Delhivery | BUY

JM FINANCIAL

Setting up for the long cruise ahead

While Delhivery has outperformed the market since announcing the acquisition of Ecom Express, we believe the uptick only reflects the benefits of consolidation. We expect significant re-rating considering the subdued headwinds over the coming year – 1) plateauing of Meesho's insourcing at c.65%, and 2) rise in e-commerce shipments. Furthermore, we expect FY26 to see the peak impact of channel shift towards Quick Commerce and the impact would start tapering FY27 onwards. A combination of waning headwinds and benign competition (only Delhivery and Shadowfax remain relevant) at an attractive valuation of c.22x FY27E Adj. EBITDA help support our BUY rating with a Jun'26 TP of INR 450.

- **Expect Meesho's insourcing to plateau in FY26:** As per Meesho's FY24 annual report, the company saw volume growth of 35% in 9MFY25 with our channel checks suggesting the company ended Mar'25 at about 65% insourcing (c.50% for FY25) via Valmo. In FY26, Meesho is likely to deliver sharper volume growth (40%+) as it gains market share from other major e-commerce platforms, which are resorting to platform fees in order to deliver profitability. Hence, Valmo needs to ramp-up capacity significantly just to maintain insourcing at 65%. Furthermore, a combined Delhivery plus Ecom Express would be able to pass on cost benefits to Meesho that would also lower the incentive to further increase insourcing. It is important to note that Meesho is scaling Valmo solely for the sake of growth in its e-commerce business.
- **Competitive intensity in 3PL Express Parcel segment turning benign:** India's 3PL express parcel market is undergoing a structural shift, entering a phase of consolidation and rationalisation. Delhivery's recent acquisition of Ecom Express has significantly strengthened its market position, improved regional reach and added scale to its operations. This move comes at a time when Xpressbees, once considered a formidable competitor, is witnessing operational headwinds as well. The company has been struggling with scale inefficiencies, similar to those at Ecom Express, raising concerns about its ability to sustain competitiveness in a rapidly evolving logistics market.

  As a result, the competitive landscape is starting to bifurcate, with Delhivery emerging as the most dominant, full-stack, tech-led logistics provider, while Shadowfax is gaining ground as a fast-growing, asset-light player with modular servicing capabilities enabling growth in value-added services and quick-commerce (QC) logistics. Other players are gradually ceding ground as the market rewards speed, efficiency, and network density.
- **Ecom Express acquisition to enable 28% rise in Delhivery's FY27E Adj. EBITDA:** We have triangulated the impact of Ecom's acquisition in the following exhibits. As per Delhivery's 4QFY25 earning call, management believes to retain ~30% of Ecom Express's volumes. As shown in exhibit 1, in 9MFY25, ~60% of Ecom's revenue came from Meesho. Assuming lower realisation of INR 46 due to pricing pressure from Meesho, Ecom's realisation (ex-Meesho) is likely to be ~INR 58.8 in 9MFY25. As we assume Meesho shipments for Ecom Express to drop to zero, we use ex-Meesho realisation to calculate impact. As highlighted by Delhivery management, capacity utilisation is expected to improve in Delhivery's network and hence service EBITDA accretion would be visible across the ecosystem while incurring minimal rise in corporate costs. We expect that barring impact of incremental one-time integration cost of INR 3bn in FY26, Ecom acquisition will lead to 32%/28% increase in Delhivery's Adj. EBITDA in FY26/FY27.

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	450
Upside/(Downside)	24.7%
Previous Price Target	380
Change	18.3%

Key Data – DELHIVER IN	
Current Market Price	INR361
Market cap (bn)	INR269.1/US$3.1
Free Float	100%
Shares in issue (mn)	801.1
Diluted share (mn)	801.1
3-mon avg daily val (mn)	INR1,597.2/US$18.4
52-week range	448/237
Sensex/Nifty	81,897/24,972
INR/US$	86.8

Price Performance

%	1M	6M	12M
Absolute	1.7	0.4	-9.7
Relative*	1.5	-3.8	-14.7

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,415	89,319	1,04,402	1,21,247	1,40,147
Sales Growth (%)	12.7	9.7	16.9	16.1	15.6
EBITDA	1,266	3,758	7,387	12,193	16,851
EBITDA Margin (%)	1.6	4.2	7.1	10.1	12.0
Adjusted Net Profit	-2,268	1,724	2,997	6,277	8,935
Diluted EPS (INR)	-3.1	2.3	4.1	8.5	12.1
Diluted EPS Growth (%)	0.0	0.0	73.9	109.4	42.3
ROIC (%)	-12.9	-3.2	0.9	6.7	10.4
ROE (%)	-2.5	1.9	3.1	6.2	8.1
P/E (x)	-117.3	154.3	88.7	42.4	29.8
P/B (x)	3.2	3.1	2.9	2.7	2.5
EV/EBITDA (x)	193.9	66.3	33.8	20.3	14.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 23/Jun/2025

Exhibit 1. Ecom Express's realisation per shipment

As of 9MFY25	Non-Meesho	Meesho	Total
Revenue (INR mn)	6,852	10,278	17,130
Shipments (mn)	117	223	340
Realisation per shipment (INR)	58.8	46.0	50.4

Source: Media reports, Company, JM Financial estimates

Exhibit 2. Ecom's acquisition is likely to lead ~33% increase in Delhivery's Adj. EBITDA margin

Particulars	FY26E	FY27E	FY28E	Comments
Ecom Express financials				
Express Parcel services revenue (INR mn) (A=i*ii)	7,407	8,645	9,823	
YoY		16.7%	13.6%	
Express Parcel Shipments (mn) (i)	126	145	163	Assuming 30% volume retention
YoY		15.0%	12.5%	Enhance volume growth through improved SLAs and network synergies
Realisation per shipment (INR/Parcel) (ii)	58.8	59.7	60.3	Refer exhibit 6 (Assuming 9MFY25 realisation for FY26E)
YoY		1.5%	1.0%	Loss in Meesho volumes will imply higher blended realisation for remaining volumes
Service EBITDA (C=A*B)	1,259	1,599	1,857	
Service EBITDA Margin (B)	17.0%	18.5%	18.9%	Assuming the same margin for the combined business
Impact on Delhivery's financials				
Delhivery Service EBITDA as per JMFe (D)	16.5%	17.3%	17.9%	
Service EBITDA Accretion (E)	17.0%	18.5%	18.9%	Pricing discipline and operating leverage
Incremental Service EBITDA (F)	308	888	818	F = Delhivery Express Parcel services revenue as per JMFe * (E-D)
Rise in Corporate Overheads (G)	1.4%	1.4%	1.5%	Assuming Ecom Express contributing to 20% of revenue mix
Incremental Corporate Overheads (H)	128	132	154	Incremental one-time integration cost of INR 3bn in FY26 [H=G* Corporate overheads as per JMFe]
Incremental Adj. EBITDA	1,439	2,356	2,521	
Delhivery Adj. EBITDA as per JMFe	4,329	8,186	11,984	
Rise in Adj. EBITDA (%)	33.2%	28.8%	33.2%	

Source: Company, JM Financial estimates

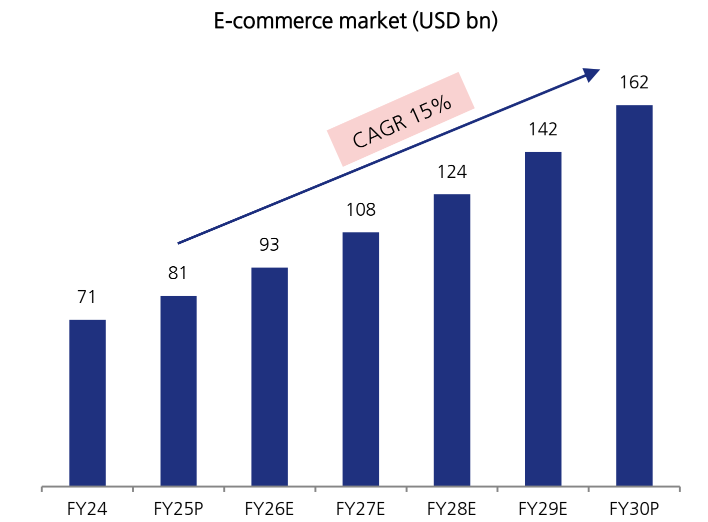
- **While there will be channel shift from e-commerce to QC in non-grocery, Incremental non-grocery market is likely to remain flattish post FY26:** Based on our triangulation basis current projections of QC / e-commerce market size, channel shift from e-commerce to QC is expected to peak in FY26 and plateau going ahead (exhibit 6). To counter this, leading QC players such as Blinkit, Zepto, and Instamart are increasingly diversifying into non-grocery categories such as electronics, beauty, personal care, home essentials, and fashion. According to media reports / management commentary, non-grocery could contribute ~40–50% of total gross order value (GOV) for major platforms by FY27-28. However, this diversification, while boosting average order values and improving margins, is unlikely to substantially erode the share of traditional e-commerce platforms. This is mainly because core e-commerce use-cases such as high-ticket purchases, planned buying, and long-tail assortment in non-grocery remain better served by traditional formats whereas QC platforms have only limited headroom for store size expansion as they are largely situated in densely populated areas. While QC will continue to gain salience in India's digital commerce landscape, we believe the absolute GMV shift will start to flatline post FY26.

Exhibit 3. Incremental non-grocery QC market is likely to remain flattish post FY26

Particulars	FY25	FY26E	FY27E	FY28E
Non-grocery as % of GOV				
Blinkit	40%	44%	48%	50%
Instamart	15-20%	25-30%	30-35%	35-40%
Zepto	20-25%	30-33%	33-35%	35-40%
Total GOV (INR bn)				
Blinkit GOV (INR bn)	283	565	763	932
Change YoY	127%	100%	35%	22%
Instamart GOV (INR bn)	147	285	378	480
Change YoY	82%	94%	33%	27%
Zepto GOV (INR bn)	173	363	508	646
Change YoY	183%	110%	40%	27%
Non-grocery GOV (INR bn)				
Blinkit	113	249	366	466
Instamart	26	78	123	180
Zepto	39	114	173	242
Incremental non-grocery QC market (INR bn)		**264**	**221**	**226**
Incremental QC market (INR bn)		**710**	**542**	**607**

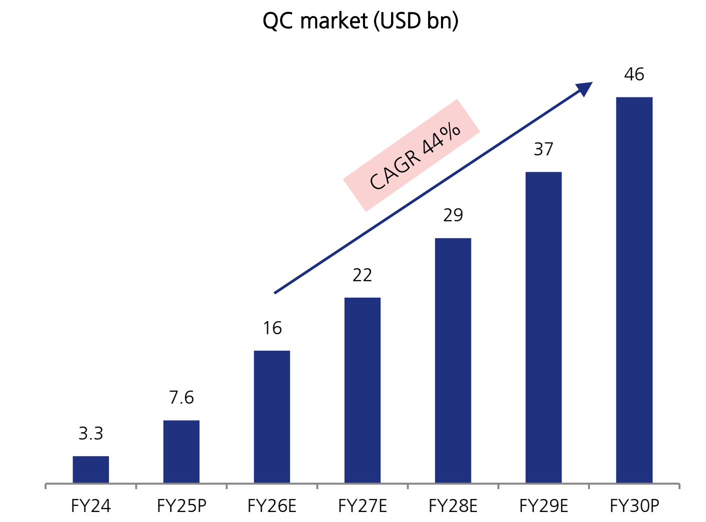
Source: Media reports, Company, JM Financial estimates. Note: Assumed USD-INR exchange rate of 85.

Exhibit 4. E-commerce market is expected to grow at CAGR of 15% over FY25-30E



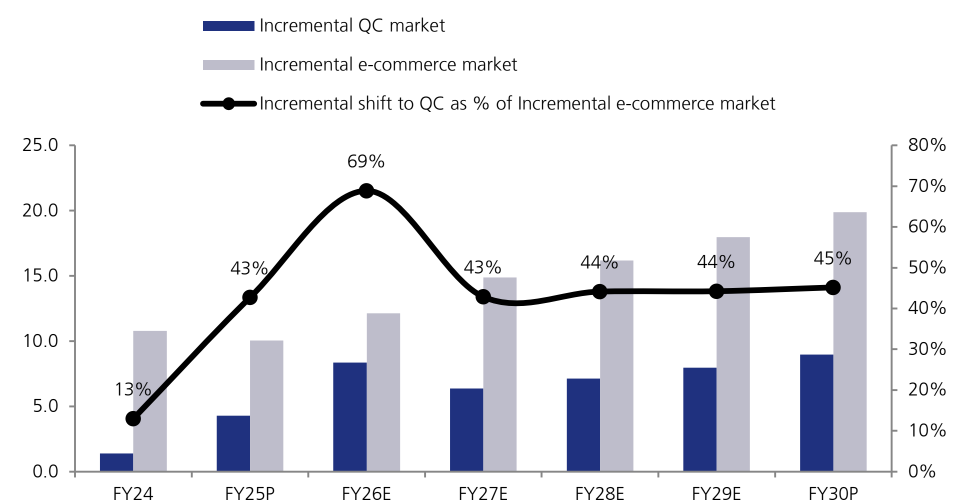
Source: Media reports, Company, JM Financial estimates

Exhibit 5. Quick commerce market is expected to grow at CAGR of 44% over FY25-30E



Source: Media reports, Company, JM Financial estimates

Exhibit 6. Incremental QC expansion is unlikely to come from non-grocery expansion



Source: Company, JM Financial

- **Indian 3PL logistics landscape looking more like China:** This evolving structure in India closely mirrors China's express parcel market (exhibit 7), where each major player has carved out a clear niche: **SF Express** (comparable to Blue Dart) targets the premium segment with owned infrastructure, high-speed rail, and same-day air freight; **ZTO Express** (comparable to Delhivery) is the market leader, driven by tech automation and deep national reach; **J&T Express** (akin to Shadowfax) is young, agile, and rapidly gaining share in hyperlocal logistics. Mass-market players like **Yunda and STO Express, similar to Ecom Express and Xpressbees**, have either become niche-focused or lost market share due to pricing pressure and operational inefficiencies. As the Indian market matures, we expect competition to turn more benign, with fewer price wars and a clearer demarcation of market roles. This should drive operating leverage and support margin expansion for scaled players.

Exhibit 7. Key players across India and China logistics and their similarities

India	China	Similarity
Delhivery	ZTO express	Market leader, advanced tech infrastructure, focus on automation
Shadowfax	J&T express	Fast growing, agile, gaining market share; hyperlocal focused
Blue Dart	SF Express	Premium; focus on high speed rail and same day air freight routes; owns infrastructure
Ecom Express	Yunda	mass market focus; deep coverage; aggressive pricing
Xpressbees	STO express	Declining market share; inefficient in lower tier cities

Source: Media reports, Company, JM Financial

- **Meesho's insourcing to rise but Delhivery's salience in outsourced shipments to pick-up:** Meesho launched Valmo in order to lower its cost of shipment, which will in-turn allow it to ship lower AOV shipments as well, enabling the company to service a wider TAM. We understand that Delhivery might still have a lower cost of shipment than Valmo but it needs to make a margin on this and hence the cost to Meesho turns out to be higher marginally. This would be the primary driver of higher insourcing at Meesho but consolidation in 3PL express parcel segment results in Meesho likely to drive higher share of outsourced shipments via Delhivery, resulting in **FY25 likely to be the only year when Delhivery had a negative impact on volumes due to insourcing at Meesho**.

Exhibit 8. Despite increase in Meesho's insourcing, Delhivery's volumes will recover due to higher share in Meesho's outsourced shipments

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Meesho - total shipments (mn)	1,342	1,800	2,520	3,339	4,174
Change (YoY)		34%	40%	33%	25%
Insourced %	15%	50%	70%	79%	82%
Outsourced shipments (mn)	1,141	900	756	718	751
Outsourced to Delhivery (mn)	298	242	257	266	280
Change (YoY)		-19%	6%	3%	5%
Delhivery market share in Meesho's outsourced volume	**26%**	**27%**	**34%**	**37%**	**37%**

Source: Media reports, Company, JM Financial estimates

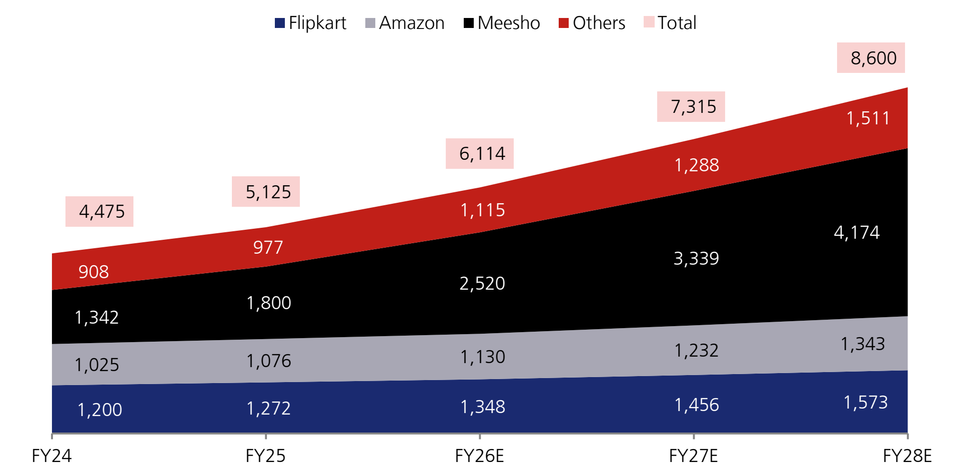
Exhibit 9. Impact of Meesho's insourcing to be limited to FY25, post which volumes are likely to recover for Delhivery

Delhivery's EPS volume mix (mn)	FY24	FY25	FY26E	FY27E	FY28E
Meesho	298	242	257	266	280
Change (YoY)		-19%	6%	3%	5%
Amazon / Flipkart	244	260	275	299	320
Change (YoY)		6%	6%	9%	7%
Others	198	249	317	396	487
Change (YoY)		26%	27%	25%	23%
EPS volume (ex- Ecom Express)	**740**	**751**	**849**	**960**	**1,086**
Change (YoY)		1%	13%	13%	13%
Incremental volume from Ecom Express			126	145	163
Total EPS volume			**975**	**1,105**	**1,249**

Source: Media reports, Company, JM Financial estimates

- **Can there be another Valmo?** We have seen dominant horizontals across geographies create sizeable logistics companies – Amazon in the USA, Alibaba in China and Coupang in South Korea. Similarly, the largest volume shipper in the country, Meesho, has created Valmo, which is likely to become the largest logistics player in the country by volumes. Interestingly, similar to these other countries where large 3PL players have co-existed along with the captive logistics arms, we expect Delhivery to be one such player in India as well. **This happens as most e-commerce players in the country do not generate enough volumes to generate efficiencies emerging out of captive logistics.** In fact, even Meesho decided to launch Valmo after crossing 2.5mn daily shipments.
- **E-commerce shipments growth to rise primarily driven by Meesho and discretionary demand:** While most 3rd party logistics players had a tough FY25, it is important to note that industry volume still grew by 15% YoY and the primary headwind was Meesho's insourcing rising to 50% from 15% in FY24 in a fragmented market. We expect marginal improvement in discretionary demand in FY26 driven by tax cut benefits and interest rate cuts. Furthermore, Meesho is likely to gain market share and drive 40%+ growth in volumes, resulting in **19% rise in e-commerce shipments in FY26**. Shipments rise ex-Meesho would be relatively muted at 8% YoY.

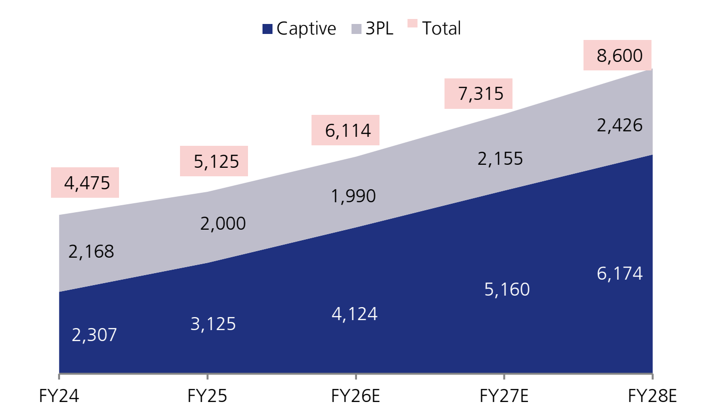
Exhibit 10. E-commerce shipments are expected to grow at 19% FY25-28E CAGR driven by Meesho



Source: Media reports, Company, JM Financial estimates

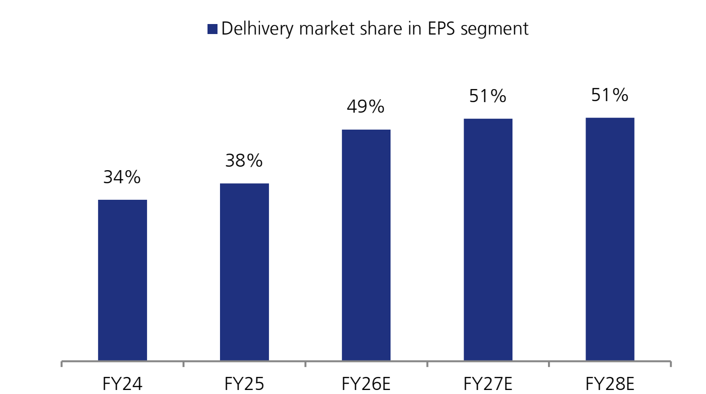
- **Captive logistics to account for 70%+ shipments in FY27/28:** Until FY24, Indian EPS volume were roughly equally split between captive and 3PL players. However, creation of Valmo has changed the landscape resulting in a sharper shift towards captive logistics. As a result 3PL shipments dipped by 8% in FY25 and would dip again in FY26, though marginally. Going ahead, we expect growth in 3PL shipments with Meesho's insourcing likely to be capped around 85%. **Despite a dip in 3PL volume growth, there is likely to be a rise in profit pool** driven by better pricing discipline and higher economies of scale.

Exhibit 11. While captive logistics mix is likely to increase at a higher CAGR…



Source: Media reports, Company, JM Financial estimates

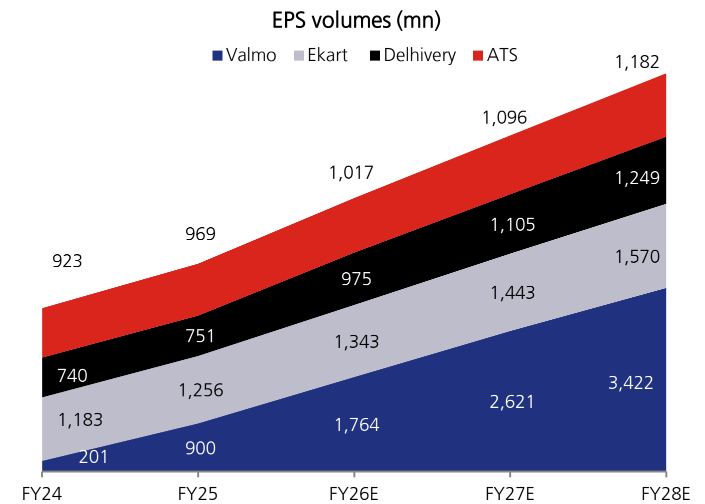
Exhibit 12. …Delhivery's volume will rise driven by higher market share in EPS segment



Source: Media reports, Company, JM Financial estimates

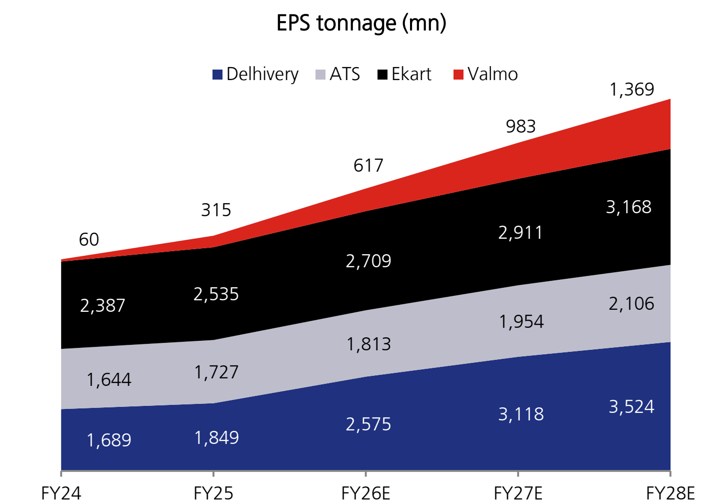
- **Higher tonnage and a complementary PTL segment to ensure Delhivery's cost advantage:** By FY28, we expect Delhivery to be the 3rd largest among the top 4 express parcel players in the country by volumes but still be the largest player by tonnage due to a higher mix of heavy shipments with all major e-commerce players preferring Delhivery when weights exceed by 4-5kg. Furthermore, the presence of PTL segment also enables the company to load balance and hence deliver the lowest cost of shipment.

Exhibit 13. Though Delhivery may not be market leader in terms of EPS shipments…



Source: Media reports, Company, JM Financial estimates

Exhibit 14. …it will still be the tonnage leader enabling lowest cost of shipments



Source: Media reports, Company, JM Financial estimates

- **Maintain 'BUY', Jun'26 TP increased to INR 450:** We raise our standalone EPS revenue estimates by 0.5%-1% over FY26-29E, mainly due to sharper than expected rise in Meesho volumes. This incremental scale would result in 15-22bps rise in Adj. EBITDA margin. We value standalone business using DCF-based valuation to derive Jun'26 TP of INR 376. Furthermore, Ecom Express integration would drive incremental EBITDA of INR 2.4bn in FY27. We value this accretion using 25x EBITDA multiple resulting in incremental impact of INR 74 on our TP. This results in a consolidated Jun'26 TP of INR 450, implying 30x FY27E Adj. EBITDA. We maintain 'BUY'. **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.

Maintain BUY; TP raised to INR 450

Exhibit 15. We tweak estimates to account for increase in EPS volume growth as Valmo's impact will reduce over medium term

Particulars	Old				New				Change			
In INR mn	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E
Consol. Revenue	103,733	120,708	139,626	160,804	104,402	121,247	140,147	161,262	0.6%	0.4%	0.4%	0.3%
Change (YoY)	16.1%	16.4%	15.7%	15.2%	16.9%	16.1%	15.6%	15.1%	75bps	-23bps	-8bps	-10bps
Adj. EBITDA	4,134	7,948	11,667	15,947	4,329	8,186	11,984	16,342	4.7%	3.0%	2.7%	2.5%
Adjusted EBITDA margin	4.0%	6.6%	8.4%	9.9%	4.1%	6.8%	8.6%	10.1%	16bps	17bps	20bps	22bps
EBIT margin	0.3%	3.5%	5.6%	7.4%	0.5%	3.6%	5.7%	7.6%	17bps	16bps	19bps	21bps
PAT	2,860	6,091	8,690	10,805	2,997	6,277	8,935	11,090	4.8%	3.1%	2.8%	2.6%
Capex	-5,463	-6,242	-6,961	-7,738	-4,274	-4,730	-5,355	-5,985	-21.8%	-24.2%	-23.1%	-22.6%
EPS (Diluted)	3.57	7.60	10.85	13.49	3.74	7.84	11.15	13.84	4.8%	3.1%	2.8%	2.6%

Source: Company, JM Financial

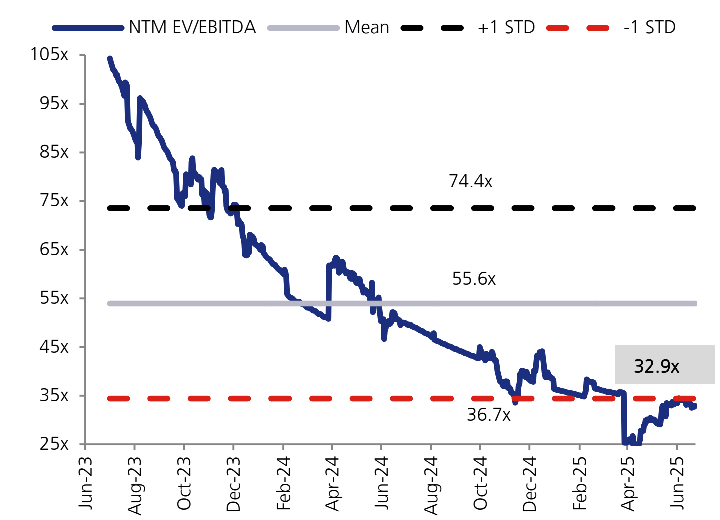
Valuation Methodology

Exhibit 16. Incremental Adj. EBITDA accretion leads to incremental impact of INR 74

Standalone Delhivery – DCF based Valuation (INR)	376
Adj. EBITDA Accretion from Ecom Acquisition	2,356
Target Multiple	25.0x
Incremental Enterprise Value (INR bn)	59
Incremental value to TP (INR)	76
1-year forward target price (including Ecom Acquisition)	450

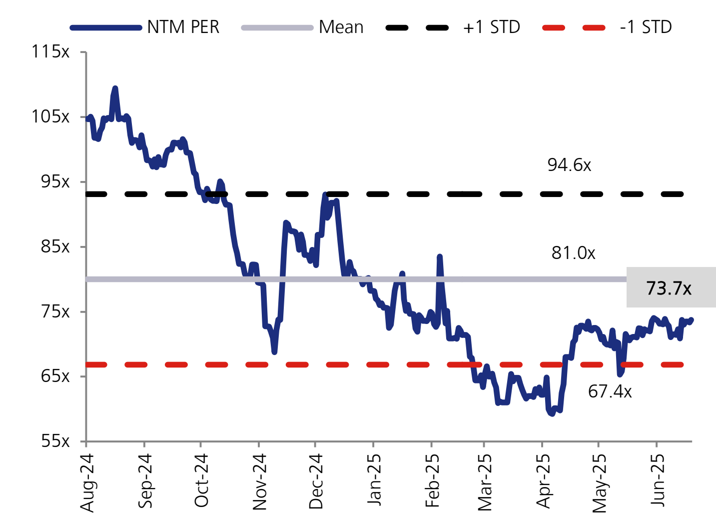
Source: JM Financial

Exhibit 17. NTM EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 18. NTM PER



Source: JM Financial, Bloomberg

Exhibit 19. Valuation comps

Company	MCap (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR	EV / EBITDA (x)			EBITDA CAGR	P / E (x)			EPS CAGR
			CY25E	CY26E	CY27E	25-27E	CY25E	CY26E	CY27E	25-27E	CY25E	CY26E	CY27E	25-27E
Delhivery	3.1	2.9	2.4x	2.1x	1.8x	15.9%	34.4x	20.9x	15.1x	51%	96.4x	46.0x	32.3x	73%
India Road														
Bluedart	1.7	1.7	2.4x	2.1x	1.9x	11.8%	15.4x	13.9x	11.8x	14%	42.7x	33.4x	27.0x	26%
TCI Express	0.3	0.3	2.2x	1.9x	1.8x	10%	20.6x	15.0x	14.8x	18%	27.5x	22.9x	23.0x	9%
VRL Logistics	0.6	0.7	1.9x	1.7x	1.5x	10%	9.1x	9.0x	8.4x	4%	21.2x	20.3x	18.5x	7%
Allcargo logistics	0.4	0.6	0.3x	0.3x	0.3x	9%	7.8x	6.6x	5.5x	19%	70.0x	30.8x	19.8x	88%
Mahindra logistics	0.3	0.4	0.5x	0.4x	0.4x	12%	9.3x	7.2x	6.2x	22%	nm	27.3x	20.7x	614%
US Road Transport														
FedEx Corporation	54.2	86.1	1.0x	0.9x	0.9x	3%	8.1x	7.6x	7.3x	5%	12.0x	10.9x	10.1x	9%
FedEx Corporation	84.2	104.8	1.2x	1.2x	1.1x	2%	8.7x	8.1x	7.7x	6%	14.2x	12.6x	11.5x	11%
XPO Logistics	14.3	18.2	2.3x	2.2x	2.1x	4%	14.4x	12.8x	11.7x	11%	33.2x	26.1x	22.5x	22%
C.H. Robinson Worldwide	11.1	12.7	0.8x	0.7x	0.7x	5%	14.6x	13.0x	12.6x	8%	19.7x	17.2x	16.5x	9%
J.B. Hunt Transport Services	14.0	15.5	1.3x	1.2x	1.1x	6%	9.9x	8.8x	8.0x	11%	24.9x	20.1x	16.8x	22%
Knight-swift transportation	7.0	9.6	1.3x	1.2x	1.1x	8%	8.2x	6.8x	5.5x	22%	29.0x	17.4x	11.2x	61%
Landstar systems	4.8	4.5	0.9x	0.9x	0.8x	7%	16.4x	13.4x	11.2x	21%	28.3x	21.8x	17.9x	26%
China/HK/Japan Road														
ZTO Express	13.8	13.1	1.9x	1.7x	1.5x	11%	6.1x	5.5x	5.0x	10%	11.4x	10.0x	9.3x	11%
Dada Nexus	0.5	0.1	0.1x	0.1x	0.0x	35%	nm	5.8x	3.3x	nm	nm	nm	nm	nm
STO Express	2.3	3.2	0.4x	0.4x	0.3x	10%	5.9x	5.2x	4.6x	14%	12.9x	10.8x	9.3x	18%
YUNDA Holding	2.7	2.7	0.4x	0.3x	0.3x	9%	4.0x	3.7x	3.4x	8%	9.7x	8.8x	7.8x	11%
YTO Express Group	6.1	5.9	0.6x	0.5x	0.4x	11%	5.3x	4.8x	4.3x	11%	10.2x	9.1x	8.2x	12%
S.F. Holding	34.5	37.6	0.9x	0.8x	0.7x	9%	8.1x	7.4x	7.0x	8%	20.9x	18.1x	15.9x	15%
Deppon Logistics	2.3	2.1	0.3x	0.3x	0.3x	9%	5.0x	4.6x	4.2x	9%	17.2x	14.6x	12.9x	16%
JD Logistics	10.2	9.0	0.3x	0.3x	0.3x	8%	3.5x	3.1x	2.9x	11%	10.2x	8.9x	7.9x	13%
JD.com	46.2	31.9	0.2x	0.2x	0.2x	6%	4.2x	3.6x	3.2x	14%	8.2x	7.2x	6.6x	11%
Transfar Zhilian	2.1	3.9	1.0x	1.0x	1.1x	-3%	12.9x	11.0x	9.3x	18%	23.0x	16.5x	12.6x	35%
SITC International Holdings	9.0	8.6	2.8x	2.8x	2.7x	1%	7.5x	8.8x	8.6x	-7%	71.2x	85.7x	83.2x	-8%
Kerry Logistics Network	1.7	2.6	0.4x	0.4x	0.4x	1%	4.8x	4.9x	5.0x	-2%	10.3x	10.5x	10.4x	0%
Yamato	4.8	4.6	0.4x	0.4x	0.3x	3%	8.2x	6.6x	5.8x	19%	24.0x	18.7x	14.6x	28%
CJ Logistics	1.5	3.8	0.4x	0.4x	0.4x	4%	4.3x	4.1x	3.8x	6%	7.7x	6.4x	5.6x	18%
India Tech (IT)														
Cartrade	0.9	0.8	9.6x	8.3x	7.2x	16%	34.2x	26.0x	20.3x	30%	42.3x	32.9x	26.4x	27%
Nykaa	6.7	6.9	5.8x	4.6x	3.7x	26%	75.7x	49.0x	33.1x	51%	229.3x	105.2x	58.9x	97%
Policybazaar	10.1	10.0	12.7x	10.2x	8.3x	24%	150.9x	78.8x	50.8x	72%	135.5x	83.0x	58.2x	53%
Zomato	28.4	27.9	7.8x	6.1x	5.0x	25%	135.6x	55.5x	37.0x	91%	163.1x	68.2x	46.5x	87%
Info Edge	11.1	11.2	31.7x	27.6x	24.0x	15%	75.2x	63.5x	53.8x	18%	85.8x	72.8x	61.8x	18%
Route	0.7	0.6	1.0x	1.0x	0.9x	9%	10.3x	9.4x	8.6x	9%	19.2x	17.0x	15.3x	12%
Nazara	1.3	1.3	5.8x	5.1x	4.1x	19%	60.8x	45.9x	40.3x	23%	254.2x	167.8x	114.8x	49%
Indiamart	1.7	1.4	7.9x	7.1x	6.4x	11%	20.9x	19.6x	18.4x	7%	29.8x	27.2x	25.1x	9%
Just Dial	0.9	0.3	2.3x	2.1x	2.0x	7%	7.7x	7.0x	6.5x	9%	13.6x	12.3x	11.3x	10%
Mean (India Road)			**1.4x**	**1.3x**	**1.2x**	**11%**	**12.5x**	**10.4x**	**9.4x**	**16%**	**40.4x**	**26.9x**	**21.8x**	**33%**
Mean (US ROAD)			**1.2x**	**1.1x**	**1.1x**	**5%**	**11.3x**	**10.0x**	**9.0x**	**12%**	**22.5x**	**17.6x**	**14.9x**	**23%**
Mean (China/Japan/HK)			**0.7x**	**0.7x**	**0.6x**	**8%**	**6.2x**	**5.7x**	**5.0x**	**9%**	**18.2x**	**17.3x**	**15.7x**	**14%**
Mean (India Internet)			**9.4x**	**8.0x**	**6.8x**	**17%**	**63.5x**	**39.4x**	**29.9x**	**34%**	**108.1x**	**65.2x**	**46.5x**	**40%**

Source: JM Financial, Bloomberg

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	1,04,402	1,21,247	1,40,147
Sales Growth	12.7%	9.7%	16.9%	16.1%	15.6%
Other Operating Income	0	0	0	0	0
Total Revenue	**81,415**	**89,319**	**1,04,402**	**1,21,247**	**1,40,147**
Cost of Goods Sold/Op. Exp	59,707	65,348	75,196	85,805	98,089
Personnel Cost	0	0	0	0	0
Other Expenses	20,441	20,213	21,820	23,248	25,207
EBITDA	**1,266**	**3,758**	**7,387**	**12,193**	**16,851**
EBITDA Margin	1.6%	4.2%	7.1%	10.1%	12.0%
EBITDA Growth	0.0%	196.8%	96.5%	65.1%	38.2%
Depn. & Amort.	7,216	5,349	6,860	7,794	8,797
EBIT	-5,949	-1,591	527	4,399	8,054
Other Income	4,527	4,401	4,090	3,965	4,181
Finance Cost	885	1,258	1,434	1,590	1,798
PBT before Excep. & Forex	-2,307	1,552	3,183	6,774	10,437
Excep. & Forex Inc./Loss(-)	-224	0	0	0	0
PBT	-2,531	1,552	3,183	6,774	10,437
Taxes	47	-50	141	509	1,577
Extraordinary Inc./Loss(-)	-224	-51	0	0	0
Assoc. Profit/Min. Int.(-)	87	70	-45	12	75
Reported Net Profit	-2,492	1,672	2,997	6,277	8,935
Adjusted Net Profit	**-2,268**	**1,724**	**2,997**	**6,277**	**8,935**
Net Margin	-2.8%	1.9%	2.9%	5.2%	6.4%
Diluted Share Cap. (mn)	736.8	736.8	736.8	736.8	736.8
Diluted EPS (INR)	**-3.1**	**2.3**	**4.1**	**8.5**	**12.1**
Diluted EPS Growth	0.0%	0.0%	73.9%	109.4%	42.3%
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

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	91,446	94,322	98,319	1,05,246	1,14,896
Share Capital	737	746	746	746	746
Reserves & Surplus	90,710	93,576	97,573	1,04,500	1,14,150
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
Total - Equity & Liab.	**90,113**	**91,841**	**95,833**	**1,02,760**	**1,12,410**
Net Fixed Assets	33,822	39,200	42,566	46,145	49,892
Gross Fixed Assets	31,475	39,176	45,320	52,087	59,676
Intangible Assets	14,334	14,030	13,708	13,300	12,608
Less: Depn. & Amort.	12,273	14,336	16,790	19,571	22,721
Capital WIP	286	329	329	329	329
Investments	53,056	51,576	51,576	51,576	51,576
Current Assets	25,063	26,973	29,742	36,347	45,860
Inventories	164	165	193	224	259
Sundry Debtors	14,913	14,121	16,603	19,116	21,904
Cash & Bank Balances	3,032	3,360	3,619	7,680	14,370
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	28,051	31,308	34,918
Current Liabilities	19,191	23,196	25,339	28,596	32,206
Provisions & Others	2,636	2,712	2,712	2,712	2,712
Net Current Assets	3,235	1,065	1,690	5,039	10,942
Total – Assets	**90,113**	**91,841**	**95,833**	**1,02,760**	**1,12,410**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-2,444	1,571	3,138	6,786	10,512
Depn. & Amort.	7,216	5,349	6,860	7,794	8,797
Net Interest Exp. / Inc. (-)	-1,801	-1,144	-2,656	-2,375	-2,383
Inc (-) / Dec in WCap.	151	-249	-882	-917	-1,001
Others	1,976	398	1,000	650	715
Taxes Paid	-373	-252	-141	-509	-1,577
Operating Cash Flow	**4,724**	**5,674**	**7,318**	**11,429**	**15,064**
Capex	-5,650	-4,832	-4,645	-5,132	-5,569
Free Cash Flow	-926	842	2,674	6,297	9,495
Inc (-) / Dec in Investments	1,293	1,677	0	0	0
Others	3,366	2,119	4,090	3,965	4,181
Investing Cash Flow	**-991**	**-1,036**	**-555**	**-1,168**	**-1,388**
Inc / Dec (-) in Capital	-23	39	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-735	-857	511	1,630	1,788
Others	-2,903	-3,505	-7,016	-7,830	-8,773
Financing Cash Flow	**-3,661**	**-4,323**	**-6,505**	**-6,201**	**-6,985**
Inc / Dec (-) in Cash	**75**	**315**	**259**	**4,061**	**6,691**
Opening Cash Balance	2,955	3,030	3,360	3,619	7,680
Closing Cash Balance	3,032	3,360	3,619	7,680	14,370

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-2.8%	1.9%	2.9%	5.2%	6.4%
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%	3.1%	6.2%	8.1%

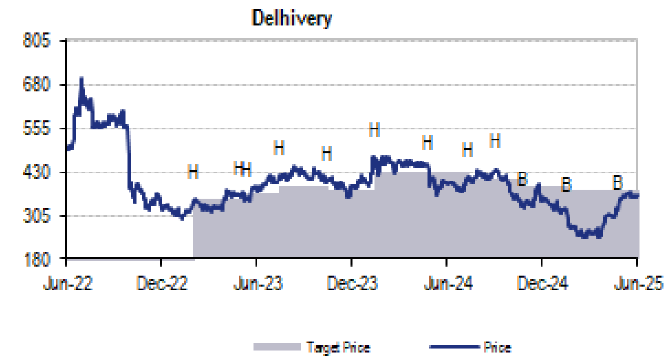
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	114.2	117.7	122.7	131.4	143.4
ROIC	-12.9%	-3.2%	0.9%	6.7%	10.4%
ROE	-2.5%	1.9%	3.1%	6.2%	8.1%
Net Debt/Equity (x)	-0.5	-0.4	-0.4	-0.4	-0.4
P/E (x)	-117.3	154.3	88.7	42.4	29.8
P/B (x)	3.2	3.1	2.9	2.7	2.5
EV/EBITDA (x)	193.9	66.3	33.8	20.3	14.4
EV/Sales (x)	3.0	2.8	2.4	2.0	1.7
Debtor days	67	58	58	58	57
Inventory days	1	1	1	1	1
Creditor days	36	36	38	40	40

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
17-May-25	Buy	380	0.0

Recommendation History



APPENDIX I

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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.

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