

February 10, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	340		361	
Sales (Rs. m)	1,00,276	1,14,424	1,02,423	1,17,016
% Chng.	(2.1)	(2.2)		
EBITDA (Rs. m)	6,280	9,172	6,252	9,469
% Chng.	0.4	(3.1)		
EPS (Rs.)	4.7	7.7	4.7	8.0
% Chng.	-	(3.8)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	81,415	89,706	1,00,276	1,14,424
EBITDA (Rs. m)	1,266	3,392	6,280	9,172
Margin (%)	1.6	3.8	6.3	8.0
PAT (Rs. m)	(2,264)	1,211	3,434	5,697
EPS (Rs.)	(3.1)	1.6	4.7	7.7
Gr. (%)	NA	NA	183.5	65.9
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	NA	1.3	3.6	5.8
RoCE (%)	NA	NA	0.2	2.5
EV/Sales (x)	2.6	2.4	2.1	1.8
EV/EBITDA (x)	167.1	62.7	33.7	22.7
PE (x)	NA	191.7	67.6	40.7
P/BV (x)	2.5	2.5	2.4	2.3

### Key Data DELH.BO | DELHIVER IN

52-W High / Low	Rs.485 / Rs.307
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.234bn/ \$ 2,680m
Shares Outstanding	744m
3M Avg. Daily Value	Rs.866.53m

### Shareholding Pattern (%)

Promoter's	-
Foreign	53.75
Domestic Institution	28.99
Public & Others	17.27
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(6.5)	(23.1)	(33.0)
Relative	(6.1)	(21.5)	(37.9)

### Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

### Stuti Beria

stutiberia@plindia.com | 91-22-66322246

### Dhvanit Shah

dhvanitshah@plindia.com |

## B2C margins erode

### Quick Pointers:

- Service EBITDA margin in B2C express business declines 500bps YoY to 15.6%

**We cut our FY25E EBITDA estimates by 9% amid eruption of cost led challenges in the quarter; however our FY26E/FY27E estimates are broadly intact. Delhivery reported weak set of numbers with EBITDA miss of 13% due to high fleet cost inflation given the festive demand and increase in fixed overheads arising from operationalization of new facility at Bangalore. This was the fourth straight quarter wherein Delhivery's B2C volume growth was in low single digits. While Meesho's insourcing exercise has stabilized, near term growth headwinds are likely to persist as competition amongst 3PL players has now intensified. While growth challenges are evident in the B2C express segment, PTL business continues to report steady performance with volume/yield growth of 16.4%/4.7% respectively. We expect Delhivery to report 13% sales CAGR over the next 2 years with EBITDA margin of 6.3%/8.0% in FY26E/FY27E. Retain HOLD on the stock with a TP of Rs340 (35x FY27E EBITDA; no change in target multiple). Recovery in B2C volumes is key to re-rating.**

**Revenue grew 8.4% YoY:** Revenue increased 8.4% YoY to Rs23,783mn (PLe Rs23,456mn). B2C volumes increased 2.5% YoY to 206mn in 3QFY25 while realization was flat at Rs72.2 per parcel. Consequently, B2C revenues were up 2.8% YoY to Rs14,880mn. PTL segment saw volume/revenue growth of 16.4%/21.9% YoY respectively to 0.41mn MT/Rs4,620mn in 3QFY25. PTL realization improved by 4.7% YoY to Rs11,214/ton. Supply chain services saw revenue growth of 28.3% YoY to Rs.2,220mn in 3QFY25. FTL revenue was up 4.6% YoY to Rs1,600mn while cross border revenue increased 10.3% YoY Rs430mn.

**EBITDA/PAT margin at 4.3%/1.1%:** EBITDA declined 6.3% YoY to Rs1,024mn (PLe Rs1,173mn, CE Rs1,434mn) with a margin of 4.3% (PLe 5.0%). Higher freight charges and unabsorbed fixed overheads arising from the new Bangalore facility led to cost inflation, leading to an EBITDA miss. PAT increased by 113.4% in 3QFY25 at Rs250mn (PLe Rs680mn, CE Rs665mn) with a margin of 1.1%. Miss at the PAT level was due to weak performance at operating level. Service EBITDA margins for B2C/PTL/SCS businesses stood at 15.6%/3.8%/2.1% in 3QFY25 respectively.

**Con-call highlights:** **1)** Infrastructure expanded to 20.6mn sq ft, including 0.5mn sq ft of temporary space acquired for the peak season. **2)** Delhivery launched a 2-hour rapid commerce service in Bangalore, Hyderabad, and Chennai recently. Plan is to open 50 dark stores in top-8 cities. These dark stores are currently averaging 500 orders per day with breakeven expected at ~700-800 orders per day. Realization is in the range of Rs80-100 per order and this venture is expected to add ~Rs800-1,000mn to the top-line. Margin profile is likely to be similar to the B2C express business. **3)** Over the long term, capex is likely to be in the band of ~3.5-4% of revenue. **4)** PTL business is expected to grow by ~25-30% in FY26E. **5)** B2C service EBITDA margin is expected to return to a 17-20% range. **6)** Fleet costs were high in this quarter as festive demand led to supply constraints leading to a surge in vehicular pricing. Delhivery is exploring to shift to fixed contracts to hedge this situation going forward.

### Exhibit 1: Q3FY25 Result Overview

Y/e March (Rs mn)	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.	3QFY25E	% Var	9MFY25	9MFY24	YoY gr.
<b>Revenue</b>	<b>23,783</b>	<b>21,945</b>	<b>8.4%</b>	<b>21,897</b>	<b>8.6%</b>	<b>23,456</b>	<b>1.4%</b>	<b>67,403</b>	<b>60,660</b>	<b>11.1%</b>
Operating expense	17,508	15,718	11.4%	16,381	6.9%	<b>16,888</b>	3.7%	49,685	44,520	11.6%
% of revenue	73.6%	71.6%		74.8%		72.0%		73.7%	73.4%	
Employee expense	3,562	3,597	-1.0%	3,493	2.0%	<b>3,636</b>	-2.0%	10,384	10,795	-3.8%
% of revenue	15.0%	16.4%		16.0%		15.5%		15.4%	17.8%	
Other expense	1,689	1,536	9.9%	1,450	16.4%	<b>1,759</b>	-4.0%	4,768	4,537	5.1%
% of revenue	7.1%	7.0%		6.6%		7.5%		7.1%	7.5%	
Total expense	22,759	20,851	9.1%	21,325	6.7%	22,283	2.1%	64,836	59,852	8.3%
<b>EBITDA</b>	<b>1,024</b>	<b>1,094</b>	<b>-6.3%</b>	<b>573</b>	<b>78.8%</b>	<b>1,173</b>	<b>-12.7%</b>	<b>2,568</b>	<b>808</b>	<b>217.9%</b>
EBITDA Margin (%)	4.3%	5.0%		2.6%		5.0%		3.8%	1.3%	
Depreciation	1,417	1,826	-22.4%	1,313	8.0%	<b>1,360</b>	4.2%	3,924	5,211	-24.7%
<b>EBIT</b>	<b>(393)</b>	<b>(733)</b>	<b>NM</b>	<b>(740)</b>	<b>NM</b>	<b>(188)</b>	<b>NM</b>	<b>(1,357)</b>	<b>(4,404)</b>	<b>NM</b>
Interest expense	333	222	50.2%	305	9.1%	<b>305</b>	9.3%	921	614	50.0%
Other income	987	1,308	-24.6%	1,196	-17.5%	<b>1,173</b>	-15.9%	3,282	3,333	-1.5%
Exceptional item	-	(78)		-	NM	-		(51)	(78)	NM
Profit from associates	(22)	(42)	NM	(64)	NM	-	NM	(99)	24	NM
<b>PBT</b>	<b>238</b>	<b>234</b>	<b>1.6%</b>	<b>86</b>	<b>176.1%</b>	<b>680</b>	<b>-65.0%</b>	<b>854</b>	<b>(1,737)</b>	<b>NM</b>
Total tax	(12)	117	NM	(16)	NM	-		(41)	70	NM
<b>PAT</b>	<b>250</b>	<b>117</b>	<b>113.4%</b>	<b>102</b>	<b>144.9%</b>	<b>680</b>	<b>-63.3%</b>	<b>896</b>	<b>(1,807)</b>	<b>NM</b>
PAT Margin (%)	1.1%	0.5%		0.5%		2.9%		1.3%	NM	

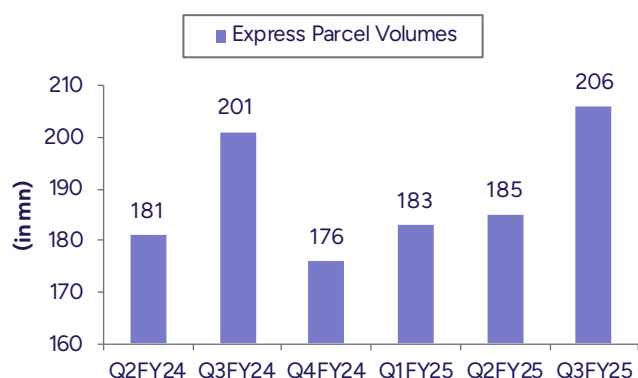
Source: Company, PL

### Exhibit 2: Service line-wise profitability

(Rs mn)	3QFY25	2QFY25	1QFY25	4QFY24	3QFY24	2QFY24	1QFY24	4QFY23	3QFY23	2QFY23	FY24	FY23
Total service EBITDA	2560.0	2030.0	2580	2380.0	3060.0	2010.0	1960.0	2050.0	1390.0	860.0	9410.0	4240.0
% margin	10.7%	9.3%	11.9%	11.5%	14.0%	10.4%	10.2%	11.0%	7.6%	4.8%	11.6%	5.8%
Express parcel	2320.0	1960.0	2320	2140.0	2990.0	2030.0	2170.0	2190.0	1900.0	1340.0	9330.0	6370.0
% margin	15.6%	15.1%	18.2%	17.6%	20.6%	16.8%	18.1%	18.6%	15.9%	11.9%	18.4%	14.0%
Part truck load	180.0	140.0	140	90.0	-70.0	-180.0	-300.0	-260.0	-480.0	-520.0	-460.0	-2360.0
% margin	3.8%	2.9%	3.2%	2.2%	-1.8%	-4.9%	-8.5%	-8.0%	-17.3%	-17.9%	-3.0%	-20.5%
Supply chain services	50.0	-90.0	110	140.0	130.0	140.0	120.0	100.0	-50.0	70.0	530.0	250.0
% margin	2.1%	-4.4%	4.4%	6.0%	7.3%	8.5%	5.9%	5.4%	-2.8%	3.7%	6.8%	3.2%
Others	10.0	10.0	10.0	0.0	10.0	30.0	-40.0	20.0	10.0	-20.0	0.0	-20.0

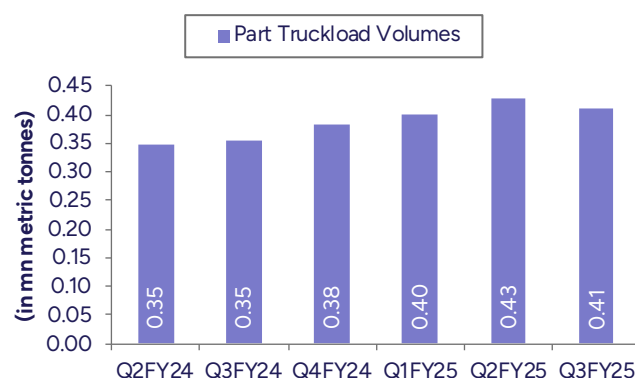
Source: Company, PL

### Exhibit 3: Express Parcel volumes stood at 206mn for 3QFY25



Source: Company, PL

### Exhibit 4: Part Truckload volumes grew 16.4% YoY in 3QFY25



Source: Company, PL

**Exhibit 5: EV/EBITDA valuation**

Particulars (Rs mn)	FY27E
EV/EBITDA	35
EBITDA*	5,637
EV	1,97,284
Less: Debt#	1,256
Add: Cash	56,550
Equity Value	2,52,578
No of shares	743
<b>TP (Rs)</b>	<b>340</b>

Source: PL

\* Pre-IND AS EBITDA after reducing rent

# Excluding lease liability debt



## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>81,415</b>	<b>89,706</b>	<b>1,00,276</b>	<b>1,14,424</b>
YoY gr. (%)	12.7	10.2	11.8	14.1
Cost of Goods Sold	59,707	65,736	71,978	81,619
Gross Profit	21,708	23,969	28,298	32,805
Margin (%)	26.7	26.7	28.2	28.7
Employee Cost	14,368	14,119	14,998	15,853
Other Expenses	6,074	6,459	7,019	7,781
<b>EBITDA</b>	<b>1,266</b>	<b>3,392</b>	<b>6,280</b>	<b>9,172</b>
YoY gr. (%)	(128.0)	167.8	85.2	46.0
Margin (%)	1.6	3.8	6.3	8.0
Depreciation and Amortization	7,216	5,230	6,079	6,640
<b>EBIT</b>	<b>(5,949)</b>	<b>(1,839)</b>	<b>201</b>	<b>2,532</b>
Margin (%)	NA	NA	0.2	2.2
Net Interest	885	1,272	1,412	1,610
Other Income	4,527	4,377	4,645	4,776
<b>Profit Before Tax</b>	<b>(2,531)</b>	<b>1,216</b>	<b>3,434</b>	<b>5,697</b>
Margin (%)	NA	1.4	3.4	5.0
Total Tax	47	(41)	-	-
Effective tax rate (%)	(1.9)	(3.4)	-	-
<b>Profit after tax</b>	<b>(2,579)</b>	<b>1,257</b>	<b>3,434</b>	<b>5,697</b>
Minority interest	-	-	-	-
Share Profit from Associate	87	(99)	-	-
<b>Adjusted PAT</b>	<b>(2,264)</b>	<b>1,211</b>	<b>3,434</b>	<b>5,697</b>
YoY gr. (%)	NA	NA	183.5	65.9
Margin (%)	NA	1.4	3.4	5.0
Extra Ord. Income / (Exp)	(228)	(53)	-	-
<b>Reported PAT</b>	<b>(2,492)</b>	<b>1,158</b>	<b>3,434</b>	<b>5,697</b>
YoY gr. (%)	NA	NA	196.5	65.9
Margin (%)	NA	1.3	3.4	5.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(2,492)	1,158	3,434	5,697
<b>Equity Shares O/s (m)</b>	<b>737</b>	<b>737</b>	<b>737</b>	<b>737</b>
<b>EPS (Rs)</b>	<b>(3.1)</b>	<b>1.6</b>	<b>4.7</b>	<b>7.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>36,757</b>	<b>45,401</b>	<b>53,995</b>	<b>62,661</b>
Tangibles	31,475	39,119	46,513	53,779
Intangibles	5,282	6,282	7,482	8,882
<b>Acc: Dep / Amortization</b>	<b>16,663</b>	<b>19,536</b>	<b>23,010</b>	<b>26,916</b>
Tangibles	12,273	14,204	16,556	19,129
Intangibles	4,390	5,332	6,454	7,787
<b>Net fixed assets</b>	<b>20,095</b>	<b>25,864</b>	<b>30,985</b>	<b>35,745</b>
Tangibles	19,203	24,915	29,958	34,650
Intangibles	892	950	1,027	1,095
Capital Work In Progress	286	257	232	208
Goodwill	13,442	13,442	13,442	13,442
Non-Current Investments	18,399	18,399	18,399	18,399
Net Deferred tax assets	(134)	(136)	(139)	(142)
Other Non-Current Assets	2,807	2,864	2,921	2,979
<b>Current Assets</b>				
Investments	17,781	17,781	17,781	17,781
Inventories	164	181	202	231
Trade receivables	14,297	15,238	16,484	18,182
Cash & Bank Balance	4,032	2,923	4,084	7,420
Other Current Assets	1,819	1,855	1,893	1,930
<b>Total Assets</b>	<b>1,14,530</b>	<b>1,20,212</b>	<b>1,27,831</b>	<b>1,37,728</b>
<b>Equity</b>				
Equity Share Capital	737	737	737	737
Other Equity	90,710	91,868	95,301	1,00,999
<b>Total Networth</b>	<b>91,446</b>	<b>92,605</b>	<b>96,038</b>	<b>1,01,736</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	402	402	402	402
Provisions	647	672	706	756
Other non current liabilities	8,436	10,866	12,863	14,457
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	854	854	854	854
Trade payables	7,974	9,093	10,440	12,226
Other current liabilities	4,637	5,585	6,391	7,158
<b>Total Equity &amp; Liabilities</b>	<b>1,14,530</b>	<b>1,20,215</b>	<b>1,27,833</b>	<b>1,37,730</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	(2,444)	1,158	3,434	5,697
Add. Depreciation	7,216	5,230	6,079	6,640
Add. Interest	132	1,272	1,412	1,610
Less Financial Other Income	4,527	4,377	4,645	4,776
Add. Other	43	-	-	-
Op. profit before WC changes	4,946	7,660	10,925	13,948
Net Changes-WC	151	1,099	881	837
Direct tax	(373)	(49)	(50)	(51)
<b>Net cash from Op. activities</b>	<b>4,724</b>	<b>8,711</b>	<b>11,756</b>	<b>14,734</b>
Capital expenditures	(4,684)	(11,000)	(11,200)	(11,400)
Interest / Dividend Income	-	-	-	-
Others	3,693	24	21	19
<b>Net Cash from Invt. activities</b>	<b>(991)</b>	<b>(10,976)</b>	<b>(11,179)</b>	<b>(11,381)</b>
Issue of share cap. / premium	54	-	-	-
Debt changes	-	-	-	-
Dividend paid	-	-	-	-
Interest paid	(134)	(1,272)	(1,412)	(1,610)
Others	(3,581)	2,430	1,997	1,594
<b>Net cash from Fin. activities</b>	<b>(3,661)</b>	<b>1,158</b>	<b>584</b>	<b>(17)</b>
<b>Net change in cash</b>	<b>72</b>	<b>(1,107)</b>	<b>1,161</b>	<b>3,336</b>
Free Cash Flow	(926)	(2,289)	556	3,334

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>20,755</b>	<b>21,723</b>	<b>21,897</b>	<b>23,783</b>
YoY gr. (%)	11.6	12.6	12.8	8.4
Raw Material Expenses	15,187	15,795	16,381	17,508
Gross Profit	5,568	5,928	5,516	6,275
Margin (%)	26.8	27.3	25.2	26.4
<b>EBITDA</b>	<b>459</b>	<b>971</b>	<b>573</b>	<b>1,024</b>
YoY gr. (%)	242.5	NA	NA	(6.3)
Margin (%)	2.2	4.5	2.6	4.3
Depreciation / Depletion	2,004	1,194	1,313	1,417
<b>EBIT</b>	<b>(1,545)</b>	<b>(224)</b>	<b>(740)</b>	<b>(393)</b>
Margin (%)	NA	NA	NA	NA
Net Interest	271	282	305	333
Other Income	1,193	1,099	1,196	987
<b>Profit before Tax</b>	<b>(770)</b>	<b>542</b>	<b>151</b>	<b>260</b>
Margin (%)	NA	2.5	0.7	1.1
Total Tax	(22)	(14)	(16)	(12)
Effective tax rate (%)	2.9	(2.6)	(10.5)	(4.5)
<b>Profit after Tax</b>	<b>(747)</b>	<b>556</b>	<b>166</b>	<b>272</b>
Minority interest	-	-	-	-
Share Profit from Associates	63	(12)	(64)	(22)
<b>Adjusted PAT</b>	<b>(542)</b>	<b>596</b>	<b>102</b>	<b>250</b>
YoY gr. (%)	NA	NA	NA	54.6
Margin (%)	NA	2.7	0.5	1.1
Extra Ord. Income / (Exp)	(142)	(53)	-	-
<b>Reported PAT</b>	<b>(685)</b>	<b>544</b>	<b>102</b>	<b>250</b>
YoY gr. (%)	NA	NA	NA	113.4
Margin (%)	NA	2.5	0.5	1.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>(685)</b>	<b>544</b>	<b>102</b>	<b>250</b>
Avg. Shares O/s (m)	743	743	739	740
<b>EPS (Rs)</b>	<b>(0.7)</b>	<b>0.8</b>	<b>0.1</b>	<b>0.3</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	(3.1)	1.6	4.7	7.7
CEPS	6.7	8.7	12.9	16.7
BVPS	124.1	125.7	130.3	138.1
FCF	(1.3)	(3.1)	0.8	4.5
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	NA	NA	0.2	2.5
ROIC	NA	NA	0.3	3.4
RoE	NA	1.3	3.6	5.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	29	26	23	20
<b>Valuation(x)</b>				
PER	NA	191.7	67.6	40.7
P/B	2.5	2.5	2.4	2.3
P/CEPS	46.9	36.0	24.4	18.8
EV/EBITDA	167.1	62.7	33.7	22.7
EV/Sales	2.6	2.4	2.1	1.8
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

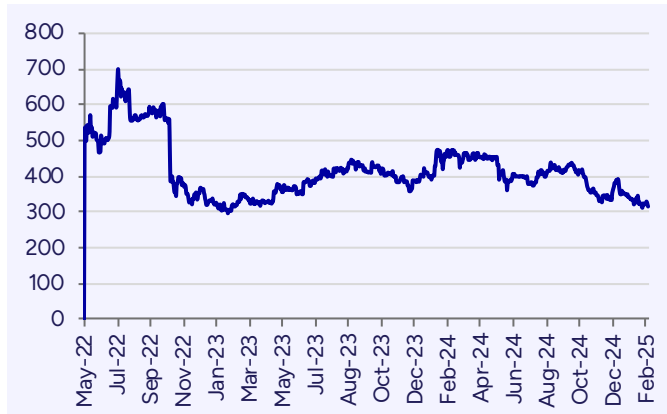
**Key Operating Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
B2B revenue per tonne	10,616	11,115	11,393	11,620
B2C revenue per shipment	69	70	70	69

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Hold	361	335
2	10-Dec-24	Hold	361	371
3	18-Nov-24	UR	-	331
4	08-Oct-24	Accumulate	430	417
5	05-Aug-24	Accumulate	450	416
6	05-Jul-24	BUY	530	399
7	20-May-24	BUY	530	431
8	12-Apr-24	Accumulate	510	450

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,064	767
2	Delhivery	Hold	361	335
3	DOMS Industries	BUY	3,370	2,637
4	Imagicaaworld Entertainment	BUY	108	71
5	Indian Railway Catering and Tourism Corporation	Hold	835	770
6	InterGlobe Aviation	BUY	5,246	4,162
7	Lemon Tree Hotels	BUY	175	145
8	Mahindra Logistics	Hold	399	354
9	Navneet Education	Hold	139	140
10	Nazara Technologies	BUY	1,201	985
11	PVR Inox	Hold	1,319	1,178
12	S Chand and Company	BUY	322	205
13	Safari Industries (India)	BUY	2,783	2,383
14	TCI Express	BUY	1,021	791
15	V.I.P. Industries	BUY	463	374
16	Zee Entertainment Enterprises	Hold	137	121

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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