

Delhivery | BUY

Strong FY27 ahead; margins to rebound from 2Q

Delhivery is well positioned for strong growth in the near to medium term supported by a favourable industry structure. Meesho's lower-than-expected logistics insourcing is creating incremental opportunities for 3PL players while the market is increasingly evolving into a duopoly with Delhivery and Shadowfax emerging as the only scaled up networks. Our channel checks suggest XpressBees continues to face execution challenges, limiting its ability to aggressively compete for market share. Though 1QFY27 margins could remain under pressure due to recent increase in fuel costs and minimum wage hikes across few states, we view these as transitory headwinds. Importantly, we believe Delhivery will pass on these fuel cost hikes to their clientele and benefit from robust growth with higher network utilisation leading to stronger operating leverage, driving a sharp recovery in profitability from 2QFY27. We expect ~25% YoY revenue growth (vs. ~18%/10% in FY26/FY25) with adjusted EBITDA growing ~2.8x YoY in FY27E. We reiterate BUY with Mar'27 TP of INR 605 based on 30x FY28E EV/adjusted EBITDA. At CMP, the stock trades at ~22x FY28E EV/adjusted EBITDA (~20% discount to Shadowfax's 28x), making valuations attractive.

- Near-term margin headwinds could briefly weigh on earnings despite healthy demand trends:** Despite Delhivery's robust outlook, near-term margins will be impacted by a combination of external cost pressures. The recent increase in oil prices due to the Middle East war led to higher fuel and packaging costs across the logistics value chain. Although Delhivery has fuel surcharge mechanisms embedded in its contracts, there is typically a lag before these higher costs are fully passed through to customers, resulting in a temporary compression in margin. Besides this, few of the states have recently implemented revisions to minimum wages, which could increase contractual manpower costs across the network. Given the scale of Delhivery's operations, this cost increases are likely to be felt acutely in 1QFY27 and could extend into early 2QFY27. Therefore, the company may see some short-term pressure on margin despite continued strength in shipment growth. Importantly, these headwinds are largely external in nature and do not alter our positive view on its competitive positioning or long-term earnings potential.
- Expect a sharp turnaround from 2QFY27:** As fuel cost pass-throughs normalise, wage inflation is absorbed and operating leverage flows through the P&L, profitability should improve meaningfully from 2QFY27. Consequently, while near-term margins may be under pressure, we believe FY27 could be one of the strongest years for Delhivery due to healthy volume growth, market share gains and a sharp acceleration in earnings trajectory. We expect overall revenue to grow c. 25% YoY and adjusted EBITDA margin to expand 370bps to 6.7% by FY27E.
- Industry structure favourable for scaled up 3PLs:** Beyond near-term cost pressures, the underlying industry structure is materially more favourable for large, scaled up 3PL players ([refer to our previous note](#)). Meesho's logistics insourcing is lower than anticipated, creating incremental opportunities for organised 3PL providers when industry growth is aided by strong growth momentum in horizontal e-commerce players, increasing contribution from D2C brands and SMEs and sustained demand consumption. After Delhivery's acquisition of Ecom Express, the market evolved into a duopoly with Delhivery and Shadowfax being the only scaled up national networks. Delhivery has the largest market share, while the third-largest player XpressBees (once considered as formidable competitor) is facing operational challenges, limiting its ability to aggressively compete for market share. Industry growth will be increasingly captured by the leading players. Hence, Delhivery is particularly well positioned to benefit given its wider pin-code reach, integrated network infrastructure, and superior technology stack.

Financial Summary	(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	89,319	105,083	131,169	159,794	193,174
Sales Growth (%)	9.7	17.6	24.8	21.8	20.9
EBITDA	3,758	6,400	12,590	20,247	28,773
EBITDA Margin (%)	4.2	6.1	9.6	12.7	14.9
Adjusted Net Profit	1,672	1,525	5,849	10,189	14,636
Diluted EPS (INR)	2.1	1.9	7.3	12.7	18.2
Diluted EPS Growth (%)	-	-9.1	283.4	74.2	43.6
ROIC (%)	-4.4	-1.3	8.2	15.9	21.9
ROE (%)	1.8	1.6	5.8	9.4	12.1
P/E (x)	203.5	108.2	60.2	34.6	24.1
P/B (x)	3.7	3.6	3.4	3.1	2.7
EV/EBITDA (x)	79.6	48.1	24.3	14.9	10.1
Dividend Yield (x)	-	-	-	-	-

Source: Company data, JM Financial. Note: Valuations as of June 18, 2026



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	605
Upside/(Downside)	31.8%
Previous Price Target	605
Change	0.0%

Key Data – DELHIVER IN EQUITY

Current Market Price	INR459
Market cap (bn)	INR343.9/US\$3.6
Free Float (%)	100
Shares in issue (mn)	748.8
Diluted share (mn)	803.9
3-mon avg daily val (mn)	INR1,374.8/US\$14.6
52-week range	INR490/343
Sensex/Nifty	77,410/24,168
INR/US\$	94.3

Price Performance

%	1M	6M	12M
Absolute	0.8	14.1	25.7
Relative*	-2.0	24.6	32.2

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Tables (Consolidated)

Income Statement						(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Net Sales	89,319	105,083	131,169	159,794	193,174	
Sales Growth (%)	9.7	17.6	24.8	21.8	20.9	
Other Operating Income	-	-	-	-	-	
Total Revenue	89,319	105,083	131,169	159,794	193,174	
Cost of Goods Sold/Op. Exp	65,348	74,659	93,044	112,733	136,069	
Personnel Cost	-	-	-	-	-	
Other Expenses	20,213	24,024	25,535	26,814	28,332	
EBITDA	3,758	6,400	12,590	20,247	28,773	
EBITDA Margin (%)	4.2	6.1	9.6	12.7	14.9	
EBITDA Growth (%)	196.8	70.3	96.7	60.8	42.1	
Depn. & Amort.	5,349	6,954	8,175	8,998	9,999	
EBIT	-1,591	-554	4,416	11,248	18,774	
Other Income	4,401	3,586	2,986	2,914	3,054	
Finance Cost	1,258	1,441	1,613	1,947	2,328	
PBT before Excep. & Forex	1,623	1,663	5,849	12,276	19,566	
Excep. & Forex Inc./Loss(-)	-	-259	-	-	-	
PBT	1,623	1,404	5,849	12,276	19,566	
Taxes	-50	-121	-	2,087	4,931	
Extraordinary Inc./Loss(-)	51	1,729	-	-	-	
Assoc. Profit/Min. Int.(-)	-	-	-	-	-	
Reported Net Profit	1,724	3,254	5,849	10,189	14,636	
Adjusted Net Profit	1,672	1,525	5,849	10,189	14,636	
Net Margin (%)	1.9	1.5	4.5	6.4	7.6	
Diluted Share Cap. (mn)	801	804	804	804	804	
Diluted EPS (INR)	2.1	1.9	7.3	12.7	18.2	
Diluted EPS Growth (%)	-	-9.1	283.4	74.2	43.6	
Total Dividend + Tax	-	-	-	-	-	
Dividend Per Share (INR)	-	-	-	-	-	

Source: Company, JM Financial

Cash Flow Statement						(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Profit before Tax	1,571	1,404	5,849	12,276	19,566	
Depn. & Amort.	5,349	6,954	8,175	8,998	9,999	
Net Interest Exp. / Inc. (-)	-1,144	-670	-1,373	-967	-726	
Inc (-) / Dec in WCap.	-249	347	-2,108	-1,450	-1,291	
Others	398	1,312	750	350	100	
Taxes Paid	-252	-234	-	-2,087	-4,931	
Operating Cash Flow	5,674	9,115	11,292	17,120	22,717	
Capex	-4,832	-4,221	-5,656	-6,463	-7,342	
Free Cash Flow	842	4,893	5,636	10,657	15,375	
Inc (-) / Dec in Investments	1,677	-2,728	-	-	-	
Others	2,119	2,162	2,781	2,657	2,751	
Investing Cash Flow	-1,036	-4,787	-2,875	-3,806	-4,591	
Inc / Dec (-) in Capital	39	-5	0	-	-	
Dividend + Tax thereon	-	-	-	-	-	
Inc / Dec (-) in Loans	-857	-1,108	-	-	-	
Others	-3,505	-4,204	-6,721	-7,917	-8,928	
Financing Cash Flow	-4,323	-5,317	-6,721	-7,917	-8,928	
Inc / Dec (-) in Cash	315	-989	1,696	5,397	9,198	
Opening Cash Balance	3,045	3,409	2,419	4,115	9,513	
Closing Cash Balance	3,360	2,419	4,115	9,513	18,711	

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Shareholders Fund	94,322	96,870	103,468	114,007	128,743	
Share Capital	746	749	749	749	749	
Reserves & Surplus	93,576	96,121	102,720	113,258	127,994	
Preference Share Capital	-	-	-	-	-	
Minority Interest	-	-	-	-	-	
Total Loans	397	25	-	-	-	
Def. Tax Liab. / Assets (-)	-3,707	-4,080	-4,080	-4,080	-4,080	
Other non-current liabilities / Lease Liabilities	13,819	14,600	16,484	18,581	21,326	
Total - Equity & Liab.	108,538	111,495	119,952	132,588	150,068	
Net Fixed Assets	26,206	41,147	43,028	45,796	49,357	
Gross Fixed Assets	26,182	33,282	38,938	45,401	52,744	
Intangible Assets	14,030	25,176	24,580	23,998	23,431	
Less: Depn. & Amort.	14,336	17,322	20,500	23,613	26,828	
Capital WIP	329	10	10	10	10	
Investments	53,054	43,134	43,134	43,134	43,134	
Current Assets	25,495	26,702	31,492	41,002	54,618	
Inventories	-	-	-	-	-	
Sundry Debtors	14,121	13,710	16,673	20,750	25,083	
Cash & Bank Balances	3,360	2,419	4,115	9,513	18,711	
Loans & Advances	165	236	367	403	487	
Other Current Assets	7,850	10,337	10,337	10,337	10,337	
Current Liab. & Prov.	12,094	16,273	17,259	19,921	23,048	
Current Liabilities	9,881	12,653	13,638	16,301	19,428	
Provisions & Others	2,213	3,620	3,620	3,620	3,620	
Net Current Assets	12,073	9,093	12,897	19,744	30,233	
Other Non Current Assets/ROU Assets	14,323	14,516	17,288	20,308	23,739	
Total - Assets	108,538	111,495	119,952	132,588	150,068	

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Margin (%)	1.9	1.5	4.5	6.4	7.6
Asset Turnover (x)	0.8	0.9	1.1	1.3	1.4
Leverage Factor (x)	1.1	1.2	1.2	1.2	1.2
RoE (%)	1.8	1.6	5.8	9.4	12.1

Source: Company, JM Financial

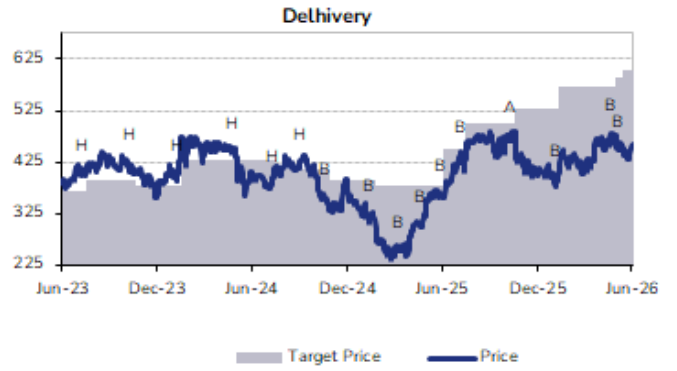
Key Ratios					
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
BV/Share (INR)	117.7	120.5	128.7	141.8	160.2
ROIC (%)	-4.4	-1.3	8.2	15.9	21.9
ROE (%)	1.8	1.6	5.8	9.4	12.1
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2	-0.3
P/E (x)	203.5	108.2	60.2	34.6	24.1
P/B (x)	3.7	3.6	3.4	3.1	2.7
EV/EBITDA (x)	79.6	48.1	24.3	14.9	10.1
EV/Sales (x)	3.4	2.9	2.3	1.9	1.5
Debtor days	58	48	46	47	47
Inventory days	-	-	-	-	-
Creditor days	36	42	38	39	40

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
2-Jun-26	Buy	605	2.5
18-May-26	Buy	590	3.5
31-Jan-26	Buy	570	7.5
6-Nov-25	Add	530	6.0
2-Aug-25	Buy	500	11.2
23-Jun-25	Buy	450	18.3
17-May-25	Buy	380	0.0
5-Apr-25	Buy	380	0.0
8-Feb-25	Buy	380	-2.6
15-Nov-24	Buy	390	-4.9
25-Sep-24	Hold	410	0.0
3-Aug-24	Hold	410	-4.7
18-May-24	Hold	430	0.0
4-Feb-24	Hold	430	13.2
5-Nov-23	Hold	380	-2.6
5-Aug-23	Hold	390	5.4
6-Jun-23	Hold	370	0.0
21-May-23	Hold	370	5.7
21-Feb-23	Hold	350	

Recommendation History Chart



APPENDIX I

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