x	11%	34.9x	27.4x	23.4x	22%
C.H. Robinson Worldwide	11.9	13.5	0.8x	0.8x	0.7x	5%	15.6x	13.9x	13.4x	8%	21.2x	18.5x	17.7x	9%
J.B. Hunt Transport Services	14.7	16.2	1.3x	1.3x	1.2x	6%	10.4x	9.2x	8.4x	11%	26.3x	21.1x	17.6x	22%
Knight-swift transportation	7.4	10.0	1.3x	1.2x	1.1x	7%	8.5x	7.1x	5.9x	20%	30.6x	18.4x	12.2x	59%
Landstar systems	5.0	4.7	1.0x	0.9x	0.8x	7%	17.0x	14.0x	11.6x	21%	29.0x	22.6x	18.3x	26%
<b>China/HK/Japan Road</b>														
ZTO Express	14.8	14.2	2.0x	1.8x	1.6x	11%	6.1x	5.5x	5.0x	11%	11.4x	10.0x	9.0x	13%
Dada Nexus	0.5	0.1	0.1x	0.1x	0.1x	35%	nm	7.0x	4.0x	nm	nm	nm	nm	nm
STO Express	2.2	3.1	0.4x	0.4x	0.3x	11%	5.8x	5.1x	4.3x	16%	12.3x	10.3x	8.9x	17%
YUNDA Holding	2.7	2.8	0.4x	0.3x	0.3x	9%	3.9x	3.7x	3.5x	5%	9.4x	8.4x	6.3x	23%
YTO Express Group	6.2	5.9	0.6x	0.5x	0.5x	11%	5.2x	4.7x	4.4x	9%	9.9x	8.8x	8.3x	9%
S.F. Holding	29.7	32.7	0.8x	0.7x	0.6x	9%	7.2x	6.6x	6.1x	8%	18.1x	15.6x	13.7x	15%
Deppon Logistics	1.9	1.7	0.3x	0.3x	0.2x	10%	3.9x	3.6x	3.8x	2%	14.1x	12.0x	10.6x	15%
JD Logistics	9.9	8.7	0.3x	0.3x	0.3x	9%	3.4x	3.1x	2.8x	11%	9.9x	8.8x	7.7x	14%
JD.com	49.0	34.7	0.2x	0.2x	0.2x	6%	4.6x	4.0x	3.5x	14%	8.5x	7.5x	6.9x	11%
Transfar Zhilian	2.0	3.7	1.0x	0.9x	1.0x	-3%	12.5x	10.6x	8.9x	18%	23.0x	16.6x	12.6x	35%
SITC International Holdings	8.3	8.0	2.5x	2.6x	2.5x	1%	6.9x	8.2x	8.0x	-7%	65.6x	78.9x	77.4x	-8%
Kerry Logistics Network	1.7	2.6	0.4x	0.4x	0.3x	1%	4.7x	4.8x	4.8x	-1%	10.0x	10.3x	9.9x	0%
Yamato	5.0	4.8	0.4x	0.4x	0.4x	4%	8.5x	6.7x	5.9x	20%	25.0x	18.4x	15.1x	29%
CJ Logistics	1.3	3.6	0.4x	0.4x	0.4x	3%	4.1x	3.9x	3.7x	5%	6.8x	5.8x	5.1x	15%
<b>Rest of the world</b>														
Dada Nexus	0.5	0.1	0.1x	0.1x	0.1x	35%	nm	7.0x	4.0x	nm	nm	nm	nm	nm

Source: JM Financial, Bloomberg

## Exhibit 29. Sensitivity of TP to TGR and WACC

		Terminal Growth Rate				
WACC	11.50%	4.0%	4.5%	5.0%	5.5%	6.0%
	450	450	470	490	510	540
	420	420	430	450	470	490
	390	390	400	410	430	450
	360	360	370	380	400	410
	340	340	350	360	370	380
	320	320	330	340	340	350
	300	300	310	320	320	330

Source: Company, JM Financial

## Exhibit 30. TP sensitivity to JMFe revenue growth and margin

		Revenue Growth (% of JMFe)				
EBITDA Margin (% of JMFe)	70.0%	80.0%	90.0%	100.0%	110.0%	120.0%
	160	160	200	250	310	380
	190	190	240	300	360	440
	230	230	280	340	410	500
	260	260	320	380	470	560
	290	290	350	430	520	630
	320	320	390	470	570	690
	350	350	430	520	620	750

Source: Company, JM Financial

## Key Risks

**Downside risks:** 1) **Slower-than-expected infrastructure network/quality expansion:** Any deficiency in India's road network, telecommunication, and internet or airport infrastructure could impact Delhivery's business and technology systems. 2) **Dependence on e-commerce customers:** Despite a rise in diversification, e-commerce customers account for a significant portion of Delhivery's revenue and volume, and hence a decline or plateauing of e-commerce penetration in India or the customers diversifying to more 3PL partners can impact growth. 3) **Inflationary pressures:** With an expansive operational network, rising fuel prices and inflation can impact the company's cash flows and profitability. 4) **Competitive Intensity:** While Delhivery is trying to enhance its value proposition for customers, the 3PL sector still remains largely commoditised with competition emerging in geographic or service pockets, and further rise in competitive intensity can impact growth as well as margin expansion. 5) **Negotiation power of customers:** India's e-commerce market sees almost 60-70% shipments come from the top 3 players, implying that they have a very strong position on the negotiating table and are unlikely to allow Delhivery a disproportionate share of margins. 6) **Capacity expansion not getting utilised:** Considering the long gestation period, Delhivery continues to invest in to capacity building as well as automation in advance. If the growth doesn't materialise, such investments can become significant drag on earnings.

**Upside risks:** 1) **Faster-than-expected growth in express parcel shipments:** We are forecasting express parcel revenue growth of 15% CAGR over FY25-30, which is roughly in line with expected e-commerce shipments growth in India. However, there remains a possibility of Delhivery's target business models in e-commerce growing faster. 2) **Higher-than-expected margin potential:** We are of the belief that Delhivery will end up sharing a large chunk of cost savings from incremental operational efficiencies with customers as they have a stronger seat on the negotiation table. However, lower customer concentration or faster / higher profitability of customers can help Delhivery enhance its bargaining power. 3) **Faster shift to organisation in logistics:** Currently, India's logistics sector is largely unorganised; successful implementation and execution of National Logistics Policy can actually ramp up the mix of organised players, which would benefit Delhivery both in terms of revenue as well as lower expenses. 4) **Consolidation in the sector:** Even among the organised players, there is significant fragmentation that results in cost-based competition. As seen in ride hailing and food delivery, a rise in consolidation can cause the bigger players to optimise revenue potential as well as costs to generate that revenue. 5) **Decline in capital intensity while retaining the cost structure:** Company is expected to sustain capex investments but a faster utilisation or improvement in incremental margins can deliver higher earnings.

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,415	89,319	1,03,733	1,20,708	1,39,626
Sales Growth	12.7%	9.7%	16.1%	16.4%	15.7%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>81,415</b>	<b>89,319</b>	<b>1,03,733</b>	<b>1,20,708</b>	<b>1,39,626</b>
Cost of Goods Sold/Op. Exp	59,707	65,348	74,713	85,424	97,725
Personnel Cost	0	0	0	0	0
Other Expenses	20,441	20,213	21,852	23,350	25,389
<b>EBITDA</b>	<b>1,266</b>	<b>3,758</b>	<b>7,168</b>	<b>11,934</b>	<b>16,513</b>
EBITDA Margin	1.6%	4.2%	6.9%	9.9%	11.8%
EBITDA Growth	0.0%	196.8%	90.7%	66.5%	38.4%
Depn. & Amort.	7,216	5,349	6,825	7,752	8,753
EBIT	-5,949	-1,591	342	4,183	7,760
Other Income	4,527	4,401	4,095	3,971	4,179
Finance Cost	885	1,258	1,429	1,581	1,791
PBT before Excep. & Forex	-2,307	1,552	3,008	6,573	10,149
Excep. & Forex Inc./Loss(-)	-224	0	0	0	0
PBT	-2,531	1,552	3,008	6,573	10,149
Taxes	47	-50	104	494	1,534
Extraordinary Inc./Loss(-)	-224	-51	0	0	0
Assoc. Profit/Min. Int.(-)	87	70	-45	12	75
Reported Net Profit	-2,492	1,672	2,860	6,091	8,690
<b>Adjusted Net Profit</b>	<b>-2,268</b>	<b>1,724</b>	<b>2,860</b>	<b>6,091</b>	<b>8,690</b>
Net Margin	-2.8%	1.9%	2.8%	5.0%	6.2%
Diluted Share Cap. (mn)	736.8	736.8	736.8	736.8	736.8
<b>Diluted EPS (INR)</b>	<b>-3.1</b>	<b>2.3</b>	<b>3.9</b>	<b>8.3</b>	<b>11.8</b>
Diluted EPS Growth	0.0%	0.0%	65.9%	113.0%	42.7%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-2,444	1,571	2,963	6,585	10,224
Depn. & Amort.	7,216	5,349	6,825	7,752	8,753
Net Interest Exp. / Inc. (-)	-1,801	-1,144	-2,666	-2,390	-2,389
Inc (-) / Dec in WCap.	151	-249	-811	-789	-919
Others	1,976	398	1,000	650	715
Taxes Paid	-373	-252	-104	-494	-1,534
<b>Operating Cash Flow</b>	<b>4,724</b>	<b>5,674</b>	<b>7,208</b>	<b>11,314</b>	<b>14,850</b>
Capex	-5,650	-4,832	-4,459	-5,105	-5,551
Free Cash Flow	-926	842	2,749	6,208	9,299
Inc (-) / Dec in Investments	1,293	1,677	0	0	0
Others	3,366	2,119	4,095	3,971	4,179
<b>Investing Cash Flow</b>	<b>-991</b>	<b>-1,036</b>	<b>-364</b>	<b>-1,134</b>	<b>-1,372</b>
Inc / Dec (-) in Capital	-23	39	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-735	-857	434	1,646	1,791
Others	-2,903	-3,505	-6,892	-7,824	-8,752
<b>Financing Cash Flow</b>	<b>-3,661</b>	<b>-4,323</b>	<b>-6,457</b>	<b>-6,178</b>	<b>-6,961</b>
<b>Inc / Dec (-) in Cash</b>	<b>75</b>	<b>315</b>	<b>387</b>	<b>4,002</b>	<b>6,518</b>
Opening Cash Balance	2,955	3,032	3,347	3,734	7,736
Closing Cash Balance	3,032	3,347	3,734	7,736	14,253

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	91,446	94,322	98,181	1,04,922	1,14,328
Share Capital	737	746	746	746	746
Reserves & Surplus	90,710	93,576	97,436	1,04,177	1,13,582
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,256	397	397	397	397
Def. Tax Liab. / Assets (-)	-2,589	-2,877	-2,882	-2,882	-2,882
<b>Total - Equity &amp; Liab.</b>	<b>90,113</b>	<b>91,841</b>	<b>95,695</b>	<b>1,02,437</b>	<b>1,11,842</b>
Net Fixed Assets	33,822	39,200	42,296	45,892	49,651
Gross Fixed Assets	31,475	39,176	45,128	51,864	59,431
Intangible Assets	14,334	14,030	13,620	13,241	12,561
Less: Depn. & Amort.	12,273	14,336	16,782	19,543	22,670
Capital WIP	286	329	329	329	329
Investments	53,056	51,576	51,576	51,576	51,576
Current Assets	25,063	26,973	29,762	36,247	45,578
Inventories	164	165	191	223	258
Sundry Debtors	14,913	14,121	16,497	18,948	21,727
Cash & Bank Balances	3,032	3,360	3,747	7,748	14,266
Loans & Advances	0	0	0	0	0
Other Current Assets	6,954	9,328	9,328	9,328	9,328
Current Liab. & Prov.	21,828	25,908	27,938	31,278	34,963
Current Liabilities	19,191	23,196	25,226	28,566	32,251
Provisions & Others	2,636	2,712	2,712	2,712	2,712
Net Current Assets	3,235	1,065	1,824	4,969	10,615
<b>Total - Assets</b>	<b>90,113</b>	<b>91,841</b>	<b>95,695</b>	<b>1,02,437</b>	<b>1,11,842</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-2.8%	1.9%	2.8%	5.0%	6.2%
Asset Turnover (x)	0.7	0.8	0.8	0.9	1.0
Leverage Factor (x)	1.2	1.3	1.3	1.3	1.3
RoE	-2.5%	1.9%	3.0%	6.0%	7.9%

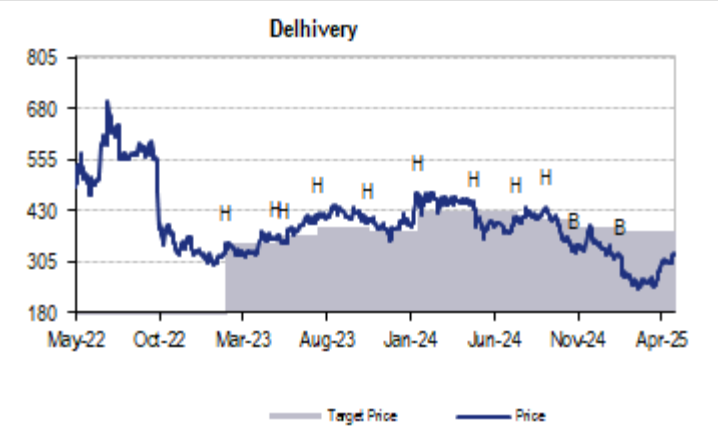
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	114.2	117.7	122.6	131.0	142.7
ROIC	-12.9%	-3.2%	0.6%	6.4%	10.1%
ROE	-2.5%	1.9%	3.0%	6.0%	7.9%
Net Debt/Equity (x)	-0.5	-0.4	-0.4	-0.4	-0.4
P/E (x)	-104.3	137.2	82.7	38.8	27.2
P/B (x)	2.8	2.7	2.6	2.5	2.2
EV/EBITDA (x)	168.6	57.8	30.3	18.0	12.7
EV/Sales (x)	2.6	2.4	2.1	1.8	1.5
Debtor days	67	58	58	57	57
Inventory days	1	1	1	1	1
Creditor days	36	36	38	40	41

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Feb-23	Hold	350	
21-May-23	Hold	370	5.7
6-Jun-23	Hold	370	0.0
5-Aug-23	Hold	390	5.4
5-Nov-23	Hold	380	-2.6
4-Feb-24	Hold	430	13.2
18-May-24	Hold	430	0.0
3-Aug-24	Hold	410	-4.7
25-Sep-24	Hold	410	0.0
15-Nov-24	Buy	390	-4.9
8-Feb-25	Buy	380	-2.6

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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